

"Energy Policy Perspectives for a New Congress and Administration"
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ANN MCDANIEL: Good afternoon. Thank you very much for being here and welcome to Newsweek's Executive Forum, co-presented with our partner, API. I'm Ann McDaniel, Newsweek's Managing Director, and a senior vice president of the Washington Post Company.

Our program today, "Energy Policy Perspectives for a New Congress and Administration," is the fourth occasion in two years where Newsweek and API have collaborated to present a program to raise awareness of energy-related legislative issues of importance.

I'd like to thank API for making this series possible and for affording Newsweek the opportunity [audio skips] -- I thank all of you for being here. Some of Newsweek's most distinguished talent is also joining us today. Senior Editor and Columnist Jonathan Alter, right here, and Editor in Thomas at Large -- I mean Editor-at-large, Evan Thomas. An Editor in Thomas at large also.

Jon and Evan and I have grown up together at Newsweek. We've all been here more years than we'd care to admit. We've learned from each other along the

way, but Evan and Jon have left me in the dust when it comes to authoring books. Both have written bestsellers.

I hope you've enjoyed many of them, and if you haven't, today is your opportunity. Go to Amazon.com, Barnes & Noble.com, Barnes & Noble -- anywhere, we don't really care. Jon spoke on FDR's first 100 days. It's quite relevant today as Obama goes through these first few months, and I think in the future you'll hear more from Jon on that in another book. Evan is the author of very many good books. Most recently he wrote a Newsweek bestseller called "A Long Time Coming," which was published in January and incorporated a 50,000-word narrative of the historic 2008 election that Newsweek featured two days after the election. He's got a new book coming out in another year to 18 months called "War Lovers, How We Got into the Spanish-American War."

Both Evan and Jon appear regularly in the pages of Newsweek and are among our greatest talents. I think you'll understand why after you hear from them today. It's my pleasure to introduce to you my very good friend, Evan Thomas.

EVAN THOMAS: [audio skips] You want to start out?

JONATHAN ALTER: Well, I have, just to be brutally honest; I have less knowledge about the subject at hand than most of the people -- maybe all of the people -- in this room. I'm not an energy expert, even though I sometimes play one on TV. So, with that said, I think something that might be a little bit useful is just a sense of context and how much has changed between the presidential campaign and today. If you look at what Barack Obama promised during the campaign as it related to energy, the centerpiece of it was a \$150 billion plan for renewables over 10 years. So \$15 billion a year, roughly. And then he talked about 100 percent auction on a cap-and-trade system, which became the subject of some dispute. Then late in the campaign, and obviously I'm oversimplifying here, but late in the campaign, when "drill, baby, drill," became the mantra of the Republican convention, he moved reluctantly toward drilling on the outer continental shelf.

So where do we stand now? Okay, \$15 billion is the bulk of what he promised. The stimulus

package alone includes close to \$60 billion in direct spending on energy and loan -- loans and loan guarantees.

So he's already into Year Five of what he promised because of changing economic circumstances. On the outer continental shelf issue, on the drilling issue, he has a new Secretary of the Interior, Ken Salazar, who has basically said that drilling has what he described as a niche place in our energy future. So I think they intend to keep that campaign promise and not bow to environmentalists and renew the moratorium, but do so reluctantly and grudgingly and with the possibility that they could reverse themselves.

And then on cap-and-trade, it's in as you know, it's in the President's budget, but he just acknowledged recently that political realities are such that it's unlikely he'd get 100 percent auction. So he's looking for a partial loaf on that, or kind of a nose under -- under the tent. So I think -- I thought maybe that might help just in terms of giving us a little bit of context in terms of where we stand right now.

THOMAS: Okay. Thanks for setting the table. Jack Gerard is the head of API. Jack, do you want to say a few words?

JACK GERARD: Sure, thank you Evan. Thank you to Newsweek for hosting this with us today as well as the other panelists, Chairman Rahall, Senator Landrieu, and Congressman Hastings. It's always a privilege to work with you, particularly as we deal with some of the tough issues of our time. Energy is vital to all Americans as we all know. We need to face up to our energy challenges as we seek to get our economy back on the road and on recovery. Energy means jobs, economic growth, and international competitiveness. U.S. oil and natural gas industry has the expertise and the technology to produce much of the energy that we need, but our companies cannot do it if we're held back by harmful, counterproductive taxes, and excluded from federal lands containing oil and natural gas resources.

Now more than ever, policy matters. We must get it right on energy.

Let's look at the energy realities that America faces today. We need more of all sources of our

energy, our domestic energy resources. Transitions to new energy sources don't happen over night. It is not a matter of merely flipping a switch from one to another. What we need is a multi-pronged approach that includes more renewable energy like solar and wind, increased energy efficiency. We need to use our vast coal reserves and not overlook the potential for additional nuclear power in this country. But our strategy must also include oil and natural gas, which will continue to be our leading energy source in this country for the long foreseeable future.

