

## FROM THE PRESIDENT



Until recently, the idea that anyone would invest in nuclear power plants in the United States was laughable. After all, no new facilities had been ordered since the accident at Three Mile Island nearly three decades ago.

But with growing concerns about climate change and the dramatic escalation in the price of natural gas, opposition to nuclear energy is softening. As Paul Joskow, director of MIT's Center for Energy and Environmental Policy Research and incoming president of the Sloan Foundation, says in his article about the comeback of nuclear power (page 32): "While the choice of nuclear over the alternatives is still far short of a slam dunk, the pressure to contain U.S. carbon emissions may prove the decisive factor."

In recent years, venture-capital and private-equity funds have poured billions of dollars into biofuel, solar, wind and other alternative-energy projects in the belief that their time has finally come. Part of the reason for this optimism, of course, is the proverbial handwriting on the wall – pending legislation in Congress that would put real teeth into efforts to reduce America's carbon footprint.

Here at the Milken Institute, the issue of climate change and alternative-energy investment has become a key area of research. Our newest initiative, the Strategic Action

Volunteer Effort (SAVE), is working to identify market-based approaches to accelerating the transition to cleaner, alternative-energy sources.

Part of the DNA of the Institute, of course, is our firm belief that market incentives and innovative financial tools can effectively solve some of our most pressing policy challenges. And SAVE's focus is to explore market approaches that will reduce risks to investors and spur investment in alternative-energy products and companies.

SAVE recently released its first report, which offers a menu of policies that would boost the expected return to "green" technologies. (See the full report, *Financial Innovations for Achieving Energy Independence*, at [www.milkeninstitute.org](http://www.milkeninstitute.org).)

Nuclear energy could be a part of America's energy solution. But as Joskow notes, it has many hurdles to overcome – including the unresolved issue of how to store spent fuel. For the first time in decades, though, potential investors see enough light at the end of the tunnel to investigate the option.

In the meantime, SAVE's ideas on how we can increase investments in alternative-energy are worth exploring. The rewards – cleaner air, less dependence on undependable markets for fossil fuels – could pay off big in the long term, for investors *and* for the country.

A handwritten signature in black ink that reads "Michael Klowden". The signature is fluid and cursive, with a prominent "M" and "K".

Michael Klowden, President and CEO