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Vice President Dick Cheney Delivers Remarks on Energy at the National Press Club in Washington

LIST OF SPEAKERS

CHENEY:

I appreciate having the opportunity to be here today, back at the Press Club.

You know, I used to spend a lot of time in this town when I came here and stayed 25 years, and then left eight years ago. I thought my tour was up. And I'm often asked why I left government after 25 years and went into the private sector. And I explained that two things happened, really. First, we lost an election.

(LAUGHTER)

That didn't help. But also, I reached the point, after all that time, where I was mean-spirited, short-tempered, intolerant of those who disagreed with me. And they said, "Hey, you'd make a great CEO."

(LAUGHTER)

So I was happy to find work in the private sector. But I'm delighted now to be back and to have some time to share in this administration with President Bush. He asked me about a year ago to sign on and become part of his administration, and it's one of the better decisions I've ever made. We've really enjoyed it.

It's been a tremendous experience wrestling with some of the problems we're wrestling with. Some of these were problems 30 years ago, and they're still problems today. But it's a privilege for me to be here today on his behalf and on behalf of the administration.

Clearly this is one of the most important forums every year on energy efficiency and on the general subject of energy. I know you've had a very full agenda today and a fine group of speakers during the conference. What I'd like to do is take a little bit of time and try to give you the administration perspective on some of these issues, and then I'll be happy to take some questions, as well.

During the campaign last year when then-Governor Bush and I were campaigning, we'd identified our potential energy problems as one of the possible storm clouds on the horizon of the economy. We looked down the road and tried to identify something that might adversely affect our nation and lead to significant economic difficulties. We thought that the fact that we didn't have a coherent energy policy at that point and there were beginning to be some problems out

there was significant. We were not intending to speak as prophets, but rather as realists.

Since then, of course, we've seen the energy challenges grow significantly and into very serious hardship now for people in California and many places in the West. Across the country, millions of families have had their budgets squeezed by energy costs. From the late '70s to the late '90s, the share of the average family budget devoted to energy had declined. But since 1998, it's actually now on the rise.

Against that background, four days after we were sworn in, the president asked me to sign on as the chairman of a committee of the Cabinet, the National Energy Policy Development Group, to pull together a set of options and some proposals for him that would begin to address what we perceived to be some of the serious problems out there.

It was the first comprehensive approach -- or attempt to be comprehensive with respect to energy policy for quite some time. The report we issued last month presented more than 100 recommendations, covering virtually the entire range of concerns that face the American people.

One of the concerns, obviously, is the aging power grid and the growing problem that we have in getting electricity from the power plant to the light switch. It's clear that we must upgrade and expand the power grid. If we put more connections in place, we'll go a long way toward avoiding future blackouts.

Another broad aim is to increase energy supplies from diverse sources: from oil and gas, renewables, coal, hydro and nuclear. This is the kind of balanced approach we think is essential if we're going to meet the country's energy needs down the road and take care of many of our other concerns, especially with respect to the environment.

Good stewardship is a public value in 21st-century America. By far, most of us believe in showing due consideration for the air, the water, the land and natural life around us. The president and I believe very deeply that more energy can be acquired while, at the same time, we provide for a safe, clean environment.

Indeed, an energy shortage is bad for the environment, as we've seen in California, where dirtier plants are now running longer in order to keep the lights on, and where competition and efforts to deal with some of the environmental problems have led to the refusal to build plants, and are now creating demands, for example, for using the water in the dams and reservoirs of the Northwest in a way that may, in fact, damage the salmon population.

It is possible to have more energy and a cleaner environment. Technology allows us to do it, and as we've already seen with the incredible advances in technology that have been employed in locating and producing energy and in using it.

This is one of the primary themes of the energy policy we've put forward: to make better use through the latest technology of what we take from the Earth. On the production side, it's everything from clean-coal technology, which we support, to alternative clean energy sources. It also includes the highly effective new methods that allow much oil production to go forward with minimal impact on the environment.

But it's not just a matter of cleaner use. We must become much more efficient in our energy use, as well. For a family or business, energy efficiency can mean lower energy bills. For the

country, efficiency helps us make the most of our resources, lowers our reliance on energy imports, softens the impact of high prices and reduces pollution.