The Energy Information Administration estimates that U.S. energy consumption will grow by 11 percent between 2007 and 2030. Even with significant gains in renewable energy, oil and natural gas will continue to provide more than half of the nation's energy for decades to come. EIA also estimates that renewables will supply only about 10 percent of the nation's energy by 2030. Thus even if we were to double our reliance on renewable energy sources, which we are all hopeful we are able to achieve, as the President has set out his goal and

objective, we would still rely heavily on oil and natural gas as our leading energy sources.

The Obama Administration has put forth budget proposals that call for billions in new taxes and fees on the domestic oil and gas industry. If imposed, these taxes and fees could have a debilitating effect on our economy when our nation can least afford it. They would reduce investment in new energy supplies meaning less energy produced for American consumers. We cannot tax our way out of our energy problems. Higher taxes eventually means less energy produced.

For the U.S. oil and natural gas industry, these tax proposals could not come at a worse time. The industry is not immune to the current economic downturn. Energy demand has dropped and oil prices are less than half of what they were just a few months ago. We've seen thousands of workers laid off and billions of dollars in budget cuts in canceled or delayed projects. Imposing new taxes on the industry at this critical time will only make a bad situation much worse. Another vital need is increased access to domestic energy resources. Last fall, the Congress did the right thing when it responded to the

public's overwhelming support for increased oil and natural gas development and lifted the moratorium from our Atlantic and Pacific coasts. We need to develop these oil and gas resources to meet our likely future energy needs.

Earlier this month, IEA Executive Officer Tanaka said the following, quote, we may have a supply crunch around 2013. That is our serious concern. The same thing as last year could happen around that time if investment is not really happening. End quote.

So in conclusion, we cannot afford to delay facing up to our energy challenges. Every day we delay costs American jobs, reduces revenues to federal, state, and local authorities, and undermines our national security. These are issues we need to address if we are to meet the economic and energy needs of American consumers now and in the decades to come. The U.S. oil and natural gas industry is committing to working with -- committed -- to working with government and all of our stakeholders to shape the energy policies that we so urgently need.

Thank you very much.

THOMAS: Great. Congressman Hastings, do you want to say a few words?

HON. DOC HASTINGS: Yes, thank you, and thank you for having me here today. The fact that Newsweek is hosting an Executive Forum on energy policy in my view speaks volumes about the seriousness of American's energy policies and its impact on families across our country.

As the administration and Congress move to address our energy challenges, it's more important than ever for policymakers to clearly recognize that the decisions that we make will have an economic impact on each and every American. In the middle of a serious recession, we cannot afford to take steps or to support policies that will increase the price of energy. To do so would at best slow the recovery and at worst continue the recession.

As ranking member of the committee, I will encourage the committee to expand access to domestic oil - - or domestic energy sources -- and support policies that will create new American jobs.

Energy companies pay substantial amounts of money for the opportunity to explore and responsibly develop the American people's energy resources. In 2008, these companies paid more than \$23 billion in bids, rents, and royalties to the government, not to mention their corporate income taxes. Republicans support an 'all of the above' energy plan that will help us meet our domestic energy needs without hurting our economy. Our plan will develop our domestic energy sources, expand the reuse(?) [use] of renewable energy, and as a result will create high-paying jobs for Americans and help reduce our country's dependence on foreign-produced energy.

I am pleased that President Obama agrees that we must tackle our energy challenges, but I am, I must say, concerned about his approach. His plan in my view simply taxes, spends, and borrows too much. For example, the President's budget includes a new hidden tax on energy through the cap-and-trade system. A new report from Moody's(?) Investors Service predicts that cap-and-trade would cause electricity to jump by between 15 and 30 percent. That would cost American families up to \$3100 a year. If America's economy plunged when gasoline was \$4 a

gallon, what would happen when our electricity and manufacturers are subject to nearly \$2 trillion in new taxes? At a time when families and small businesses are struggling to survive, we cannot afford for the government to implement a policy that makes it more expensive for Americans to turn on their lights, fill up their cars, or operate their businesses.

Two weeks ago, the resources committee heard from Dr. Birol, the chief economist for the International Energy Administration. Dr. Birol said that even if the U.S. and Europe as it relates to cap-and-trade, were to immediately reduce our CO2 emissions to zero, the world would still not be on a sustainable reduced emissions path unless China, India, and Russia were to also curb their emissions.

So while proposing sharp increases in the cost of energy through cap-and-trade tax, the administration has also taken steps to reduce our domestic energy supply. In two short months, they've established a clear track record of opposing oil and gas development in our country. For example, the new plan for development in the outer continental shelf, will likely be pushed back at

best to 2011 as a result of the unnecessary six-month delay. The administration also announced that they would withdraw areas offered for oil and gas leases in Utah and delay the new round of oil shale research demonstration and development leases.

We, frankly, need to do the opposite. We need to pursue these American-made energy sources to help create American jobs.

