

Dick Lugar

U.S. Senator for Indiana

Date: 05/12/2009 • <http://lugar.senate.gov>
Contact: Andy Fisher • 202-224-2079 • andy_fisher@lugar.senate.gov

Opening Statement for Hearing on Energy Security

U.S. Senate Foreign Relations Committee Republican leader Dick Lugar made the following statement at today's hearing:

I join Chairman Kerry in welcoming President Carter to the Foreign Relations Committee. We look forward to his perspective on how the United States can make progress on energy security. I also welcome in advance our second panel, General Chuck Wald, former Deputy Commander of European Command, and Mr. Fred Smith, CEO of FedEx. In addition to their own substantial expertise on energy policy, General Wald and Mr. Smith are leaders in a coalition called "Securing America's Future Energy," which advocates for energy policy reform that is broad in scope and aggressive in action.

We are cognizant that despite past campaigns for energy independence and steady improvement in energy intensity per dollar of GDP, we are more dependent on oil imports today than we were during the oil shocks of the 1970s. Yet, I believe that the American public and elected officials are becoming much more aware of the severe problems associated with oil dependence and are more willing to take aggressive action.

Similarly, Americans are recognizing that we have the capacity to change how we generate electricity and how we heat and cool our buildings. This past weekend, I was privileged to participate in the groundbreaking for a unique and ambitious geothermal energy project at Ball State University in Muncie, Indiana. Through this project, the biggest of its type in the country, the entire campus – more than 40 buildings – will be heated and cooled using geothermal energy. The project will allow the University to retire its coal fire boilers, and it will save more than \$2 million a year. The Ball State geothermal project provides a practical, real-world example of how large scale alternative energy projects are economically viable today. I am confident that when other universities, businesses, and institutions see what is happening in Muncie with American-built equipment, they will be asking how they can put this technology to use for themselves.

Even as I was encouraged by the geothermal project, another development last week pushed the United States further from energy independence. Proposed regulations offered by the Environmental Protection Agency could halt expansion of ethanol produced from corn starch by imposing prejudicial greenhouse gas standards on ethanol qualifying under the renewable fuels mandate. By attempting to regulate ethanol through incomplete modeling of so-called "life-cycle greenhouse gas emissions," the EPA seeks to blame corn farmers for shifting land-use patterns around the world. Accurately measuring such a complex phenomena would also require accounting for varying trade barriers, distortional subsidy regimes, the decline of foreign assistance targeted at rural development, and many other factors.

In 2006, I joined with President Obama and Senator Harkin to propose an expansive increase to the renewable fuels mandate. The reason for doing so was clear: foreign oil dependency is a security threat to our nation. Each of us working in this area recognize that the ultimate goal is for the United States to produce much larger quantities of advanced biofuels made from any plant material. Important advances have been made in cellulosic technology and more will be achieved. But the development of this technology will be much slower if we stifle existing corn-based ethanol production. The physical and financial infrastructures used to deploy today's ethanol are essential building blocks of the infrastructure necessary to deploy advanced biofuels on a mass scale. Moreover, reversing clear government policy that

promotes corn ethanol may undermine the confidence of potential investors in advanced biofuels, and perhaps other energy technologies. Our nation cannot afford to turn its back on the primary oil substitute available today. Production of 9.2 billion gallons of ethanol in 2008 erased the need for 325 million barrels of crude oil. In effect, ethanol production allowed the U.S. to be “oil import-free” for an entire month last year. In this case, an EPA regulation carrying the force of law threatens to further entrench U.S. oil dependence.

The President and Congress must make specific commitments to an array of technologies and ensure that our rhetoric is matched by our policies and regulations. For example, in the summer of 2005, Congress passed a loan guarantee program aimed at speeding commercialization of emerging energy technologies, including cellulosic ethanol. Yet due to bureaucratic inertia and disagreements over implementation, no loan guarantees were granted for more than three and half years and only one has been granted to date.

The United States needs a broad range of technology development, domestic energy production, and efficiency gains to make substantial progress toward energy independence. Having worked with President Obama and Vice President Biden on these issues during their time in the Senate, I believe they understand the urgency. Energy security is a national security priority and must be given constant attention and support at all levels of government.

I thank the Chairman and look forward to our discussion.

###