

OVERSIGHT HEARING ON RISING OIL PRICES
OPENING STATEMENT
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Thank you, Mr. Chairman, as always, and thanks for moving quickly to convene this hearing on a topic that's been of great concern and frustration for me and many of my constituents in Connecticut this winter, and probably will continue to impact consumers and business throughout the country in the coming months.

The worst of the home heating oil panic has subsided, mostly because temperatures have slacked off, although consumers are still bearing too heavy a financial burden with oil prices at \$27-\$28 a barrel up from the optimal level of \$18-\$20 a barrel. Gasoline prices, however, are still rising unabated. And because our gasoline stocks are now at about the level they usually are on Labor Day, several reputable analysts are predicting drivers could be paying \$2 to \$2.50 a gallon at the pump as the spring and summer vacation season approaches.

I know Secretary Richardson has had some success in pressuring our OPEC allies to step up oil production, and I'm grateful he's taken an aggressive role in trying to ease the squeeze. But we won't know how soon or by how much output will be raised until the OPEC conference in Vienna on Monday.

I am also heartened that the President - in his radio address last Saturday - called for the creation of a regional home heating oil reserve for the Northeast with an appropriate trigger that would supply additional heating oil to the market during a future shortage. Senator Dodd and I introduced a proposal along these lines last month, so I look forward to working with the administration on a bill that will give a sense of security to consumers and businesses in the Northeast before next winter's home heating oil season.

But none of this eases the frustration of being caught in this all-too familiar and aggravating OPEC oil vise, *yet again*. So, I hope we can discuss today how this great country of ours got to this point of economic vulnerability.

I have made plain my view that the first response to the oil crunch would be for the administration to draw down from the Strategic Petroleum Reserve to add to supply that will reduce prices. This year's oil price increases have been so extreme that consumers and businesses are feeling the effects across the board: increasing inflation and the likelihood of further hikes in interest rates. I remain concerned that the administration has not taken any steps to tap the reserve, but I am cheered that some of our witnesses advocate this approach, or alternately, a swap that would involve the release of reserve oil now to refiners, in exchange for a promise to return additional amounts of oil to the reserve in future. This plan would lower oil prices by increasing oil supply in the SPR.

But if we step back and look at the big picture, it's easy to see this price volatility and the threat it presents as a symptom of a deeper, more long-term problem: our dependence on foreign oil. By failing to provide our own citizens with energy alternatives, we limit our options in times of national emergencies and entrust our economic security to the whims of others. It is imperative that we take concrete steps to wean ourselves from foreign oil and develop a domestic infrastructure to deliver reliable alternatives.

First, we need to invest time, money, and energy in increasing our domestic gas and oil production, and diversifying our energy mix to include more solar energy, fuel cells, wind, and nuclear power, and developing long-range strategies for harnessing these additional energy sources.

Second, in the context of the utility deregulation debate, Senator Jeffords and I are cosponsoring legislation, the Clean Energy Act, that would require utilities to use renewables for 2.5 percent of their power in 2000 and 20 percent by the year 2020. We intend to offer this plan as an amendment to any deregulation bill that comes before the Senate. I am happy to announce that last month, the Senate passed another bill that Senators Jeffords and I cosponsored, the National Sustainable Fuels and Chemicals Act, which creates a bold R&D project to produce fuels from plants and crop biomass. This legislation can significantly increase the viability of domestic sources of renewable energy.

Third, we must take stock of the domestic energy market and evaluate national and individual consumer decisions affecting our own energy supply and efficiency. In some areas the results are encouraging. Conservation measures taken by U.S. businesses have significantly improved the efficiency of the overall economy. During the crisis of the 1970s, nearly nine percent of our GDP was spent on oil. That is down to three percent today. We can and should build on this progress.

The outlook is not so bright across all sectors of the economy. Consider our driving habits. Over the last 30 years, vehicle miles traveled have increased by 130 percent. And despite early improvements in fuel efficiency, current standards have stagnated and Congress has imposed a "freeze" on raising -- or even studying the benefits of raising -- corporate average fuel efficiency.

I cannot state strongly enough the need to enhance our nation's fuel efficiency - to conserve the resources that we *do* have and to reduce our dependence on foreign suppliers - for the sake of a stronger economy and a cleaner environment.

Finally, it is critical that we rule out what are not viable solutions, such as opening up protected spaces for domestic oil drilling. Some have once again suggested that we target the Arctic National Wildlife Refuge as a suitable spot for drilling. The U.S. Geological Survey estimates there are 3.2 billion barrels, or less than a six-month supply, of commercially recoverable oil in the ANWR. This means the refuge would never meet more than two percent of our nation's needs at any given time. The answer to our foreign oil dependency is not to drill in and damage our national treasures but to look to increasing our own energy efficiency and finding alternative and renewable sources of energy.

I hope we can use this moment of dwindling oil supply and rising prices to heed the warning signs, to think about our future health and security as a nation, and to enact a new progressive energy policy for this new century. Thank you, Mr. Chairman. I look forward to hearing from our guests.