



## **National Energy Policy**

Statement of Spencer Abraham  
Secretary of Energy  
before the House Committee on Commerce  
on National Energy Policy  
June 13, 2001

### **Introduction**

Thank you Mr. Chairman.

I appreciate the opportunity to come before this committee today to discuss the President's National Energy Policy, which was developed by the National Energy Policy Development Group under the direction of Vice President Cheney. Before taking your questions, I would like to make a brief opening statement.

My statement will outline the scope of the energy challenge we face over the next two decades, summarize the approach the President has determined will best address this challenge, and finally emphasize why I am optimistic that we can find a consensus in this country on policies that promote long-term energy security for our citizens.

### **America's Energy Challenge 2001-2020**

Today, America consumes 98 quadrillion British thermal units (or quads) a year in all forms of energy. Our domestic energy production is 72 quads. The imbalance between energy demand and domestic energy production is made up with imports.

Between now and 2020, our energy demand is projected to rise significantly.

If the energy intensity of the U.S. economy - the amount of energy needed to generate a dollar of Gross Domestic Product - remained constant, our energy demand in 2020 would be 175 quads.

However, our plan and current policies are projected to improve energy efficiency to the point that energy demand in 2020 can be lowered from 175 quads to at least 127 quads.

That means improved energy efficiency can help close much of the gap between projected energy demand and projected domestic energy production and we are committed to doing just that.

However, improved energy efficiency cannot do the whole job. For that reason, the United States will need more energy supply.

The question is: where do we get that increased supply when over the past decade domestic supply production has remained relatively flat?

### **Our Balanced Approach**

To address these challenges, our National Energy Plan has adopted an approach that is balanced and comprehensive. As the President said, we are looking for a new harmony among our priorities.

Let me briefly outline this approach for the Committee.

First, our policy balances the need for increased supplies of energy with the need to modernize our conservation efforts by employing cutting edge technology.

And so, for example, as we call for recommendations to enhance oil and gas recovery from existing and new sources through new technology, we also call for recommendations on Corporate Average Fuel Economy standards.

Second, our Plan calls for a diversity in terms of our supply sources.

With electricity demand forecast to rise 45 percent by 2020, we estimate the need for an additional 1,300 to 1,900 new power plants in the country.

Current policy anticipates that over 90 percent of those new plants will be fired by natural gas.

We believe energy security dictates a more balanced approach to new power generation.

In addition to natural gas, the National Energy Plan looks to clean coal generation and nuclear power to give us the broad mix of energy needed to meet growing demand and support energy security.

Third, our plan balances our pressing requirements for the aforementioned traditional sources of energy with the need for renewable and alternative sources such as hydropower, biomass, solar, wind, and geothermal.

The Plan seeks to increase exploration of domestic sources of oil and natural gas. And it also recommends tax incentives for the use of certain renewables and more focused research on next-generation sources like hydrogen, and fusion.

Fourth, our energy plan harmonizes growth in domestic energy production with environmental protection.

This commitment to conservation and environmental protection is not an afterthought; it is a commitment woven throughout our energy policy.

Energy production without regard to the environment is simply not an option.

For example, in addition to recommendations seeking to streamline the permitting process for plant sitings as well as building new infrastructure, the National Energy Policy also directs EPA to propose mandatory reduction targets for emission of three major pollutants - sulfur dioxide, nitrogen oxides, and mercury -- from electricity generation.

### **Building Consensus**

We support this balanced approach with 105 recommended actions, covering the full range of energy challenges confronting this nation -- and indeed the world -- from how best to enhance renewable sources, to oil and natural gas development in the Caspian Sea.

The Administration can carry out many of these recommendations on its own, either through executive orders or agency directed actions. We are moving ahead to implement proposals as quickly as possible.

Just days after release of our National Energy Report, the President issued two executive orders directing Federal agencies to expedite approval of energy-related projects and directing Federal agencies to consider the effects of proposed regulations on energy supply, distribution, or use.

Moreover, where appropriate, the President is directing Federal agencies, including my own, to take a variety of actions to improve the way they use energy and to carry forward critical aspects of his policy.

For example, I've instructed our Office of Energy Efficiency and Renewable Energy to carry out a strategic review of its renewable energy research and development programs in light of the recommendations in our National Energy Policy.

Hydropower, geothermal, wind, and other renewables are highlighted in our report for the contribution they are making and can continue to make to energy security. Promising next-generation technologies will also play a part in solving our energy challenges. Both current and future technologies will be a part of our strategic review. I've asked that the study be completed by September 1st . Its findings will permit us to recommend appropriate funding levels that are performance based and modeled as public-private partnerships.

Twenty of the Report's recommendations require legislative action and I think we will find more areas for cooperation than disagreement.

This Committee has a long and proud tradition of passing bipartisan energy legislation dating back to the 1970s. I look forward to working with the Committee to develop energy policy legislation consistent with its bipartisan tradition.

So, I believe that we start from a wide base of agreement. We all recognize energy as a critical challenge. We all recognize that parts of our energy supply and delivery system need enhancement or modernization. And we all recognize that conservation and stewardship must go hand in hand with increasing domestic supply.

Naturally, there will not be complete agreement and the President is strongly committed to the adoption of his recommendations. But I truly believe we have the basis for working together to meet America's serious energy crisis.

Thank you, Mr. Chairman. I would be glad to take your questions at this time.

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