Here we seek to continue a path of uninterrupted progress in many fields. Home refrigerators use about one-third of the electricity they used in 1972. Compact fluorescent lights use about 25 percent of the incandescent bulbs that they replace. Today's automobiles use roughly 40 percent less fuel per mile driven than they did 30 years ago. The latest computer screens use a fraction of the power needed on older models. Low-power technology has been perfected for many portable and wireless devices.

For the country as a whole, our progress in energy efficiency has been nothing short of remarkable. Since the Nixon administration, our economy has grown by 126 percent; our use of energy has grown only by 26 percent.

Under the president's plan, our country will continue to build on this very successful history.

CHENEY:

We can and we will make even greater strides in energy efficiency going forward.

While such advances cannot alone solve America's energy problems, they can and will continue to play a vitally important role in our energy future. New technologies are proving that we can save energy without sacrificing our standard of living, and we're going to encourage these technologies in every way possible.

In pursuing energy efficiency, we must be clear about our purposes. As the president has said, conservation does not mean doing without. Thanks to new technology, it can mean doing better, smarter, cheaper. With that distinction in mind, we are advancing a number of specific ideas for improving efficiency throughout the economy.

First, we'll seek higher federal efficiency standards for appliances, wherever this is feasible and economically justified. At present all refrigerators, freezers, clothes washers and dish washers have energy guide levels to let consumers know just how much energy is consumed. The president has also asked the Energy Department to hold other appliances to these standards, wherever it makes sense to do so. We will also provide better information to consumers by expanding the government's Energy Star program, which identifies the most energy efficient appliances.

On the consumption of energy, the government is going to lead by example. The federal government is the single largest energy consumer in the United States. Energy use in many federal buildings has already been reduced by 30 percent from 1990 levels, largely by installing energy-efficient technologies. The government has also reduced vehicle and equipment energy use by 35 percent. Our administration will continue this progress under an executive order recently signed by the president, which ordered all federal agencies to take extra steps to conserve energy. Military and federal agencies are already exceeding expectations.

Third, we're going to help industry conserve energy by investing in energy-efficient technologies. Everyone here is familiar with combined heating and power, or CHP systems. For many companies with large needs for both heat and electricity, CHP systems are the way to go.

We're asking Congress to give these systems the same depreciation incentives the tax code now gives to power plants.

Fourth, we've directed the secretary of transportation to review and provide recommendations on establishing CAFE standards with due consideration of the National Academy of Science's study to be released next month. We don't know yet whether or not any adjustment will be justified, but we're going to eagerly await the secretary's report once the NAS has completed its work.

Any new standards should consider efficiency, but also safety, economic concerns and what the impact might be on the automobile industry. We've also called for tax incentives for new kinds of fuel- efficient vehicles, which offer greatly improved fuel economy and sharply reduced emissions.

Fifth, the president has asked the secretary of energy, Spence Abraham, to conduct a thorough review of energy efficiency R&D programs, in light of our national energy policy. It's the nature of things to find that some programs and methods work better than others. We will look for the approaches that hold the most promise for savings in the use of energy.

Just yesterday, at the direction of the secretary, meetings were held in Chicago and Atlanta to evaluate performance-based efficiency programs. Five similar meetings are going to be held in different parts of the country in the weeks ahead. When the study is completed, the secretary will then recommend appropriate levels of funding for the most effective of these programs.

As we pursue greater energy efficiency throughout our society, as part of a comprehensive energy policy, the gains will be more than economic. Every step we take toward wiser use of energy and more diverse supplies at home will make us that much less dependent on overseas suppliers and less vulnerable to supply shocks imposed on us from abroad.

Then there's the matter of global climate change, which concerns people in every nation. We're the world's largest economy and also the largest producer of man-made greenhouse emissions. Before departing for Europe on Monday, the president called on Congress to fully implement our clean energy technology proposals, so that our country can reduce greenhouse gas emissions by significant amounts in coming years.

There's still a great deal to be learned about global climate change. The United States spends more than any other country on climate change research, more than the combined expenditures of Japan and all 15 countries in the EU, and we will continue to lead the scientific effort to find answers. I have no doubt that we will also be the country that masters the technology to reduce greenhouse gases.