The good news about all of this, of course, is our system of government, and that is that our process is a two-way street. Every President proposes and every Congress will dispose, but that means that we will play an important role, that Congress will, in this energy debate.

And I am hopeful that both sides of the aisle in both houses will be able to participate and have a seat at the table. So, thank you for having me in. I look forward to the discussion later.

THOMAS: Senator Landrieu?

HON. MARY LANDRIEU: Thank you very much. I thank Newsweek and API for hosting this forum. I think it's very timely and I realize that the Obama agenda is very aggressive -- President Obama's agenda is very

aggressive -- but I hope that we will keep energy at the forefront because it really is such a fundamental issue and must be dealt with to help us straighten out and balance our economic situation but also our ultimate security situation.

I'd just make brief opening remarks, Jonathan, with a couple of just points. I'm not sure that either party has been very right on this issue, and I say that if you go back to President Nixon putting price controls on the oil and gas domestic industry in 1974, President Carter putting a windfall profits tax in 1979 to '80, President Bush put a moratoria on in 1981, and President Bush 43 kept it on until six months before, you know, his term. Meanwhile -- was over -- meanwhile, prices have fluctuated in an extraordinary way. We calculated today there were some studies that we've been reviewing. Prices increased 820 percent in a 10-year period since 1999. Oil was at 16. It went up to almost 150. In an 18-month period, prices increased from \$51 a barrel to \$150.

I know that people believe that it's the housing bubble that got us into this mess or wild

speculation on Wall Street, but I would submit based on some reviews that we've been doing, that -- you know -- reviews we've looking at, that it's the oil shock has -- or the steep rise in oil prices has basically contributed or has been present in the last 4, I think, out of the 5 recessions, and has really destabilized the domestic market.

And, neither party I think has it right. I don't think it's "drill, baby drill." I don't think it's "all of the above." I think it's "all of the above" moving to a greener, more secure grid. Having said that -- or energy foundation -- I am encouraged, Jonathan, not discouraged by what Secretary Salazar has been saying when he went through the confirmation process in public and private meetings. He said one of the reasons he took this job was to help this President find the right path and the right set of mechanisms and right set of policies to get America to a truly energy-secure place. And that is going to include supporting -- not dismantling, not assaulting, as I agree with Jack -- the domestic oil and gas industry but supporting it. Supporting its growth, both onshore and offshore with wiser policies. It's expanding nuclear, both design of nuclear power plants, designing, and the

waste issue. It's renewables for wind, solar, and geothermal. Hydro as well. And it's also smart policies regarding efficiency, and it's a combination.

I think this is one of the great challenges before America, one that we're most certainly up to, but it is going to take a much smarter, much more aggressive approach in all of these ways than either party I think has brought to the table in the last 40 or 50 years.

And the final point I'll make is this. High oil prices are a problem for everyone, even those of us that produce it. We also use a lot. We make a lot of money when prices are high in Louisiana, but we also spend a lot. But when that market is domestic, you basically transfer wealth from producers in America of oil and gas and then consumers are buying it from producers for high prices. But when we start buying our energy from places that are far away, that money doesn't stay in our economy, it doesn't even get spent back in many ways in the world economy, and it's a great transfer of wealth. So it transfers our wealth, it makes us more insecure, and it doesn't do anything for our climate.

I think we can do all of it. I hope that the President will back down on some of these tax proposals to the domestic industry, will make more robust his support of a domestic oil and gas industry, and then push out on some of these other efforts that we have underway to really outline a plan for domestic energy security in America, and despite the fact that we've not gotten there doesn't mean we can't, and I'm looking forward to working with a bipartisan group to achieve that end.

THOMAS: Thank you. Chairman Rahall?

HON. NICK RAHALL: Thank you, I want to thank Newsweek and Editor-at-large Evan Thomas, for holding this important forum. I'm very honored to be with my colleagues with whom you've already heard, and to discuss with you two energy issues that are on our committee on natural resources, I might say to my ranking member, Doc Hastings, who put the word natural back in there when I became chairman.

[LAUGHTER]

Two issues that are on our plate right now. The first is oil and gas drilling on the outer

continental shelf, and the second is renewable energy generation from our public lands. These two issues are not entirely separate. As our oceans -- our oceans have a tremendous renewable energy potential that I think we should be actively developing. Now while I strongly support domestic exploration and development of oil and gas, and not -- not in favor of a wholesale reinstatement of the moratoria, I do believe we need to restore a sense of balance to this debate and a sense of balance to our energy policy. For too long, the mission of our Interior Department has appeared to be drill at all costs. The concepts of multiple use -- multiple use of our public lands, and conservations of our public lands, appear to be placed on the back burner for far too long.

And there seem to be thousands of new drilling permits issued each year. As a result, the scales have been tipped heavily in favor of oil and gas. I applaud the recent actions of our Secretary of Interior, Ken Salazar, who has proven quickly that our new administration is more interested in developing a thoughtful balance while at the same time receiving input from all sides in the debate. As expected, there's a bit

of hyperventilating from the "drill, baby, drill" crowd that ruled Washington for the past 8 years, and we hear from the same -- and we hear from them the same complaints that we've heard last year, the Democrats are stifling(?) the industry for refusing to allow American industry to extract American energy for American consumers. But there are some facts. There are some facts that I think it would bode well for the American people to consider.

