Disclaimer

My remarks today reflect my own views, not the views of the Federal Reserve, nor others in the Federal Reserve.
Contemplating the long run in an age of uncertainty

- Macroeconomic conditions: forecasts & uncertainty
- Shifting spatial patterns: trends & possibilities
- Policy change impacts: prescriptions from the A-list
Macroeconomic conditions: forecasts & uncertainty

Forecasts of GDP to 2030

- In which direction and to what degree will the long-range forecast err?
- What contingencies might occur that were not simulated?
- Are there any steps to mitigate or hedge against alternative scenarios?
Uncertainty carries through to electricity demand forecasts

Figure MT-10. Residential delivered energy intensity in four cases, 2009-40 (index, 2009 = 1)

Forecasts of Electricity Demand to 2029/30

Annual Percent Change

-0.5 0.0 0.5 1.0

<table>
<thead>
<tr>
<th>Case</th>
<th>EIA - Capacity</th>
<th>EIA - Sales</th>
<th>Low</th>
<th>Summer</th>
<th>Winter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>0.6</td>
<td>0.0</td>
<td>-0.1</td>
<td></td>
<td></td>
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<tr>
<td>Best EIA - Sales</td>
<td>0.9</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Low</td>
<td></td>
<td></td>
<td></td>
<td>-0.1</td>
<td></td>
</tr>
<tr>
<td>Summer PJM - Load</td>
<td>0.9</td>
<td>0.9</td>
<td></td>
<td></td>
<td>0.8</td>
</tr>
</tbody>
</table>
Shifting spatial patterns: trends & possibilities

- Seeking urban amenities: a return to the city from the suburbs
  - This trend has already begun
- Seeking higher ground: flight from sea-level rise
  - May begin within the next decade
- Reversing the rust-belt to sun-belt migration for U.S. for PJM
  - Drought belt to water belt
  - Voting with their feet: public goods and taxes
Policy change impacts: prescriptions from the A-list

- Phase in strict energy-efficient building codes
- Phase out the home mortgage deduction
- Phase in a carbon tax and a vehicle miles traveled (VMT) tax
- Phase in a pure land value tax
- Phase in full cost of flood insurance
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