

The Honorable John D. Dingell's remarks at the Energy Information Administration (EIA) 2008 Energy Conference

Statement of Congressman John D. Dingell, Chairman

Committee on Energy and Commerce

Remarks as Prepared for Delivery

THE HONORABLE JOHN D. DINGELL

Energy Information Administration (EIA)

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Thank you, Guy. And, I want to thank EIA for providing this important forum. Not only are we here to discuss the most important energy policy issues facing our nation, and our world, but we are also here to renew our commitment to the future we will share and the next generation will inherit.

As you all know, I have been working on energy issues for some time – 52 years to be exact. That is why I can tell you, with some measure of authority, that this is one of the most critical periods in our nation's history for energy policy.

The complexity of the energy issues before us is rivaled only by the commitment we must summon to address them.

Before I touch upon those issues, let me say how pleased I am to address this conference. This year, EIA observes 30 years of providing excellent data and analysis to the public and to those of us who make energy and environmental policy.

Over the years, EIA has served as an honest and trustworthy collector and disperser of energy information, something that is desperately needed. Such a trustworthy repository of energy information did not exist before EIA's creation thirty years ago.

As one who worked on and voted for the legislation creating EIA, I can say that it seemed like a good idea at the time. And, over the last three decades, it has proven to be not only a good idea, but an excellent one. I wish we could say the same about all of the energy policy ideas that emerged in the late 1970s.

The very first Administrator of the EIA, Lincoln Moses, appeared early in his tenure before a Senate hearing, where one of the Senators became frustrated with the careful caveats that Moses used to condition EIA's projections. The Senator demanded that Moses skip the hypotheticals and give him just "the facts."

Moses responded, "Senator, there are no facts about the future." This answer was not only accurate and appropriate, but demonstrated a challenge that EIA will always face.

That challenge is this: EIA is charged with gathering the facts about our energy supply and demand in a manner that allows everyone, including those on opposite sides of contentious issues, to accept these facts as beyond challenge.

At the same time, EIA must use those facts to make projections about our energy future. Of course, the only accurate statement about such projections is that they will most certainly not be true.

Nonetheless, the projections that emerge from the EIA's National Energy Outlook series are critical to policymakers. They help frame the issues of today by predicting how different policy choices will shape our energy future.

Perhaps most importantly, EIA's projections are objective and not tinted by partisan or political bias. The day that EIA begins to present its projections through the partisan tint of red-colored or blue-colored glasses, will be the day that policymakers lose an invaluable tool for making sound assessments about our energy present, and our nation's energy future.

Let me provide a concrete example. Already, EIA has projected that the amount of energy saved from the energy bill Congress passed and the President signed in December will be only half of what others have projected.

This is because the more optimistic projections assumed full funding of additional energy efficiency measures in the law, including provisions related to green buildings, industrial waste energy and community-level energy efficiency efforts.

EIA did not assume these programs would be funded, because such funding depends on future acts of Congress and, in the current fiscal and economic climate, there is good reason to be pessimistic.

As much as I might like EIA to project that all the elements of the energy act would achieve their full intended effect, it is actually helpful to make clear that Congress must fully implement and fund these provisions in order to deliver the gains they promise.

So, EIA is an important institution that performs critical work. In coming months, EIA's work will be more important than ever.

Today, we are at a pivotal moment for energy policy history in this country. By now, it's clear that Congress is moving forward in developing comprehensive climate change legislation.

This process, like major portions of last year's energy independence bill, is being driven by the Committee on Energy and Commerce. As I see it, the Committee has begun the third phase of our work on climate change.

The first phase was an intensive education effort. Representative Boucher, Chairman of our Subcommittee on Energy and Air Quality, and I convened nearly 20 climate change hearings last year. As you all know, the issues surrounding climate change are complex. These hearings provided an important opportunity for our Members to become familiar with some very difficult policy terrain.

The second phase was the development, passage and enactment of last year's energy independence legislation.

The new law contains landmark provisions on fuel economy standards, biofuels, and energy efficiency. That legislation provided the first major increase for CAFE standards in more than thirty years, but did so in a way that will preserve and protect American jobs.

I am happy to note that the bill also includes provisions to further strengthen EIA's ability to carry out its mission and to renew data-collection efforts that have been threatened by budget cuts.

So, with the participation of industry, environmental, State and community leaders, Congress ended 2007 with an energy bill we can all be proud of.

If fully funded, the energy efficiency provisions included in the law will remove 10 billion tons of carbon dioxide from the

atmosphere by 2030.

That's the equivalent of taking all cars, trucks, and planes off the road and out of the skies for five years. It's a remarkable achievement. But, as I mentioned, we have further to go.

The third phase of our climate change work is now underway: preparing legislation that will reduce greenhouse gas emissions by 60 to 80 percent by the year 2050. We are moving closer to crafting this comprehensive legislation.

Though we're working to complete this process as quickly as possible, we're most concerned with doing it well. I would note, that as we move forward, we are receiving little help from this Administration.

Ultimately, whether the Administration chooses to engage in this process or not, the end result must be, and will be, a bill that protects our environment without putting the American economy at a disadvantage.

In that vein, we have proceeded carefully and cautiously, seeking to solicit input from as many perspectives as possible and working to focus Members of the Committee on the most complex issues involved in climate change legislation.

Committee White Papers

One of the tools that has helped us begin tackling these difficult issues is our Committee's climate change "White Papers."

Last October, the Committee began issuing a series of White Papers. These White Papers are intended to spur discussion and identify issues on which further information and discussion is desirable.