First, 'drill here, drill now, pay less,' is actually backwards. The amount of drilling we do has very little to do with the price of gasoline. The price of gasoline has a lot to do with how much the companies drill. Last week you may have seen that the media reported on a steep drop-off in drilling activity due to the low oil and natural gas prices. In reality, prices determine drilling and not the other way around. The accurate slogan seems to be 'pay less, drill less.'

Second, the United States is already a world energy powerhouse. We are the third largest producer of oil and the second largest producer of natural gas, and in the world we have roughly a third of that production coming from our public lands. There were more

drilling rigs operating in the United States last year than all of the rest of the world combined. We are -- we are actively going after our own resources, and anyone who implies that we are not is just not telling the truth.

Third, there is more oil and gas just in the portions off the Gulf of Mexico that are ready and waiting right now for someone to come and lease them than in the rest of the former moratoria areas of the OCS combined.

Aside from production matters, I will continue my efforts to ensure that the American people are fairly compensated for the oil and gas resources extracted from federal lands and waters. This is after all the people's resources.

From the moment companies buy a lease, through the time they start paying royalties on the oil and gas they sell, we have to make sure that the federal government is not taken for a ride. Yes, companies do pay tremendous amounts in bonus bids and royalties, but multiple reports from the GAO and the Interior Department's side ... indicate that the government could be doing much better.

As anyone who has followed our series of offshore drilling hearings this year in our committee have seen, we are committed to a thoughtful discussion of this matter. We are not finger-pointing. We want to hear all sides on this issue and it is vital, so that we can understand the potential benefits and risks for many actions that we may choose or not to choose to make.

Again, I salute Newsweek and Evan Thomas for conducting this forum and look forward to the questions that will come.

THOMAS: We're going to get to the conversation here, but first for you Twitter fans, for those of you tweeting today, the Hash tag for this event is number sign energy. With that, let's push off Chairman Rahall's point here, that -- or his assertion that lower oil prices mean less drilling. I want to hear from the panel, each of you, whether you think that's true, what are the ramifications of that, and what the government ought to do about it. Maybe Senator, why don't you start out?

LANDRIEU: Well, let me just add, yes, I think that is the natural flow. When prices are low, the

industry cuts back, but there is so much uncertainty in what the price is going to be and the tax policies that the industry right now is extremely -- extremely nervous.

It's not only that prices have fallen precipitously, which is both good and bad, it's that they're so uncertain, and with the President's tax proposals, Mr. Chairman, it really threw quite a damper on this last lease sale, and I think Jack probably has the -- the numbers. But the other issue I'd want to bring up with -- and the Chairman and I have worked so well together, and he really has been very helpful in so many of these areas -- but I'm not sure that you could make a statement that we're doing everything in America to tap into our natural oil and gas reserves when we haven't even taken an inventory of what is on the outer continental shelf less alone what we have.

I think Americans want to know where their resources are, and then we can make a decision of whether we should drill there or not depending on the nature of the particular place, but we have explored less than 7 percent of the OCS. Ninety-two percent has gone unexplored because of basically Congress -- both

Republicans and Democrats -- unwillingness to inventory the outer continental shelf.

And while there are acres and leases that are leased and not produced, it's mainly the nature of this business, not everything that you lease is something you can actually produce. Now we should have incentives for not just leasing but production on those leases. Maybe claw back provisions. If you don't lease, you know, drill it or lose it. I'm all for making improvements there, but I don't think, Mr. Chairman, that we can say based on the moratoria that have been in effect for over 20 years, the lack of inventory, that America is doing everything it can to maximize the resources of gas and oil, and finally, onshore in unconventional gas. The Haynesville(?) Shale, the Barnett(?) Shale in Texas -- there are some exciting opportunities. And Americans deserve to have their country free of being reliant on important oil in my view. As much as possible.

THOMAS: Congressman Hastings, [CROSSTALK]?

HASTINGS: Well, that -- first of all, I would certainly agree with Senator Landrieu. But I think the fundamental question that we have to -- to look at

here is number one, is it in the best interest, long-term, for the security and the well-being of our country to be as energy independent as possible? Now in the interest of full disclosure, I'm a free trader. I realize we're in a global economy, and I realize that most of the crude is not within the United States. But nevertheless it seems to me it's in the best interest of our country because crude drives our economy, that it's in the best interest for us to be less dependent on foreign -- foreign resources.

And the only way that we can make ourselves more independent is to open up the resources offshore, both the Pacific and the Atlantic, and within our federal lands.

