



**Opening Statement of Reid Detchon
Executive Director, Energy Future Coalition**

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Executive Director

Reid Detchon

**Transportation Biofuels Conference
U.S. Senate Committee on Energy and Natural Resources
February 1, 2007**

Mr. Chairman and members of the Committee, thank you for inviting me to participate today on behalf of the Energy Future Coalition. Your attention to the opportunity that biofuels present for the nation and the world is both timely and important.

The Energy Future Coalition, led by a bipartisan Steering Committee of distinguished leaders from government, business, labor, religious and environmental groups, believes that constructively addressing today's substantial energy challenges will lead to substantial new economic opportunities for America.

Two topics must be front and center – oil dependence and climate change. Both of these pose enormous risks to our economy. If we treat them separately, they may end up at cross purposes with each other. A first principle for America's energy strategy, therefore, must be to address each of these problems without making the other one worse. If we deal with them together, the transition to cleaner, more secure energy technologies will create a new wave of economic growth and job creation, just as the computer and telecom revolutions did over the last 20 years.

It is that promise that led us, along with 400 other partners, to support the 25x'25 initiative – which would set a national goal of producing 25 percent of America's energy from renewable resources by 2025. Several members of this Committee are cosponsors of S. Con. Res. 3. We hope that all of you will join them and that the Senate will adopt the resolution early in this session.

The goal of reducing U.S. demand for foreign oil is sometimes described as "energy independence" – but self-sufficiency in oil is neither feasible nor desirable. Rather, the objective should be to diminish the role of oil in the economy – and increase the flexibility of the transportation sector in particular – so that the nation is not hostage to a single commodity and its prices and politics.

Alternative fuels must be the centerpiece of such a strategy. The near-term options that address both oil dependence and climate change most effectively are biofuels and electricity, produced in ways that minimize greenhouse gas emissions, together with improved vehicle efficiency to make those fuels go farther. Alternative fuels that increase energy security but make global warming worse, such as liquid fuels from coal, are a dead-end street. Coal can become an important source of transport energy, but through electricity, not liquid fuels. Plug-in hybrid vehicles, operating first on clean electricity and secondarily on biofuels, could all but eliminate the need for petroleum in light-duty vehicles, while reducing their global warming emissions by 90 percent. That's a win-win solution.

Getting biofuels into the market at large scale will depend on four related variables:

1. The adequacy of supply.
2. The availability of fuel to consumers.
3. The availability of compatible vehicles.
4. Price and consumer demand.

Addressing these variables simultaneously is a complicated challenge. But the market can bring about powerful changes with the right economic signals, influenced by public policy. Toward that end, we welcome the President's leadership in proposing a greatly strengthened standard for renewable fuels and ask for your support. It will do much to create the investor confidence needed to finance a new generation of biofuels technologies.

The Energy Policy Act of 2005 authorized many programs needed to advance biofuels, but it must be fully funded to be effective. The Appropriations Committees – and Sen. Domenici in particular – deserve our thanks for including the EPACT loan guarantees in the proposed Continuing Resolution. We need to encourage the private sector to build multiple pioneer conversion plants (biorefineries) that demonstrate the application of different biofuels technologies to different feedstocks – because the technological competition remains quite unsettled. Not all will succeed, but those that do will create a new American industry.

Energy is rightly described as a national security priority, and the nation should invest in it as it does in other national security priorities. To offset the cost of these investments, Congress should place tax incentives for both oil and alternative fuels on a countercyclical sliding scale and phase them out as oil prices rise and federal support is no longer needed. Such a step would save many billions of dollars if prices remain as high as the government now forecasts.

Mr. Chairman, investments in energy efficiency and renewable energy can buy the time we need to develop more climate-friendly technologies and an energy future that plays to America's strengths. We look forward to the opportunity to work with you toward those ends.

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