

Opening Statement of Senator Charles E. Schumer
Chairman, Joint Economic Committee
Hearing: “Efficiency: The Hidden Secret to Solving Our Energy Crisis
July 30, 2008
(as prepared for delivery)

Good morning and thank you for coming to our Joint Economic Committee hearing on energy efficiency – which is what I call the hidden secret to solving this serious energy crisis Americans are facing.

Everywhere we go – legion halls, parades, weddings – the high price of gasoline is one of the very first things people bring up. But in just a few short months, families from New York to Washington State will also be struggling to pay their winter heating bills. It is no wonder that Congress has held over **60** hearings on energy policy so far this year – and **20** in July alone.

Americans from coast to coast are being squeezed. We had a hearing last week to examine the Middle Class Squeeze in more depth. Elizabeth Warren from Harvard told our committee that the average family is earning over a \$1,000 less than they did in 2001 and they’re paying from \$4,500-7,000 more in energy, health care, housing, college tuition, and child care costs. That’s bad news for families and for our country’s economic health, which is driven by the hard work of middle class families.

Americans from coast to coast are being squeezed. Warren estimates that middle class families are paying over \$2,000 more in gasoline costs alone -- **DOUBLE** what they spent in 2001.

This is terrible news, in particular, for millions of families in the lower income brackets. Gasoline bills alone ate up 10 percent of their paychecks in 2006 – when a gallon of gas was “only” \$2.50.

For all of the talk about how American families have benefited from the Bush tax cuts, and for all of the emphasis that some of my colleagues are placing on making those tax cuts permanent, the simple, undeniable, you-can-look-it-up, no-spin truth is that the average American family is paying far more in higher gas prices this year than they received in Bush tax cuts.

We had a committee hearing last month to examine whether these high oil prices were a temporary bubble or a painful, new reality for our economy. At that late June hearing, oil topped \$134 a barrel -- it is now a paltry \$122 a barrel. If there is *no* oil bubble, *or* if prices temporarily decline, as they have recently, and we put off doing the necessary things we have to do – like investing in efficiency programs and alternative fuels– we’ll be even further behind than we are now from breaking our foreign oil dependence.

It is clear that demand for energy – oil, gas, electricity -- is on the rise – especially in rapidly developing, large countries like China and India. **So the reality is that we need to look beyond**

quick fixes that will do little for consumers and do less to address this energy crisis. In the long-term, we *must* address the demand side of the energy equation.

With 7 years under their belt, this White House has taken zero pro-active steps to reduce our dependence on foreign oil or push other serious energy efficiency programs. If it wasn't for the Democratic Congress passing a long-overdue, small increase in fuel efficiency standards for cars, President Bush would leave the White House with a spotless record – committing no sins against Big Oil or OPEC.

With almost 70 percent of all of the oil we consume going into our gas tanks, it is a crime that the White House and the Republican Congress since 1995 have opposed increasing fuel economy standards for so many years.

While I have supported some targeted drilling in the Gulf of Mexico, I don't believe that we can drill our way out of this energy crisis – neither do the American people. According to a recent poll, 76% of Americans said that we should focus on investing in new energy technologies, renewable fuels, and more efficient vehicles rather than expanding oil exploration and drilling.

One good thing that came out of the oil shock in the 1970's was the push for dramatic energy conservation. Why don't we do more of it now? California made tremendous efforts under Governor Jerry Brown during that time to reduce consumption and now they are well below the national average in energy usage per capita. **One environmentalist said, alternative fuels are the sizzle, but conservation and efficiency is the steak.**

But to some conservation has the connotation of discomfort – using an extra blanket in the winter or easing up on the air conditioning in the summer. But as our witnesses will discuss, energy efficiency is actually doing more with less. We'll learn about the most recent state to implement landmark energy efficiency and alternative energy programs from the Massachusetts Secretary of Energy and Environmental Affairs, Ian Bowles.

But what should we be doing in *Washington* to address this problem?

We should be **requiring utilities to achieve 10% energy savings each year** by helping their customers with energy efficiency programs, improving energy efficiency in their own distribution systems, or through credit trading.

We need to **require states to update their commercial and residential buildings codes to achieve a 30% energy savings by 2015 and 50% energy savings by 2022**, based on 2006 buildings code standards. That's an idea that offers big bang for the buck because buildings consume a great deal of our energy and are very inefficient.

Finally, we should be **giving states like Massachusetts the ability to set higher appliance standards**, with the proper approval from the Department of Energy, to help the federal government and big manufacturers stay ahead of the technology curve.

Another idea that Dan Reicher addresses prominently in his testimony may be long overdue -- **a reinvigorated and beefed up weatherization program to help millions of Americans consume less energy, stay warmer in the winter and cooler in the summer.**

Given the recent inability of the Senate to increase funding for the low income home energy assistance program (LIHEAP) and what is predicted to be a terrible winter heating season, I'm worried that families in New York and around the country will be choosing between heat and food or between heat and health care. **This kind of common sense investment in reducing our energy consumption is an energy hat trick – it helps families who are making ends meet, improves our energy security, and strengthens our economy.**

The bottom line is that if you don't encourage efficiency, if you don't invest in alternative energy, and if you don't tell the big oil companies they can no longer run energy policy in America, we will not succeed, plain and simple. Our witnesses today are experts in doing more with less – which is why they only will get five minutes to make their opening statements.

Witnesses:

Ian Bowles, Secretary of Energy and Environmental Affairs,
Commonwealth of Massachusetts

Dan Reicher, Director of Climate Change and Energy Initiatives, Google

Dr. Jonathan Koomey, Professor, Stanford University

Mark P. Mills, Co-Founder, Chairman [ICx Technologies, Inc.](#)

#