Our first White Paper [issued October 3, 2007] was released last fall. It focuses on the scope of a cap-and-trade program. We identified the economic sectors and activities that directly and indirectly produce greenhouse gases.

And we examined whether those emissions could be reduced through a cap-and-trade program, including whether the appropriate point of regulation should be upstream or downstream.

I realize there are concerns about such a program. But we know from the Acid Rain Trading program, which was adopted

as part of the 1990 Clean Air Act Amendments, that a well-designed cap-and-trade program can achieve our environmental goals in a cost-effective manner. A carbon cap-and-trade program is going to be exponentially more complex, but it is probably the most realistic way to go.

Our second White Paper [issued January 31, 2008] was released in January. It explored how we can best encourage developing countries to curb greenhouse gas emissions and how to avoid transferring emissions and U.S. jobs abroad. As you all know, if we are to succeed, our efforts must be coordinated with the international community.

Our third White Paper was issued in late February [February 25, 2008]. It examines the appropriate roles for different levels of government.

For those of you seeking a sense of how the Committee approaches the complexities of climate change, I encourage you to review these White Papers.

We welcome your comments and hope to hear from you. In addition to the issues raised in the White Papers, we are taking a close and careful look at the roles coal, natural gas and nuclear power will play in our national energy mix.

Coal

Coal currently supplies about half of our nation's electricity production. Given that the U.S. has approximately 250 billion tons of coal reserves, this resource is necessary to ensure our country's energy security and independence.

Despite its availability and importance, coal faces obvious challenges as we search for ways to reduce its carbon emissions. That's why I am working to ensure that the climate legislation we draft recognizes the need to use this fuel more efficiently and cleanly.

The development of carbon capture and storage (CCS) technologies is fundamental to continued coal use in an increasingly carbon constrained world. Increased funding will be necessary to harness new technologies. In addition, the question of when CCS technologies will be available will be critical in determining an aggressive, yet realistic, timeline for reductions of greenhouse gas emissions.

Natural Gas

As we move closer to developing policies to limit and reduce emissions, we must be mindful of the impact these policies have on the price of all energy commodities, particularly natural gas.

What happens if efforts to expand nuclear power production and cost-effectively deploy carbon capture and storage for coal-fired generation are not successful? You know the answer. We will drive generation to natural gas, which will dramatically increase its price tag.

We don't have to look too far in the past to see the detrimental effect that high natural gas prices can have on the chemical industry, the fertilizer industry, and others to know that we must be conscious of this potential consequence.

Nuclear Power

As we move forward, our nation will need to carefully consider the role of nuclear power in a carbon constrained world. Nuclear currently accounts for about 20 percent of our nation's energy supply, and its future use must be assured.

I recognize that nuclear power remains controversial in some quarters. However, this energy source continues to enjoy substantial Congressional support, as reflected in the loan guarantee provisions of Title XVII of the Energy Policy Act of 2005.

Perhaps the biggest near-term challenge for nuclear power's prospects is the question of waste disposal. I have long been a strong supporter of securing funding for the Department of Energy's Yucca Mountain repository project. That is an important part of keeping faith with utility ratepayers, who have contributed more than \$20 billion to the fund.

I also believe it is necessary to enable DOE to submit a license application to the Nuclear Regulatory Commission in 2008, which is absolutely essential to the program's prospects.

Finally, let me underscore that it will indeed take legislation to properly achieve our goal of reducing greenhouse gas emissions.

The most recent letter from the EPA outlining that agency's plan for addressing climate change has re-affirmed my belief that legislation will be necessary.

There are inherent difficulties in relying upon the Clean Air Act to reduce greenhouse gas emissions.

Later this week we will be exploring the current Clean Air Act provisions that authorize EPA to regulate greenhouse gas emissions from both stationary and mobile sources.

I am concerned that these provisions may not be the most effective or appropriate methods of regulating greenhouse gases.

The Clean Air Act focuses on air pollution that directly causes problems in the locality or region where it is emitted.

New source review, which requires plant-specific, case-by-case permitting of new and modified sources seems to be a far less efficient way of limiting greenhouse gas emissions than would an economy-wide cap-and-trade program.

Requiring each individual state to prepare a state implementation plan on greenhouse gases might not be the best use of governmental resources.

On motor vehicles, EPA and State authority under the Clean Air Act, combined with NHTSA's implementation of CAFE, could create competing and possibly conflicting regulations of motor vehicles that in the end may not provide environmental benefit beyond what could be achieved with a single program.

To embark on the creation of a program of this kind without full awareness of the economic consequences could create a disastrous economic and political mess from which this country would not easily recover.

But let me be clear, these difficulties do not excuse inaction by the Administration. It is troubling that the Administration has not offered an alternative or joined the effort to design and enact comprehensive climate change legislation.

Clearly, the effort to reduce our nation's carbon emissions will fall to Congress.

In all my years in Congress, taking on the challenge of climate change is the most difficult undertaking of my career. But, I am up to the challenge. I am excited about the opportunity it presents.

I believe that comprehensive climate change legislation presents us with an opportunity not only to produce a bill, but a major legislative accomplishment.

Many of you in this room have already contributed to our discussion on climate change. I invite you to continue to do so.

Your views are not only welcome, but necessary to ensure we craft balanced legislation that achieves our policy goals, while minimizing the unintended consequences that seem inevitable when dealing with an issue of this magnitude.

I thank you again for inviting me to speak to you today and I look forward to working with all of you as we go forward.

Prepared by the Committee on Energy and Commerce

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