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Opening Statement of Senator Chuck Grassley
Committee on Finance Hearing, “America’s Energy Future: Bold Ideas, Practical Solutions”
Tuesday, February 27, 2007

First of all, I would like to thank Chairman Baucus for calling this hearing on energy. Over the last six years the Senator from Montana and I have been very successful in identifying energy tax issues that are not only good for our states’ economies, but also created domestic energy options for the nation. Everyone wants to talk about shaking our growing dependence on foreign fossil fuels, but we will never have that opportunity in our lifetimes and maybe not in our children’s lifetimes if we do not aggressively identify domestic energy options. The Finance Committee has jurisdiction over all of the potential tax and trade provisions that can help create a consistent sustainable energy policy for this nation.

As a long-term member of this committee and the previous chairman of this committee, I have aggressively proposed utilizing the tax code to help level the playing field between traditional fossil fuel-powered electricity and the petroleum-based fuel refineries.

In fact, for years, I have worked to decrease our reliance on foreign sources of energy and accelerate and diversify domestic energy production. I believe public policy ought to promote renewable domestic production that uses renewable energy and fosters economic development.

Specifically, the development of alternative energy sources should alleviate domestic energy shortages and insulate the United States from the hostile governments that dominate oil supply. In addition, the development of renewable energy resources conserves existing natural resources and protects the environment. Finally, alternative energy development provides economic benefits to farmers, ranchers and forest land owners, such as those in Iowa who have launched efforts to diversify the state’s economy and to find creative ways to extract a greater return from abundant natural resources.

I have been a constant advocate of alternative energy sources. I proposed the original wind energy credit. Since the inception 14 years ago of the wind energy tax credit, wind energy production has grown from being almost non-existent to the success story of today. In addition, wind represents an affordable and inexhaustible source of domestically produced energy.

It is my hope that the Senate continues to support this maturing green energy source that has environmental benefits. Every 10,000 megawatts of wind energy produced in the United States can reduce carbon monoxide emissions by 33 million metric tons by replacing the combustion of fossil fuels. These are important issues as we consider our energy options of the future.

Today, I expect to hear many bold ideas on energy policy, but I will be most interested in those ideas that help to empower our rural communities to reap continued economic benefits and diversifying our dependence on foreign oil.

Also important to our future energy policy, studies show that biomass crops could produce between \$2 billion and \$5 billion in additional farm income for American farmers. If you consider the recent success of ethanol since the Energy Policy Act of 2005 was signed into law, this number may be low. As another example, over 450 tons of turkey and chicken litter are under contract to be sold to power an electricity plant using only poultry litter. The plant was built in Minnesota and scheduled to open next month. Coincidentally, they placed it right next door to a successful ethanol plant that can now purchase green power. This is a win-win; not only do the farmers not have to pay to dispose of this stuff, but they also get paid to sell the litter and the nation gets 55 megawatts of electricity generated from renewable biomass and not from fossil fuel. Luckily, you can now find similar examples throughout the Midwest and other farm regions across America.

In addition, marginal farmland incapable of sustaining traditional yearly production is often capable of generating native grasses and organic materials that are ideal for biomass energy production. Turning tree trimmings and native grasses into energy provides an economic gain and serves an important public interest. I hope our continued review of energy policy will promote our research and success in utilizing biomass not only for electricity production but for the alternative fuel market.

And finally, I have growing concerns that our U.S. trade deficit has been substantially impacted by our continued reliance on foreign fossil fuel and U.S. reliance on foreign technology and imported equipment needed to fully utilize capturing and converting wind, solar and biomass energy options. According to data published by the Department of Commerce, as a result of the overall rise in the value of energy-related imports in 2006, such imports now account for about one-third of the total value of the U.S. trade deficit. Less than two years ago, that number was only one-fifth. With that statistic, we are going in the wrong direction and we have to find more ways to empower our citizens to make wise energy choices.