Working Toward an Energy Agenda for the 21st Century

by Sen. Maria Cantwell

Thirty-five years ago, two disparate events helped shape the future of America and the world. All of us who are old enough to remember July 20, 1969, can recall where we were when we heard the immortal words spoken by Neil Armstrong as he became the first person to set foot on the moon: "That's one small step for man, one giant leap for mankind."

The same year, we took another giant leap forward, when American investment created the DARPANet. Yet even today, most Americans don't recognize that name or realize that this fledging technology led to the development of the Internet.

Today, the project seems quaint in its simplicity: many teenagers can easily link up four computers to a simple network. (Just ask the music industry.) But at the time, it was an undertaking so revolutionary that few who were involved could imagine what a significant impact it would have not just for the future of technology, but for nearly every aspect of how we live and work.

Now, America has a new opportunity, one that could have ramifications as great as the decisions made thirty-five years ago to land a man on the moon and to explore new ways of using computers to communicate and share information. That opportunity is the chance to develop an energy plan for the 21st century.

Energy is the lifeblood of our economy. It keeps our cars running, our companies competitive, our citizens safe, and our nation secure. Although we may not think about it when we turn on a light or pull into a gas station, the energy policy decisions we make – or fail to make – will have important repercussions for our economy, our national security, and our society for decades to come. Yet in the face of such lasting consequences, our nation's policy makers are not stepping up to the challenge of crafting a comprehensive energy agenda for the future.

Consider just one element of our energy dependence: oil. According to the Energy Information Administration, the U.S. consumes nearly 20 million barrels of oil every single day. That's more than 7 trillion barrels of oil per year.

We rely heavily on foreign countries to slake our nation's thirst for oil. Last year, we imported more than 56 percent of our petroleum. More than a quarter of our total supply came from OPEC nations.

Nowhere is our nation's addiction to oil more evident than at the gas pump. In June, I joined other members of Washington's congressional delegation in releasing a new report that details the impact of higher gas prices on Northwest families. The study found that on June 14, 2004, the average price of a gallon of gasoline in Washington State was $2.26 – 68 cents more than one year earlier.

The analysis also warned that if gas prices were that much higher than last year's prices for the duration of the summer, Washington drivers would pay an additional $493 million in gas costs during the summer driving season. On a per-driver basis, higher gas prices would cost the average Washington State driver $110 between Memorial Day and Labor Day, and cost the typical two-car family an extra $225 over the same period.

Higher gas prices are putting a chokehold on families' pocketbooks and our economy, but the reasons for the increase are shrouded in too much secrecy and confusion. Even as the surge in the cost of gasoline was hitting the Northwest particularly hard, straining family budgets and our economy, energy companies were reeling in record profits.

I strongly believe that the Administration should conduct a review of the volatile petroleum markets to ensure consumers are not being gouged at the gas pump. In order to bring prices down, we need to open the books of America's petroleum industry so that we can have a full understanding of what is actually going on in gas markets and of what we can do to lower gas prices.

With oil prices at record highs, we cannot leave the United States vulnerable to the international interests that can change the price of gasoline by simply suppressing supply. One of the most important steps we can – and must – take is to address the demand side of the equation.

The simple fact of the matter is that transportation accounts for 67 percent of U.S. oil consumption and one-third of U.S. greenhouse gas emissions. Improving the efficiency of the U.S. vehicle fleet would serve the public interest both by reducing our economy's exposure to fluctuations in oil prices and emitting fewer climate changing greenhouse gases.

A critical step toward promoting more efficient fuel use would be to raise Corporate Average Fuel Economy (CAFE) standards, which would help wean our nation from its dependence on foreign oil while allowing us to continue to meet our transportation needs. At the same time, CAFE standards promise environmental benefits and savings for consumers.

Some in the auto industry have a gloom and doom view of increasing CAFE standards, and predict that such action would render American car makers extinct. History shows they're wrong. The same arguments were made nearly 30 years ago, when Congress first debated whether to create CAFE standards in 1975. I believe we have the technologies and the American ingenuity necessary to meet the goals set out by tougher CAFE standards. In fact, I view it as a matter of international competitiveness. If our own domestic auto manufacturers won't step up to the plate, other countries will. Already, foreign competitors are dominating the emerging market for hybrid vehicles.

American ingenuity and technology can help reduce our dependence on foreign oil without any loss in vehicle performance or safety. For example, I support tax incentives for fuel-efficient vehicles that can help stretch mileage between fill-ups. I am working with Sen. Chuck Schumer to develop legislation to encourage the use of low-friction tires. These so-called "smart tires" would cost only a few dollars more per set of tires, but save the average driver at least $100 worth of fuel over the tires' 40,000-mile life.

Estimates suggest that if the status quo is maintained, our dependence will grow to 64 percent in 2020. Unless we act, we will be asking ourselves the same questions about economic and energy security that we are asking ourselves today. Simply kicking the can down the road for another decade or two will mean that we will both lose opportunity in the emerging global markets for fuel efficiency technologies, and we will leave our economy subject to the whims of overseas oil cartels. To me, the choice is clear. Now is the time to take decisive action.