Now we all know that at the end of the day, whatever happens with our energy in the future and the cost of the energy that we have in the future, it's going to be based on the international price of crude, and 40 percent of that is controlled by a cartel named OPEC. And it was only a year ago that we had crude up to \$140 a barrel, and I think it's down to \$54 today, but OPEC has turned off the spigot, and so if we're going to be subject

to these ups and downs that Senator Landrieu talked about, it just seems to me it's in our best interest to try to become energy-independent, and to do that, we need to utilize the resources that we have.

I think that's the fundamental question long-term because the demand for crude is going to grow in other economies. Look what's happened in India and in China and in other economies that are growing. So I look at it from that perspective and then also recognizing, at least I haven't been told differently on this, every time we find a new reserve, the initial estimate is always less than what was found after there are leases that are given.

So we don't know what we have in -- on the OCS. We just have an estimate, and the only way we're going to find that out is to open that up and let the private sector go out there to become energy-independent.

THOMAS: Let me ask a political question here of each of you. Do you think there's going to be offshore drilling in the next couple of years that this Congress and this administration is going to -- going to allow it, and if you think there's going to be some variation on that theme? Jon, let me just start with you.

Do you think at the end of the day, we're going to see offshore drilling here?

ALTER: Yes, I -- this is a guess, but I think so because I think the "all of the above" notion is what has the momentum politically, and that it's not -- it's not politically feasible even for an administration that is clearly drilling with holding its nose, but it's not feasible for them to rule it out or to move back toward a moratorium. So I think what you'll see is foot-dragging, but eventually some drilling because even if we get some of these other ways of transitioning to a green economy, even if we get a price on carbon and some of the other things that the reformers, so to speak, want, the transition is still going to require oil and gas, and I think the political culture will eventually acknowledge that and move forward with an "all of the above" program.

The problem is that the subsidies that favor certain forms of energy production over the last several decades, that favored -- starting in the '50s when they insured the nuclear industry -- favored nuclear, and then a long line of tax breaks for the oil and gas industry, they might no longer be politically tenable. So

the unbalanced playing field that favored oil and gas and nuclear over alternative energy in the last couple of decades, that era might be coming to a close.

THOMAS: Jack, you followed this pretty closely, do you think we're going to have offshore drilling? And what wrinkles would you put on it?

GERARD: Well, Evan, we -- we certainly hope we will, as we look to the future.

THOMAS: But do you think --

GERARD: I think we will have some in this administration. I think the real question and challenge for us is how much we have. Going to Chairman Rahall's comments, we need to remember, the world as we know it today has changed dramatically in just the last decade. You look at the Chinese economy, the Indian economy, the Middle East and elsewhere, the price of oil is set in a world marketplace, and with all these demands emerging around the world, we've become a player, an important player, but we're not the dominant player in this regime. We are from a consumptive capacity, obviously, but we're -- it's important that we recognize these various factors and how they will influence these prices.

The other thing I would add, when you look at it from an oil and gas perspective, of times we have these conversations thinking, well, the next six months, the next 18 months, et cetera. In our business, we look to the future in decades. We don't plan for next year. We're looking at the next decade, and when we make investments, we're talking billions of dollars. It's not uncommon to drill a dry hole for \$100 million after we're given access to potential leasehold(?) to go out and to punch that hole that costs 100 million and find nothing there. So it's a high-risk business. It's a cyclical business. And so we're hopeful that in this administration, we will have some additional opportunities to develop.

Last quick thought on this, Evan. I think it's important -- as I was coming up today, I was handed a list. In the world economy today, while the U.S., which is the only developed nation that restricts its access to its oil and gas supplies and our resources, in the world today in light of this change paradigm particularly as a result of China, India, elsewhere, most others that we compete with in this global environment are now offering

incentives to their oil and gas industries to go out and pursue additional resources.

The list is about 10 or 12 long, from Canada, U.K., Norway, Brazil, Mexico, Ireland, Argentina, Indonesia, Iraq, Pakistan, Nigeria, Columbia, China, and India.

So those of us who are in the global business of energy, oil and gas specifically, we have to weight those against the United States. If we are looking for energy security, and we as a nation want to become more energy secure, we have vast amounts of oil and gas in this country, and if given the opportunity to develop them, we have the best technology in the world, the best environmental protection. We've demonstrated we can do this well. All we need is the opportunity.

THOMAS: Senator?

LANDRIEU: And I would just follow-up, and what Jonathan said, there's no doubt that our country has given preference, and for good reason at times, and not good at other times, for the oil and gas industry, and sometimes these tax credits have been applied appropriately and sometimes there were mistakes made or

provisions as the Chairman is well-versed on, that you know did not give the taxpayer the rate of return that they deserved. However, Jack is correct when he says that to pull the rug out from underneath this industry right now at a time when you're trying to encourage domestic oil and gas production as well as encourage solar, wind, and thermal, is really counterproductive to where we need to be.

Secondly, I didn't mention besides "all of the above," we also have to add moving away from just gas-guzzling or even gasoline-efficient automobiles to automobiles that run on something other than petroleum.

