

Twenty In Ten: Strengthening America's Energy Security

Tonight, President Bush Will Ask Congress And America's Scientists, Farmers, Industry Leaders, And Entrepreneurs To Join Him In Pursuing The Goal Of Reducing U.S. Gasoline Usage By 20 Percent In The Next Ten Years – **Twenty In Ten**. For too long, our Nation has been dependent on oil. America's dependence leaves us more vulnerable to hostile regimes, and to terrorists – who could cause huge disruptions of oil shipments, raise the price of oil, and do great harm to our economy.

America Will Reach The President's Twenty In Ten Goal By:

- **Increasing The Supply Of Renewable And Alternative Fuels By Setting A Mandatory Fuels Standard To Require 35 Billion Gallons Of Renewable And Alternative Fuels In 2017 – Nearly Five Times The 2012 Target Now In Law.** In 2017, this will displace 15 percent of projected annual gasoline use.
- **Reforming And Modernizing Corporate Average Fuel Economy (CAFE) Standards For Cars And Extending The Current Light Truck Rule.** In 2017, this will reduce projected annual gasoline use by up to 8.5 billion gallons, a further 5 percent reduction that, in combination with increasing the supply of renewable and alternative fuels, will bring the total reduction in projected annual gasoline use to 20 percent.

The President's Plan Will Help Confront Climate Change By Stopping The Projected Growth Of Carbon Dioxide Emissions From Cars, Light Trucks, And SUVs Within 10 Years.

The President's Plan To Strengthen America's Energy Security Also Includes:

- **Stepping Up Domestic Oil Production In Environmentally Sensitive Ways.**
- **Doubling The Current Capacity Of The Strategic Petroleum Reserve (SPR) To 1.5 Billion Barrels By 2027.**

Reducing Gasoline Consumption Through The Growth Of Alternative Fuel Sources

The President's Plan Calls For Facilitating The Growth Of Renewable And Alternative Fuel Sources By Increasing The Size And Expanding The Scope Of The Current Renewable Fuel Standard (RFS).

- The RFS, established by the President and Congress in the Energy Policy Act of 2005, has contributed to the rapid acceleration of the development and use of renewable fuels. Significant ongoing technological advances have made it possible to increase and expand the standard to displace even larger volumes of gasoline.
 - Under current law, fuel blenders must use 7.5 billion gallons of renewable fuels in 2012.
 - Under the President's proposal, the fuel standard will be set at **35 billion gallons of renewable and alternative fuels in 2017**. This will displace 15 percent of projected annual gasoline use in 2017. The President's proposal will also increase the scope of the current Renewable Fuel Standard (RFS), expanding it to an Alternative Fuel Standard (AFS).
 - The Alternative Fuel Standard will include sources such as corn ethanol, cellulosic ethanol, biodiesel, methanol, butanol, hydrogen, and alternative fuels.
 - The increased standard will contain multiple "safety valves."
 - The EPA Administrator and the Secretaries of Agriculture and Energy will have authority to waive or modify the standard if they deem it necessary, and the new fuel standard will include an automatic "safety valve" to protect against unforeseen increases in the prices of alternative fuels or their feedstocks.
- **American Technology And Innovation Will Lead To Energy Security.** President Bush believes our scientists, farmers, entrepreneurs, and industry leaders will continue to lead the world in developing and investing in cutting-edge technology, infrastructure, and farming methods. Advances in many fields will play an important role, such as continued improvement in crop yields, optimization of crops and cellulosic materials as fuel feedstock, and cost reduction in the

production of cellulosic ethanol and other alternative fuels. The increased and expanded fuel standard creates a tremendous incentive for research, development, and private investment into alternatives to oil.

- **Global Production Of Alternative Fuels Helps Us Reach Our Goal And Increases Our Energy Security.** The President expects most of the expanded fuel standard to be met with domestically-produced alternative fuels. However, importing alternative fuels also increases the diversity of fuel sources, which further increases our energy security.
- **The President's Plan Enables America To Lead The World To Energy Security.** By establishing such a visible and ambitious fuel standard, America's global leadership will help encourage our friends and allies to consider similar policies. Actions by America's friends and allies to increase their production of oil and oil alternatives, diversify their supplies, reduce their consumption, and increase their oil reserves will enhance the energy security of America and the rest of the world. Conversely, foreign actions that undermine free, open, and competitive markets for trade and investment in energy supplies diminish the energy security of America and the world. This is why America opposes the political manipulation of oil and gas exports.