Addressing our nation's oil dependence is vital, but this step alone will not solve our energy dilemma. A sound and comprehensive energy policy must not be viewed as a tool for political gain, but a necessity for the economic security of a great nation. At the beginning of the last legislative session, I was optimistic that Congress was poised to craft a responsible and forward-looking agenda to tackle our energy challenges head-on. Unfortunately, this window of opportunity soon gave way to a too-familiar scene: a rush for government pork projects and corporate financial and regulatory loopholes.

Indeed, the comprehensive energy bill produced during this Congress (H.R. 6) read like a wish-list for the well-entrenched special interests that have dominated our nation's energy policy debate for decades. Bloated with pork-barrel give-aways, environmental rollbacks and special deals cut behind closed doors, the energy bill conference report attained a degree of infamy when my colleague Sen. John McCain (R-AZ) and I dubbed it the "Hooters, Polluters and Enron Looters" bill.

The legislation's "Hooters" provision – providing tax-exempt bonds for the construction of a shopping mall in Louisiana anchored by a Hooters restaurant – captured the most headlines, with liability protection for producers of the groundwater-polluting chemical Methyl Tertiary Butyl Ether (MTBE) running a close second. Although these measures were perhaps the most notorious, buried in the bill's nearly 1,000 pages were a number of other insidious policy proposals, which would have reversed decades of environmental and consumer protection law and charted a course toward an energy policy fit for the 19th century, not the 21st.

For example, the bill would have weakened the Clean Water Act, by allowing the oil and gas industries to skip the permitting process and avoid runoff requirements when building new rigs, or even when building new roads to service existing equipment. The existing permitting process is important because it requires these companies to use the best technology available to minimize runoff, which in many instances contains oil and grease, metals, bacteria or other types of chemicals.

In addition, it would have created loopholes in the Safe Drinking Water Act, the primary federal statute governing the protection of public water supplies. The provision included in the bill would have removed oil and gas projects that use a technique called hydraulic fracturing from regulation under the Safe Drinking Water Act. Hydraulic fracturing is a practice in which water, sand or toxic chemicals are injected into rocks to extract the oil or gas they contain. The courts have found that this practice should be regulated in order to protect the public health and the quality of our nation's drinking water. And yet, the energy bill would provide these oil and gas projects a special – and unprecedented – exemption.

At the same time it polluted our water, the energy bill would have also undermined the Clean Air Act, by extending deadlines for compliance in our nation's most polluted cities. This language was inserted in the bill as a direct response to federal courts' unanimous rejection of the Bush Administration's attempt to illegally extend these deadlines for a number of cities.

Equally troubling, the bill would have eroded protections for our public lands under the National Environmental Policy Act, or NEPA. Authored by Sen. Henry M. ("Scoop") Jackson of Washington State, NEPA was passed in order to help ensure the public's right to participate in the decisions we make regarding the multiple uses of our federal lands. The open and public process NEPA created has long been valued by those of us from the Pacific Northwest. Under the auspices of "expediting process," the bill hands the keys to our public lands to the special interests. As if that was not enough, the legislation would have weakened protections under the Coastal Zone Management and Outer Continental Shelf Lands Acts – an issue of particular importance to those of us from states with precious coastal resources.

Finally, given the West's recent experience with the electricity crisis of 2000-2001 – and the aftermath that continues to take a toll on Washington State's economy – I found the bill's electricity title among its most outrageous. The bill's electricity provisions would have repealed fundamental consumer protection laws and actually made it more difficult for federal regulators to crack down on companies that break the rules and manipulate electricity markets. The economic wreckage Enron left in its wake should have sent a message to lawmakers. Unfortunately, that was not reflected in the energy bill conference report that emerged from closed-door conference deliberations.

Although this is only a brief snapshot of the energy bill's full laundry list of regressive policies, these alone convinced me that the bill must be defeated. I am proud that I helped lead the bipartisan effort to defeat it, but the outcome was close: we voted the bill down with just a two-vote margin.

But while the comprehensive energy bill has, thankfully, been stalled, there remain bipartisan and common-sense provisions that deserve immediate passage. Unfortunately, as of this writing, it seems they are being held hostage to those who favor an "all or nothing" approach. One of the best examples is the consensus-based reliability standards measure, which has been in the works for five years. The urgent need for mandatory and enforceable reliability standards to govern the operation of our nation's electricity grid was made clear last August, when much of the Northeast and Midwest suffered a massive power outage, affecting 50 million consumers from New York to Michigan. It was the biggest blackout in American history. To date, our nation's electricity grid has operated under a set of voluntary guidelines, with no concrete penalties for those who break the rules and jeopardize the reliable energy service that is the foundation of our nation's economy.

A full year after the massive blackout that paralyzed the Northeast, Congress has still failed to act. I have introduced legislation to give the Federal Energy Regulatory Commission (FERC) authority to devise a system of mandatory and enforceable standards for the reliable operation of our nation's electricity grid, and I will continue to work hard to see my bill passed.