In India I read in the paper today, 8 adults out of 1,000 have an automobile. Eight out of 1,000 have an automobile in India today. In America, 750 out of every thousand adults have an automobile. So as Jack says, the world is changing. We not only have to produce more of "all of the above," but we have to start conserving in very smart ways. For petroleum and our transportation sector, for electricity, in basically our grid and our electricity side, and if we do that and have a more robust domestic drilling, as well as incentivize

some of these others, we might get to a place where Americans I know want to go. They want to be energy-secure. They're tired of being hostage to the Mideast. They're tired of these prices fluctuating up and down. Nobody's business plans work if one day gasoline is a dollar at the pump and the next day it's \$4, or business people can't make any plans.

So getting a stable, rational energy policy to this country, I think is fundamental to getting a handle on the long -- the intermediate, short -- a short, intermediate, long-term economic outlook for our citizens.

THOMAS: Chairman?

RAHALL: Evan, you know I think we've seen more commonalities expressed already in this panel than we do disagreements. I certainly would be more inclined with Jonathan's comments as far as the fact, or the question rather, there will be more oil and gas drilling under this administration. I think there will be. But it will be done in a responsible manner. It will be done in a manner that protects certain sensitive areas either for environmental reasons and/or national security reasons. It will be done in a way that I hope will impose some

reforms on the way that it's been done in the past. But certainly, I think this administration recognizes, as do the majority in Congress -- now there are the extremes on either side of course -- that a responsible approach while not reimposing the moratoria, that ship has sailed, but at least allowing some new drilling areas that were not open in the pre-lifting of the moratoria, to proceed.

And inventory, yes, Senator Landrieu. Inventory is certainly needed, of what is available. In a lot of areas perhaps we've not been able to do that inventory because the moratoria was in place. Now I would expect that inventory to proceed. And with the new drilling techniques available to us today, I recognize that we've come a long way from the Valdez spill or the Santa Barbara accident, and technologies are a lot safer, can withstand hurricanes. I've seen it in the Gulf of Mexico myself, post-Katrina.

So this is going to allow us to do it, in a lot more responsible manner. Our committee through the hearings that we're now conducting are seeking to determine just what is available from the experts, not from our -- our own predetermined political points of

view. But I think the bill -- just very quickly, to go back to what I think is a starting point for any new oil and gas drilling -- is the bill that passed the House of Representatives last year. It was a Drill Responsible Act. It was a compromise. It was a compromise between those and my party who want to drill nowhere and those in the other party who want to drill everywhere, even under the National Monument if they had their way.

So I think that was a good starting point, and it did allow a state opt-in, 100 miles off coast. Everything was open, 50 to 100 miles, had a state opt-in provision. Plenty of incentives for states without giving them the revenues but on their own for their own industry, own job creation programs, to allow drilling 50 miles off their coast. That might be a starting point for any new policy we develop this year.

THOMAS: Let me shift to --

RAHALL: Or in the next couple of years.

THOMAS: Let me shift here to cap-and-trade, just get some political judgments from you, and maybe I'll start with you, Chairman Rahall. Do you think that the Congress will pass a cap-and-trade that will look

something like what Obama envisions in the next year or two?

RAHALL: That's -- it's going to be real tough, Evan, and it appears that we're jumping out of the gate early on in the House this year. The Senate had a couple cracks at it last year or previous years, and they were unable to address it. I've noted Jonathan's comments earlier about 100 percent auction. That would be particularly -- if it's in the budget -- and I'm not sure 100 percent auction is called for in the President's budget, I've heard it both ways, and we're seeking to find a definitive answer on that -- but that certainly would hurt utilities. It would hurt the coal industry. It would cause ... that are already on their knees across the center of America today, and -- and -- and I cannot be in favor of that. [TAPE SKIP] that makes more sense.

In regards to the technology and the timelines, I think we have to be careful that we don't rush headlong into imposing too harsh, too early deadlines before the technology is put in place. I'm very much a proponent of allowing technology to be developed before we

come in too early with these deadlines for greenhouse emissions.

THOMAS: So if you had to guess, you think there will be a significant cap-and-trade program four years from now?

RAHALL: I would guess that we'll get a bill out of committee, anyway, has been the leadership's intention on the House side. Out of committee, by the Memorial Day district work period. Rather that, gets through the House by the August district work period remains to be seen. That's a very ambitious schedule. If you get a bill out of that Energy and Commerce Committee, then you've done something there, and that bodes well for it on the floor of the House.

ALTER: Does that include -- an energy bill that includes some kind of cap-and-trade, or one that does things on transmission and what Chairman Bingaman has been talking about in terms of setting a goal of 20 percent renewables within a decade or so? Or will it actually have some modified cap-and-trade provision in it before the Copenhagen Conference?

RAHALL: I think it's more likely the latter, Jonathan.

THOMAS: Jack, do you want to make a guess here on whether --?