This country has met many great tests over our history. Some have imposed prolonged difficulty and major sacrifice, others have demanded only resolve, ingenuity and clarity of purpose. Such is the case with energy today. We have it within in our power to make great strides and to reap great rewards in new jobs, a healthier environment, a stronger economy and a brighter future.

Thank you very much.

(APPLAUSE)

MODERATOR:

Thank you, Mr. Vice President.

He has agreed to take a few questions.

I do think the first thing we'll do next year is offer a course in handwriting.

(LAUGHTER)

The first one -- you covered a little bit in your talk -- is do you intend to revise, strengthen or add any requirements for the federal agencies with regard to managing their facilities?

CHENEY:

We've tasked all the departments and agencies to review that and look for ways to save, and special emphasis, of course, on those folks operating in California, and nearly everybody operates in California, primarily in connection with this summer's expected blackouts.

But we're already getting reports. And I saw just a preliminary report today coming in from Spence Abraham, who is coordinating the response of all the departments and agencies, and I expect we will find that there are, in fact, continuing ways to improve the performance of those agencies and departments.

My own experience in the Defense Department shows that there's an enormous amount that can be done. Lots of times it's tied into other problems. At DOD, we've got aging infrastructure. The fact is, if you look at a lot of the bases we operate around the country, some of them shouldn't be operating at all. They could be operated at much more efficient rate. We've got facilities that operate at 25, 30, 40 percent of capacity, but you maintain the entire facility. We don't have an efficient, if you will, base structure at all. The same thing is true of housing, base housing, a lot of that is very old.

The key to getting energy efficiency out of it, in part, is to tear down some of those old facilities and build brand new ones with modern, state-of-the-art capabilities, rather than continue to limp along with stuff that, in some cases, dates back 100 years or more.

CHENEY:

So there are a lot of ways that we can improve our performance. Part of it's going to be tied to our willingness to reinvest in our infrastructure and a lot of those major facilities.

MODERATOR:

The U.S. energy mix, fossil, recoverable, nuclear, has not changed substantially in 20 years, even though billions has been spent on energy research. Will the Bush administration change this

in any way in the foreseeable future?

CHENEY:

It depends. We clearly emphasize -- what I talked about today just focused on efficiency and conservation, but obviously a big part of the report also deals with the whole question of additional supply. I mean, part of our plan was to emphasize the fact that conservation's important, but it's not enough. It doesn't get us there. It doesn't close the gap.

And so we spent a lot of time on infrastructure, pipelines, electric grid and so forth, but also focusing on coal, on petroleum, natural gas, and on nuclear. And with respect to generating electricity, we're now at about 20 percent of our electricity being generated by nuclear. We'd like to increase that. We think it ought to be increased. We think the technology there is to support it and do it safely.

The problem we have is aging plants, many of which now need to be relicensed; an unresolved issue with respect to the future of waste and the government's commitment to take spent fuel and store it in a permanent repository. And Tom Daschle's already announced, in his new capacity as majority leader, he's adamantly opposed to moving forward with respect to the proposed storage site in Nevada.

If we don't deal with the waste problem, then my guess is we won't get the investment in new facilities in the nuclear arena, and what you'll see over time is that the share of our electricity generated by nuclear will decline. It's within our grasp as a government, the executive and the legislative branches, to move forward to get that issue addressed and get it off the table so that utilities are prepared to invest in nuclear. But until we deal with that waste problem, I don't think it's likely to see any increase there.

We like **nuclear≥ ≤power≥** because we think it's another way to address the global warming question. No carbon dioxide emissions. No emissions of any kind from **≤nuclear≥ ≤power≥** plants. And we think that's an important way to move.

Other areas, the other mix that's changing, if you look at most of the forecasts with respect to future generating capacity, a lot of it is planned to be gas-fired; as much as 90 percent. And that's going to significantly expand that percentage. It's now, I think, about 16 percent of our electricity derived from gas-fired facilities today.

That, in turn, depends upon whether or not we build the pipelines and get access to those areas that we need to have access to in order to develop the gas. One proposal is to build a gas pipeline from the North Slope, Prudhoe Bay, down along the Alaska oil pipeline that's there now and deliver gas to the lower 48. I think that's a relatively noncontroversial proposition and should go forward.