Another piece of legislation that I believe deserves immediate enactment is a simple, straightforward ban on manipulative practices in our nation's electricity markets. Against the backdrop of all this debate about energy legislation, various investigations have unearthed Enron's "smoking gun" memos and audio tapes – detailing the company's schemes to drive up electricity prices – and other evidence leading FERC to conclude that market manipulation was "epidemic" in western markets during 2000-2001. This energy crisis continues to take a serious toll on American consumers and businesses: it's been estimated that, as a result, the West has lost $35 billion in domestic economic product – in other words, a 1.5 percent decline in productivity and a total loss of 589,000 jobs.

In 2002, as part of its investigation into the Enron debacle, a majority staff report of the Governmental Affairs Committee found a "shocking lack of regulatory vigilance" by FERC. It also concluded that "over and over again, FERC displayed a striking lack of thoroughness and determination with respect to key aspects of Enron's activities – an approach seemingly embedded in its regulatory philosophy, regulations, and practices."

Yet despite this overwhelming evidence, FERC has failed to act, even though it has been four years since the onset of the crisis. To many Western ratepayers, FERC seems like an agency in thrall to the very industry it is supposed to regulate. That's why I believe we in Congress must act to reform FERC, both to make it a more independent agency and to renew its fundamental purpose: to act as a tenacious watchdog on behalf of the rate-paying public.

Preventing market manipulation, empowering FERC to do a better job of protecting ratepayers and businesses, and improving the reliability of our existing energy infrastructure are urgent goals, and require our immediate attention. But any forward-looking energy policy must confront a fundamental hard truth: we continue to rely too heavily on oil and other fossil fuels, and we must make an honest effort to curb this dependence and find new sources of energy.

Yet in the face of this challenge, the Bush Administration has actually proposed increasing our reliance on coal. This short-sighted approach does no favors to our economy or our environment. The only groups that benefit from increasing our reliance on coal power are coal companies.

A truly comprehensive energy agenda must do more than prevent manipulation of the existing energy market – it must also expand the options that comprise the market itself. Promoting new, cleaner alternative sources of energy will not only minimize the impact of energy use on the environment, it will reduce the cost of energy and boost our economy.

The New Apollo Energy Forum seeks to advance energy independence and job creation through a cleaner, domestically-based, and more secure 21st century energy system. At the group's conference in Seattle earlier this year, Dr. Dan Kammen of the University of California, Berkeley, presented a report which found that, per unit of energy, the renewable energy sector generates more jobs than the fossil fuel-based energy sector. It also found that every state, especially Washington, would stand to gain in net employment from a focused assortment of clean energy policies at the federal level.

Clean energy technologies prove the lie to the old myth that we have to choose between protecting the environment and protecting jobs. Now, we know that we can do both: by doing good, we can do well. In fact, we can do even better than with old technologies.

That's great news for our region, but it should not be a surprise. Already, the Northwest has a $1.4 billion per year clean energy industry, and this field is on track to grow to $2.5 billion over the next 20 years and create over 12,000 new jobs in the process. With our highly skilled and technologically savvy workforce, our region is uniquely suited to be a leader in the clean energy market.

The success of the Stateline wind power project in southeastern Washington State – one of the nation's largest wind projects – demonstrates that new energy technologies have advanced beyond the theoretical stage, and can provide new, cleaner sources of energy. By exploring wind and other clean energy alternatives to fossil fuels, I think we'll confirm that taking the clean route will simultaneously benefit our environment and our economy.

Thus far, the Administration and Congress have failed to produce an energy plan that addresses today's problems, as well as those of tomorrow. We need an energy plan that fixes the energy problems America has today – power companies that are allowed to extort ratepayers, and an unreliable electricity grid. We also need a real energy plan for the future – one that won't overinvest in fossil fuels, but one that invests in wind power, wave power, hydrogen power, and the ingenuity of American brainpower.

Just like the Internet, the energy web will create American jobs. Just as with the Apollo project, developing a comprehensive energy agenda will take national unity and leadership.

The Internet didn't exist until we invested in DARPANet, and Neil Armstrong didn't set foot on the moon until nearly seven years had passed since President John F. Kennedy made his famous pledge to land a man on the moon within the decade. In that speech, Kennedy laid out exactly why he had committed the United States to such an audacious goal, saying "…our leadership in science and in industry, our hopes for peace and security, our obligations to ourselves as well as others, all require us to make this effort, to solve these mysteries…."

The same is true today, but the benefits of a comprehensive energy strategy are not a mystery. We know what can be gained from a sound energy policy: a strong, vibrant economy led by the world's most technologically advanced workforce; a cleaner, healthier environment; reduced reliance on outdated energy sources; greater independence from foreign energy producers; and enhanced national security. But we must choose to make these goals a priority, and take the necessary steps to make them a reality. For the sake of our future, and the future of our children, I hope we will.