GERARD: I always hate to say anything around the experts here, Evan, but our -- our -- our thinking is at this point in time it's going to be very difficult, and the reason it will be very difficult is obviously we have a situation, our economy right now. It's a very tough economy out there. This is perhaps the most complex issue any of us in this time will ever have to grapple with. It's far-reaching in its implications. One of the things going back to our topic at hand here on oil and gas, a lot of people don't realize natural gas in this country is the primary feedstock to develop the very technologies we need to become more energy-efficient in this country, to withhold emissions, et cetera.

Let me give a case in point that Congressman Hastings is familiar with. The new Boeing 787 that's to hit the marketplace, the reason it's so much lighter and uses 20 percent less fuel than its predecessors, and thus 20 percent less emissions, is

because it's made of composites. Those composites come from the chemical industry, and the fibers -- they put them together, et cetera -- all of which is derived from natural gas. Just like our solar panels, our windmills, and everything else we talk about in this clean energy environment to help us achieve reduction in global carbon emissions ties back to the basic industry we're talking about today, that's natural gas.

So if we're going to achieve this in whatever framework we start, and I'm one that says, boy, it's going to be tough to do it in the current environment, we've got to come back and look at these fundamental issues that tie us back to energy policy because it's through a positive energy policy, as we've been talking about here, that will allow us to develop those technologies and meet those more rigorous standards.

THOMAS: So far, I've heard two skeptics about cap-and-trade I think. Senator Landrieu?

LANDRIEU: You want to hear a third one?

[LAUGHTER] A fourth one?

I think it's going to be very difficult to -- and it's not because the goal of carbon reduction or

carbon-free society hasn't captured the imagination of -- of -- of many, many people, but I think the American people look at our situation today and they think they want to get stability in this economy generally, obviously, a workout on the financial situation, the housing situation. And then I think there has really been a change of heart and mind on this energy security issue, People are smarting still over this Iraq and Afghanistan war. It's not that long ago that oil -- that gasoline prices were \$4. People are very scared that gasoline may go back up. They don't know what caused it to go that way the first place, so they don't know what might cause it to go back. I mean they have some ideas.

And I think they want this President to say, we can have a rational energy policy, and I think putting cap-and-trade on top of that just makes it extremely difficult if not impossible to do. It causes too much uncertainty, as Jack said. So I think for that reason, it's going to be very difficult, and I just believe that the President should seek to move to a greener, more efficient energy grid. There's a lot of enthusiasm still, although the car industry is -- is going

through a very tough time, people are excited about plug-ins and hybrids and getting away from just gasoline automobiles that drive on gasoline, and why not use the momentum that's there in the public to drive that and leave this cap-and-trade issue to another time.

I'm not saying that the climate issue isn't urgent, and people will say, well, you just don't realize we have to do something. I realize we have to do something, but I think you need to walk before we run, and we've got to get some fundamentals done first and then move to a -- I'm not sure cap-and-trade will ever be the approach -- but something that will really drive the carbon piece down in our energy production.

THOMAS: Congressman Hastings?

HASTINGS: Well, add me as the fourth one then that may have some skepticism on this. But there was an interesting phenomenon that happened last summer, and that was when the price of gas spiked up to \$4 a gallon, and there was a lot of discussion of why it did that, and I alluded to that a bit earlier in my remarks, because we import so much of our crude, and the American people responded by saying, well, why do we have to rely on

foreign sources? To which then it came out that we have a lot of resources within our country, at OCS, on federal lands. And as a result, the American people are saying, well, you know, gosh, maybe we ought to utilize these resources.

The point here is, is that the American people now understand what the issue is and the policy will be reflected then in their elected representatives.

So now let's talk about cap-and-trade and why we are talking about cap-and-trade. We're talking about cap-and-trade because of climate change and because of greenhouse gases. Now part of the education it seems to me, and I've tried to look at this closely, and I had my staff kind of extrapolate some figures, so let me share that with you. Of the total earth's atmosphere -- of the total earth's atmosphere -- 1 to 2 percent is greenhouse gases. One to 2 percent of the total earth's atmosphere.

Of that 1 to 2 percent, less than 4 percent if carbon dioxide. Less than 4 percent is carbon dioxide.

Of that carbon dioxide, of that carbon dioxide, less than 4 percent is human-caused. Now when you extrapolate that down to how much is human-caused in

the atmosphere, it comes out between 1/1000ths of 1 percent to 3/1000ths of 1 percent of the total atmosphere, and even of that, 40 percent of that is consumed by vegetation on the earth.

So we're talking about a real, real small number, and the question is, what should we do to address this issue? Is the issue of climate change -- and we know that there are different views on this. Scientists have different views. My assessment of it when we say there's a consensus of science, that's not really science. Science is peer-reviewed decisions where you come to a decision that people agree with. There can be a consensus on a lot of things, but that doesn't mean it's right. And so what I'm simply saying is that when you look at what greenhouse gases -- do the math and extrapolate that down and then try to apply what our solutions are to resolve that, and is it something that we should do, does it cause harm, adverse effect to our economy, to our lives? I mean all of these things need to be asked.

