

The Honorable John D. Dingell's remarks at the Edison Electrical Institute Chief Executive Officers

Statement of Congressman John D. Dingell, Chairman
Committee on Energy and Commerce

THE HONORABLE JOHN D. DINGELL
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Thank you, Tony. I also want to thank President [Tom] Kuhn and the entire EEI team for inviting me here this morning. I've been asked to discuss the challenges of global climate change and to tell you about some of solutions we in Congress are working to implement this year.

But " before we begin " let me congratulate you all. This year, EEI celebrates its 75th Anniversary. As you commemorate this milestone, I believe you have good reason to be proud. In the many years we have worked together, you have helped advance efforts to strengthen our economy and better serve American consumers.

Even though your membership represents a diversity of views, on the issue of climate change, you have come together. You have reinforced the fact that policy solutions can and should protect the health of our environment without sacrificing jobs or economic strength. And you have led by example " with many of your companies voluntarily seeking out the best ways to "keep the lights on cleanly."

Together, you represent the voice of the electric utility industry. And this voice is one that is needed " perhaps more than ever before in your history " at the policy discussion table.

I say this because I believe 2008 will mark more than an anniversary for EEI. It will also mark an important evolution for each of your companies " and for all of American industry.

By now, it's clear that Congress is moving forward in developing comprehensive climate change legislation. I am proud that this process " like the development of last year's energy independence bill " is being driven by the Committee on Energy and Commerce.

And " although the Committee is charged with taking up a broad range of issues this year " I want you to know that our efforts to address climate change have my full attention.

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 often complex. These hearings provided an important opportunity for our Members to become

familiar with the some very difficult policy terrain.

The second phase was the development and passage of last year's energy independence legislation. This bill contains landmark provisions on fuel economy standards, biofuels, and energy efficiency. And it provides a solid foundation for our climate change work.

Renewable Portfolio Standard

I want to briefly mention one provision that the final energy bill did not include -- a renewable portfolio standard.

Like many of you, I opposed including an RPS in this legislation. I opposed this when it was offered in our Committee mark up. And I later opposed this on House floor when it was offered as an amendment. Though -- like John Kerry on Iraq war funding -- I voted for an RPS before I voted against it. For me, the way such a proposal is structured is critical. And let me explain why I voted against last year's RPS provision.

Though I support the development of renewable energy, I believe that a blanket national requirement on all utilities to procure a certain amount of renewable power is flawed. First of all, it's impractical. Not every region or State is equally blessed with access to wind or geothermal or other renewable forms of energy. I was also troubled that the RPS provision we considered favored and disfavored certain sources. For example, it rejected the production of electricity from municipal solid waste as a renewable resource.

Perhaps most important, I felt that had we included an RPS last year it would have forced industry to undertake a climate change effort separate from what we in Congress are doing. This would have made it far more difficult to ensure a consistent and fair economy-wide climate change policy.

Like all major industries, the utility industry will be expected to shoulder its fair share of the burden in reducing greenhouse gas production and mitigating climate change. But I believe that policymakers should not ask for your help without also asking for your input. Industry has been and will continue to be an important partner in our climate change work.

You all know that an RPS will likely need to be addressed as we move ahead. I encourage EEI to be engaged as actively going forward as you were during last year's RPS discussion.

Because of your involvement and the participation of industry, environmental, State and community leaders Congress ended 2007 with an energy bill we can all be proud of. The efficiency provisions alone 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 5 years. It's a remarkable achievement. But as I mentioned we have further to go.

The third phase of our climate change work is well underway. And we are moving closer to crafting comprehensive legislation.

Though we're working to complete this process as quickly as we can, we're most concerned with doing it well. The end result must be and will be a bill that protects our environment without putting the American economy at a disadvantage.

Getting to this point will require several things:

First, bipartisan cooperation. I hope that my friends on the other side will come to this task with an open mind.

Second, we need active engagement from the Administration. At this point, the Administration's commitment to this process remains to be seen.

Finally, we need industry to be involved in the process. This is why I say to you today that EEL's voice is more important than ever.

Committee White Papers

One of the key ways you can become involved is to review and comment on our climate change "White Papers."

Last October, the Committee "lead by our Subcommittee on Energy and Air Quality" began issuing a series of White Papers. These describe the basic design of a climate change regulatory program and outline some of the chief principles we're considering. They are intended to spur discussion and identify issues on which further information and discussion is desirable.

Our first White Paper [issued October 3, 2007] 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 way. A carbon cap-and-trade program is going to be exponentially more complex, but it is probably the most realistic way to go.

The Europeans have shown us how NOT to design a cap-and-trade program "and we have learned a great deal from their example. I plan to design an effective program "one that will enable us to reach the goal of drastically reducing greenhouse gases in a cost-effective and fair manner.

Our second White Paper [issued January 31, 2008] explored how we can best encourage developing countries to curb greenhouse gases emissions. As you all know, if we are to succeed, our efforts must be coordinated with the international community.

Our third White Paper was issued last week [February 25, 2008]. It examines the appropriate roles for different levels of government. And we hope it will foster significant discussion.

I encourage you all 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 timing of the availability of CCS 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 â€” 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 â€” which will dramatically increase its price tag.

We donâ€™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, the role of nuclear power â€” which currently accounts for about 20 percent of nationâ€™s energy supply â€” must be addressed.

As EEI has spoken out in support of nuclear power, Iâ€™m sure youâ€™ve also learned that it remains controversial in some quarters. However, nuclear power continues to enjoy substantial Congressional support â€” 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 powerâ€™s prospects is the question of waste disposal. I have long been a strong supporter of securing funding for the Department of Energyâ€™s Yucca Mountain repository project. That is an important part of keeping faith with utility ratepayers, who have contributed over \$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 programâ€™s prospects.

Before we open up the floor for your questions, I want you all to know one thing about the work Iâ€™ve just described. 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. And I am hopeful that organizations like EEI â€” and other industry leaders â€” will help policymakers determine the best ways to move forward.

We need you to focus on whatâ€™s truly important to your companies and customers. And we need you to communicate your priorities to us. With your continued guidance and your active involvement, we can accomplish great things. Not only for Americaâ€™s economy, but for our nationâ€™s workforce, for our planet and, most important, for the generations of children that will inherit what we leave behind.

Thank you for being a part of this discussion. Letâ€™s keep it up.

Thank you.

Prepared by the Committee on Energy and Commerce
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