Reducing Gasoline Consumption Through Increasing Vehicle Efficiency

The President's CAFE Plan Will Reduce Gasoline Consumption By Up To 8.5 Billion Gallons Per Year In 2017. The President's plan calls for reforming and increasing CAFE standards for cars, and for further increasing light truck and SUV standards. The President believes new technologies can be deployed to significantly improve fuel economy without impacting safety. Reducing projected consumption by up to 8.5 billion gallons in 2017 means a 5 percent reduction in projected gasoline consumption in that year. The fuel efficiency standard will have even larger benefits later, when consumers replace even more of the auto fleet with purchases of the more efficient new vehicles. These amounts are based on an assumption that on average, fuel efficiency standards for both light trucks and passenger cars are increased 4 percent per year, beginning in Model Year 2010 for cars and Model Year 2012 for light trucks. Given the changing nature of the marketplace for both cars and light trucks, the Secretary of Transportation will determine the actual standard and fuel savings in a flexible rulemaking process.

- **Congress Must Reform CAFE For Passenger Cars.** The Administration has twice increased CAFE standards for light trucks using an attribute-based method. An attribute-based system (for example, a size-based system) reduces the risk that vehicle safety is compromised, helps preserve consumer choice, and helps spread the burden of compliance across all product lines and manufacturers. Congress should authorize the Secretary of Transportation to apply the same kind of attribute-based method to passenger cars.
- **Congress Should Not Legislate A Particular Numeric Fuel Economy Standard.** The Secretary of Transportation should be given the authority to set the fuel standard, based on cost/benefit analysis, using sound science, and without impacting safety.
- **The President's Plan Incorporates Flexibility To Minimize Consumer Costs And Increase Consumer Benefits.** The plan will enable auto companies to increase fuel economy at the lowest possible cost to consumers by building flexibility into the CAFE standard for both cars and light trucks, such as giving companies the opportunity to buy and sell CAFE credits.

The President's Plan Calls For The U.S. Department Of Transportation (DOT) To Work With States And Cities To Explore Ways To Reduce Traffic Congestion, Help Save Fuel, And Reduce Commute Times. In 2003, drivers in America's 85 most congested urban areas experienced 3.7 billion hours of travel delay and wasted 2.3 billion gallons of fuel, costing a total of \$63 billion.

- **The President's Budget Redirects DOT Funds To A New \$175 Million Highway Congestion Initiative For State And Local Governments To Demonstrate Innovative Ideas For Curbing Congestion.** These ideas include congestion pricing, commuter transit services, commitments from employers to expand work schedule flexibility, and faster

deployment of real-time traffic information. In one year, this wasted fuel accounts for more than 20 million metric tons of carbon dioxide emissions.

Stepping Up Domestic Oil Production In Environmentally Sensitive Ways

The President Calls For Stepping Up Domestic Oil Production In Environmentally Sensitive Ways By:

- Continuing to support Congressional action to authorize environmentally responsible oil and gas exploration in a small area of the Arctic National Wildlife Refuge located in northern Alaska, which could produce as much as 1 million barrels of oil per day – Congress reserved this small area after the late 1970s oil shocks to help prevent future ones.
- Continuing to work with Congress to develop legislation to encourage investments in refinery capacity.
- Continuing to encourage all parties to resolve remaining issues regarding the Alaska Natural Gas Pipeline.

Doubling The Current Capacity Of The Strategic Petroleum Reserve

The President Proposes Doubling The Current Capacity Of The Strategic Petroleum Reserve (SPR) To 1.5 Billion Barrels By 2027. The SPR's purpose is to provide the United States with an emergency inventory of oil, an insurance policy in the event of a severe supply disruption, such as from a natural disaster or a terrorist attack in the energy supply chain. Doubling the SPR alone will provide approximately 97 days of net oil import protection, enhancing America's ability to respond to potential oil disruptions.

- **The SPR Is Currently At 691 Million Barrels And, Due To Increased Consumption, This Represents Only 55 Days Of Net Oil Imports.** In 1985, the SPR, with 493 million barrels of oil, represented 118 days of net oil imports.

