

Maurice Hinchey NEWS

26TH CONGRESSIONAL DISTRICT, NEW YORK

U.S. Rep. Maurice Hinchey's Proposals for a National Energy Policy

The continuing problem of high fuel costs in the Northeast and elsewhere, the growing need for power in the changing economy, and our increasing dependence on foreign oil, should be a wakeup call to the United States government. It is inconceivable that we do not have a coherent national energy policy. Establishing such a policy should be an urgent priority of the Congress and the Bush Administration. But the residents of New York's 26th Congressional District will not benefit from this national plan unless it focuses on reducing the demand for oil and promoting technologies for renewable energy and energy efficiency. We must also continue to assist low-income families and pay special attention to the Northeast region.

Reducing the Demand for Oil is the Key

Any serious energy plan must focus our efforts on reducing our demand for oil rather than on increasing our supplies, as the Bush Administration seems determined to do. The centerpiece of the Administration's energy plan is to drill for oil in Alaska's Arctic National Wildlife Refuge. This move would simply be a gift to the oil companies that would do little, if anything, to affect our energy prices or security. The U.S. Geological Survey estimates that the amount of oil that could be recovered from the Arctic Refuge would amount to less than a six-month supply for American consumers. It will take 7 to 10 years for any oil from the Arctic Refuge to make it to market - and it wouldn't even help our region. None of it is shipped east of the Rocky Mountains and no Alaska oil is refined into home heating oil. At no time would oil from the refuge be expected to meet more than 2 percent of U.S. demand. The Arctic Refuge is one of our national treasures and it deserves to be protected as wilderness, not despoiled for a few months worth of oil.

Oil is a global commodity, and its price will always be driven by world market factors beyond our control. The United States has only 2 percent of the world's oil reserves but generates about 25 percent of world demand, while Gulf State OPEC members control about two-thirds of proven reserves. We currently depend on imports for over half of our oil supplies and by 2015 this dependence is expected to increase to more than 68%. While the U.S. currently produces 12% of the global oil, domestic production will continue to decline, whether or not we open more federally protected lands. These facts tell us that we cannot simply drill our way to energy independence.

Our energy security depends on reducing our oil addiction. The following measures will help us accomplish that task and will strengthen our economy along the way.

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- **Promote Energy Efficiency and the Development of Renewable Energy Technologies**

By promoting renewable energy technologies and gains in energy efficiency, the United States can become a global energy leader and strengthen our economy instead of spending tens of billions of dollars on foreign oil every year. Increased funding and incentives for renewable energy technologies could create millions of high-wage jobs, while saving energy, reducing pollution, cleaning up the environment, and ending our addiction for foreign oil. Unless President Bush and Congress act to take the lead in developing these technologies, the United States risks losing out on this enormous global market.

In Congress I am supporting numerous bills that should be part of any comprehensive energy package. These bills would provide:

- tax credits for the production of renewable energy such as wind, solar and fuel cells
- incentives for the purchase of energy efficient appliances, and upgrades of heating, cooling and hot water systems that would help families reduce energy consumption and their utility bills
- tax credits for energy-efficient building equipment, including electric heat pumps, hot water heaters and natural gas heat pumps
- tax credits for energy efficiency improvements to existing homes and for the construction of new ones.

Not only would these steps greatly reduce our energy demand, they would create jobs as well. Energy and environmental technologies are poised to become one of the largest, if not the largest, source of new high-wage, high-tech jobs. These technologies have already created jobs in New York. Plug Power in Albany is developing residential fuel cells while Lockheed Martin in Johnson City is developing low-emission buses and fuel-efficient heavy truck engines.

The federal government should be doing much more to promote this industry. Currently our spending priorities are skewed -77 cents of every energy research dollar from 1973 to 1997 has gone to nuclear and fossil fuels. In 1980 we were headed in the right direction, spending \$1 billion on renewable energy programs. But subsequent Administrations gutted these programs and twenty years later we have not yet fully reversed these cuts.

If the U.S. is serious about energy independence and leadership in creating these high-tech jobs, we must dramatically increase funding renewable energy research and provide incentives for better efficiency.

- **Raise the CAFE Standards**

Congress must act to raise the Corporate Average Fuel Economy (CAFE) standards, particularly for light trucks and SUVs. This is the single most effective way to promote our energy independence in the short-term. Current standards save more than three million barrels of oil a day. But instead of continuing this progress, the Republicans have prevented the Department of Transportation from even examining the need to raise CAFE standards for the past five years.

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When Congress passed the CAFE law in 1975, it required stepped increases for cars, but not for light trucks, because they accounted for such a small percentage of the market. But light truck and SUV sales have exploded, and now SUVs and other light trucks guzzle 40% of the oil we use. Because of the growing market share of SUVs and the Republicans' prohibition on raising efficiency standards, the average fuel economy of all new passenger vehicles is at its lowest point since 1980. Raising CAFE standards would spur technological innovation, save consumers money, and lead to cleaner air and lower levels of greenhouse gases.

- **Encourage Natural Gas Production**

Consumers' natural gas bills have more than doubled over the past year, and supplies of natural gas are currently low while demand is rapidly increasing. With growing dependence on natural gas for home heating, power generation and industrial use, we need to evaluate our current tax and royalties on natural gas and oil development. North America has large untapped supplies of natural gas and natural gas producers are boosting their exploration. Our current low supplies of natural gas are not due to excessive environmental restrictions but instead are the result of low prices in 1998 and 1999 that curtailed incentives to drill for additional supplies. We need policies that encourage stable investment in natural gas and oil development, especially during low price periods.

We Cannot Abandon Those in Need

We must continue to adequately fund the Low-Income Home Energy Assistance Program, which helps low-income households pay their utility bills. The program is funded at over \$1.7 billion for this year. In addition, we should increase funding for the Weatherization Assistance Program to help low-income families reduce their utility bills by making their homes more energy efficient.

The Northeast Region Requires Particular Attention

Last year, legislation was enacted that will benefit consumers in the Northeast by helping to keep their gas prices lower and heating bills down. The reauthorization of the Strategic Petroleum Reserve allowed the Clinton Administration to release of 30 million barrels of crude oil from the Reserve in September, helping to bring down high gas prices and boost the supplies of heating oil.

A 2 million-barrel heating oil reserve was created in New York Harbor. This reserve provides a measure of security in case of a regional supply shortage or a price run-up.

Additionally, just before he left office President Clinton took steps to protect consumers and small business for supply shortages and price spikes. The President:

- directed the Energy and Transportation secretaries to keep the fuel distribution system open by ensuring that Coast Guard icebreakers keep northern ports open to receive fuel shipments this winter.
- directed the Small Business Administration to reach out to clients with short and long-term loans to help meet their energy costs.

These policies must be continued and incorporated into our national energy plan.