But there are vast reserves of gas on the North Slope, it's already being developed, and now, as we produce oil on the North Slope, we get a lot of gas with it, which gets reinjected back into the ground; some 8 billion cubic feet per day, I'm told.

So a huge reserve there, but we've got to bring it to the market. If we do that, then we'll see a significant increase in reliance on gas in this country.

But again, this question of the future mix is going to depend very much upon the policy choices we make and whether or not we can come together and get agreement to move forward on some of these key areas that'll make it possible for us to develop facilities other than coal.

We get 52 percent of our power from coal today, but we've got a lot of it, it's cheap, it's abundant, the technology is there and the transportation system's there to deliver it to where we need to have it.

If we don't develop additional capacity on gas, if we let our share of nuclear decline over time, then you're going to end up probably with more coal-fired facilities.

QUESTION:

How can you stand up there and talk about efficiency when you've slashed funding for efficiency, you won't sign the Kyoto Protocol? The only thing that will get...

(CROSSTALK)

MODERATOR:

Next question is...

(CROSSTALK)

MODERATOR:

Next question is...

(CROSSTALK)

CHENEY:

I'd like to talk about the Kyoto Protocol.

I would like to talk about the Kyoto Protocol. Thank you for asking.

(LAUGHTER)

CHENEY:

Kyoto, of course, was an effort to sign in '97, to try to deal with the problem of global warming by putting a cap on greenhouse gas emissions, specifically carbon dioxide emissions, on a worldwide basis.

Unfortunately we believe it's flawed, as the president has said many times, because it leaves out a significant part of the world. The number-two emitter, China, is not covered. India, which I think is the number-five emitter, not covered. That's over half of the world's population right there. The burden fell basically on the United States and on a few other developed countries. We think that's an unwise way to go and an unreasonable way to go.

We also think there's still an awful lot of doubt about exactly how the whole system works. We've spent a lot of time now with the National Academy of Sciences, reviewing with our various scientists with a Cabinet committee to look at exactly what the science tells us is the case.

We do know some things. We know there has been overall upward trend in the temperature of the planet at the surface over the last 100 years, but it's not a straight line. It rose from 1880 to 1940 by about 0.6 degrees centigrade. It declined 0.2 degrees centigrade between 1940 and 1980. Went up by 0.2 degrees centigrade between 1980 and 2000.

So over that 100 years, you've got an increase of about 0.6 degrees centigrade, but, as I say, it's not a straight line. They have been periods of cooling in there, as well.

We do know also that the upper atmosphere -- most of the models predict the upper atmosphere should warm too, and it hasn't. We've got a big difference between what's happened on the surface of the Earth and what's happened in the upper atmosphere -- unexplained.

We don't know how much of the variation is a result of the normal, natural cycles that happen over the centuries between the ice age, the non-ice age, that we can trace back for hundreds of years. We're unable to allocate exact cause, how much of it's man-made and how much of it isn't. The reasonable supposition is some of it probably is man-made.

For that reason, the president has agreed to go forward aggressively with a lot more research to try to pin down and understand as much of this as possible, and to work with our friends around the world to find ways to, in fact, reduce the amount of emissions going into the atmosphere.

But we don't know what the safe concentration is. We don't know what all the consequences are as a result of these cycles and how much of it is man-made, as well, too.

Final point: We really look at it -- if you look at the Kyoto treaty, it hits especially the United States and would have devastating economic consequences for us. And the president is not prepared to proceed, with as much question as currently exists, to go now to put the hammer down and, for example, ban the use of fossil fuels and to do some of those other things that a lot have advocated.

We do think you can deal with this -- one of the reasons we're advocates of**<nuclear> <power>**. If you're really concerned about global warming and carbon dioxide emissions, then we need to come over here and aggressively pursue the use of**<nuclear> <power>**, which we can do safely and sanely, but for 20-some years now has been a big no-no politically. Some of the same people who yell loudest about global warming and carbon dioxide emissions are also the first ones to scream when somebody says, "Gee, we ought to use**<nuclear> <power>**."

(APPLAUSE)

MODERATOR:

Thank you, Mr. Vice President. We appreciate you taking time out of your schedule to come here today, and we also appreciate your remarks. Thank you again.

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List of Speakers

DICK CHENEY VICE PRESIDENT OF THE UNITED STATES

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