Our Nation Has Already Made Great Progress In Strengthening Our Energy Security

Technology Has Enabled Us To Make Significant Progress. We need to continue with important research into plug-in and advanced hybrid vehicles, and expand the use of high efficiency clean diesel vehicles and biodiesel fuel. We must continue investing in new methods of producing ethanol and other biofuels. We must further expand the use of clean coal technology, solar and wind energy, and clean, safe nuclear power.

Including The 2008 Budget, The Federal Government Will Have Spent \$15 Billion Since 2001 To Develop Cleaner, Cheaper, More Efficient, And More Reliable Energy Sources.

The President Signed The Gulf Of Mexico Energy Security Act To Increase Domestic Oil And Gas Production By Allowing Access To Key Portions Of America's Outer Continental Shelf. This allows access to areas with potential resources of more than 1 billion additional barrels of oil and nearly 6 trillion cubic feet of natural gas.

The President's Plan Enables Us To Further Enhance Our Energy Security

Technology Will Help Diversify America's Energy Supply. America is close to technological breakthroughs that will decrease our oil dependency, protect our environment, and help us confront the serious challenge of global climate change. The President's new proposals build upon the advances made possible by the Administration's previous initiatives, including the Advanced Energy Initiative, American Competitiveness Initiative, and the Energy Policy Act of 2005.

Energy Security Will Be Further Enhanced By:

- **Increasing The Transportation Sector's Energy Diversity.** Increasing renewable and alternative fuels used in automobiles from 3 percent in 2006 to 15 percent in 2017 can give drivers a built-in defense against supply disruptions and high gasoline prices.
- **Increasing The Supply Of Oil Alternatives And Reducing Oil Demand.** The President's plan will reduce our oil

consumption by 10 percent in 2017, or 2 million barrels per day. Increasing the supply of oil alternatives and reducing oil demand could slow the growth of oil prices and lower the price over time, increasing our energy security.

- **Building Resilience Through Doubling The Current Capacity Of The Strategic Petroleum Reserve.** Uninterrupted oil supply is critical to our energy security. Increasing oil reserves strengthens our ability to respond to oil shortages and reduces our vulnerability to terrorist attacks on energy supplies and infrastructure.

The President's 2008 Budget Continues Robust Funding For Advanced Energy Technologies That Can Help Reduce Our Dependence On Foreign Oil And Provide Clean, Lower Carbon Energy To Change The Way We Power Our Homes And Businesses. The 2008 budget includes nearly \$2.7 billion for the Advanced Energy Initiative, an increase of 26 percent above the 2007 request and 53 percent above 2006. The 2008 budget provides \$179 million for the President's Biofuels Initiative, an increase of \$29 million (19 percent) compared to the 2007 budget. The President's Biofuels Initiative aims to accelerate cost reduction and commercial development of cellulosic ethanol, which can be made from abundant biomass materials, including agricultural waste and forest residues, and from dedicated energy crops such as switchgrass.

The President's Farm Bill Proposal Will Include More Than \$1.6 Billion Of Additional New Funding Over Ten Years For Energy Innovation, Including Bio-Energy Research, Energy Efficiency Grants, And \$2 Billion In Loans For Cellulosic Ethanol Plants.

The Administration's Ongoing Energy Policy

The Administration's 2001 National Energy Plan Provided A Blueprint For Diversifying And Conserving Our Energy Resources To Increase Our Energy Security.

- **Energy Policy Act Implementation:** In August 2005, the President signed the Energy Policy Act of 2005, which was a significant first step towards achieving greater energy security. Among its many achievements, the Energy Policy Act established the Renewable Fuel Standard that has increased the use of biofuels; provided incentives for renewable energy, clean coal, and advanced nuclear energy; and instituted mandatory reliability rules for the electricity grid and promoted investment in transmission upgrades.
- **Advanced Energy Initiative:** Building upon the Energy Policy Act's clean energy foundation, the President announced the Advanced Energy Initiative in the 2006 State of the Union Address. The Advanced Energy Initiative focuses on increasing R&D to encourage technological breakthroughs in the transportation and power sectors that will diversify our resource portfolio and reduce our dependence on foreign oil in order to strengthen our energy security. The Advanced Energy Initiative also incorporates the Global Nuclear Energy Partnership, aimed at reducing proliferation risks while expanding availability of clean, safe, climate-friendly nuclear energy.

The President's Plan Enables Us To Further Protect Our Environment

The President's Plan Will Help Confront Climate Change By Stopping The Projected Growth Of Carbon Dioxide Emissions From Cars, Light Trucks, And SUVs Within 10 Years.

- By 2017, the renewable fuel and fuel efficiency components of the plan would cut annual emissions from cars and light trucks by as much as 10 percent, about 175 million metric tons – equal to zeroing out the annual emissions of 26 million automobiles.
- The plan could cumulatively prevent the buildup of more than 600 million metric tons of carbon dioxide emissions.

The President's Plan Will Help Improve Public Health By Significantly Reducing Carbon Monoxide Emissions And Cancer-Causing Benzene Emissions.

The Administration Is Taking Action To Address Climate Change And Improve Air Quality And Human Health:

- **The Administration's Commitment:** The President has set a target of cutting our greenhouse gas intensity by 18 percent through the year 2012 and his budgets have devoted nearly \$29 billion to climate-related science, technology, international assistance, and incentive programs.
- **Asia-Pacific Partnership On Clean Development And Climate:** Launched the Asia-Pacific Partnership on Clean Development and Climate, in concert with partners Australia, China, India, Japan, and South Korea, representing 50 percent of the world's economy. The Partnership is accelerating investment and opening markets for cleaner, more efficient technologies, goods, and services while fostering sustainable economic growth and poverty reduction. Nearly 100 programs and actions are underway in eight public-private task forces: aluminum, building and appliances, cement, cleaner fossil energy, coal mining, power generation and transmission, renewable energy and distributed generation, and steel.
- **Working With G-8 Leaders:** Worked with G-8 leaders on a wide range of initiatives, including the 2005 launch of the G-8 Gleneagles Plan of Action for Climate Change, Clean Energy, and Sustainable Development, which encompasses more than 50 practical, results-oriented actions to address the interlinked issues of energy security and access, air pollution control, and climate change.
- **International Technology Partnerships:** Launched and actively contributed to major international technology partnerships to share breakthroughs and advances in fusion, hydrogen, next-generation nuclear power, renewable energy, energy efficiency, capture and underground storage of carbon dioxide emissions, and profitable capture of methane emissions from coal mines, landfills, inefficient oil and gas systems, and agricultural operations.
- **Cooperation With Private Industry:** Obtained specific commitments from 14 industrial sectors and the Business Roundtable, led by more than 100 major corporations, to address greenhouse gas emissions in partnership with the Department of Energy and Environmental Protection Agency.
- **Advancing Lower Carbon, Clean Coal Technologies:** Awarded nearly \$1 billion in tax credits last year, and will award \$650 million more this year, to help offset the cost of nearly \$10 billion in total investment to build more than nine highly efficient, advanced coal projects in at least nine states, using technology that cuts emissions through efficiency and holds the promise of cost-effective carbon capture and storage. This experience will culminate in 2012 with the construction of the \$1 billion FutureGen demonstration power plant, a public-private international partnership to build the world's first coal-fired power plant that produces electricity and hydrogen with nearly zero-emissions. The Administration is also pursuing large-scale tests in the United States designed to advance carbon sequestration technologies which can have the potential to store more than 600 billion metric tons of carbon dioxide, the equivalent of more than 200 years of emissions from energy sources in the United States.
- **Clean Air Interstate And Clean Air Mercury Rules:** Issued the Clean Air Interstate Rule (CAIR) and Clean Air Mercury

Rule (CAMR) to require power plants in the Eastern part of the United States to cut their emissions of sulfur dioxide, nitrogen oxide, and – for the first time – mercury, by nearly 70 percent, producing significant improvements to air quality, human health, and natural resources.

- **Clear Skies:** Proposed Clear Skies legislation to authorize in law the administrative changes of CAIR and CAMR and provide more flexible, more cost-effective, and nationwide application of the regulations.
- **New Source Review:** Proposed reforms to the New Source Review (NSR) program to eliminate regulatory uncertainty for power plants, refineries, and manufacturing facilities that want to improve efficiency, pollution control, and reliability. In the power sector, NSR reform will allow immediate efficiency investments and significantly lower carbon dioxide emissions, even as the power plants invest about \$50 billion over the next 15 years to cut their pollution to satisfy the new clean air regulations.