And I'm suggesting is that if we move forward with cap-and-trade, then the issue of climate change obviously is going to rise to a different level,

and these -- these statistics that I said are going to become more common knowledge, and the American people will respond accordingly.

But I think that debate is absolutely healthy in a democracy like we have if we're going to make policies that's going to affect our kids and grand-kids and our way of life.

THOMAS: Chairman Rahall, let me ask you a quick question because I know you have to leave, can you just very briefly talk about the potential of coal sequestration and whether you think this is something the government is going to get involved with in a significant way?

RAHALL: It's my hope that any climate change bill we do, cap-and-trade bill, will involve carbon capture and sequestration. The technologies are there. It's expensive, I agree, but I think a proposal that has been advanced by Representative Boucher and myself, that would set up a billion-dollar a year fund, tax on utilities that would finance that fund, to go into carbon capture and sequestration research is a very viable alternative. The utilities have agreed to that

legislation. They signed off on it as has the mining industry as has the labor industry.

That bill, perhaps, will not go on its own, but I -- but I would hope that some portions of it or some concepts like it, would be folded in whatever legislation we end up moving through the House.

But carbon capture and sequestration is the most immediate, I'm not going to say cheapest, but it is the most immediate way of addressing carbon dioxide, and capturing that CO2 as this technology would have us to do, and storing it in safe underground formations where those formations are available and they are available, can go a long way toward cleaning up the CO2 emissions that we have.

In addition, CO2 is a valuable by-product and can be used in many other different avenues as well, and that's something that should be explored as well, using CO2 for other by-products.

THOMAS: Thank you. Jonathan, did you have a --?

ALTER: I was just going to say, I guess I'm a fifth skeptic on -- on the most ambitious cap-and-

trade plan, but I would just introduce two thoughts to consider. First of all, I think we've learned not to underestimate this President, and he's pretty focused on long-range thinking, playing a longer game, and cap-and-trade would be part of that. He obviously wants to have something to bring with him to Copenhagen at the end of the year, and there will be diplomatic pressure for something.

The other factor to consider is that cap-and-trade proposals have evolved in the last year or so. They're really more like cap-and-dividend proposals now. The President's budget proposal is really much closer to cap-and-dividend.

What is that? That means that the money instead of going into the Treasury goes, with the exception of I think \$150 billion, the other \$500 billion goes back to the people in the form of a rebate. And that's a significant amount of money. It's not quite a tax cut, probably not properly described that way, but it's money in people's pockets. It's stimulative, and I think you're going to start to see that factor introduced into the cap-and-trade debate.

THOMAS: Let's go to another popular subject, nuclear. Is there a future for nuclear and what is it? And what's the government likely to do in the next -- in this administration, let's say? Jack, you want to start with that?

GERARD: Sure, I'll touch on it, though I have no expertise in this area. I would just add, you know, Evan, going back to earlier conversation or earlier comments. It's important that we look at all these resources -- all these alternative -- and we need to look at all of them in their proper light and where they can benefit the broader energy equation.

Chairman Rahall touched on something here just a moment ago. I have a little background in the coal industry, particularly in carbon sequestration. One of the things we need to focus on are these technologies that he mentioned, particularly in carbon sequestration.

The oil and gas industry has been in the business of carbon transportation and sequestration for over 40 years. A lot of the people in the country don't realize it, but we have developed a lot of expertise in that area because we use it for enhanced oil recovery, and

so teaming up as we've talked about before, we can take our expertise and knowledge, take the practices that have been developed, and look at another alternative -- or I shouldn't alternative form -- another form of energy, coal, which we have a vast resource of in this country, over 52 percent of all of our electricity comes from coal today, and say how do we put these pieces together?

So we talk about the nuclear question. I think the same thing. How do we provide low-cost, base load power in this country, as low-emitting as we possibly can, and begin to look at each component part. Often, in the oil and gas sector, people talk about, well, gee, what are you guys doing on the renewable front? Few people know or understand since 2000, from 2000, 2007, the oil and gas industry has spent \$42 billion in the development of zero-emitting and low-emitting technologies. That \$42 billion happens to be 45 percent of every dollar spent on these new technologies that many would argue that a lot of that is carbon sequestration to capture, goes to the coal industry, a lot of its battery technology, windmill technology, et cetera.

So we've all got a role to play here, and while I'm not an expert in the nuclear space, clearly they have a role, and we should be looking at how we expand that. Their timelines, in talking to some of my colleagues are in the mid-20, 2015, 2020, 2017 range, before they could make another contribution by permitting and building a facility.

THOMAS: Senator?

LANDRIEU: I would just add on nuclear. I think in large measure to former Senator Pete Domenici and others' good work, that there really has been a -- an awakening in America primarily about the possibility of an expanded safer and always clean and continue to be clean nuclear industry. We get 20 percent of our electricity from nuclear today. We haven't built a new reactor I think in 35 years. We need to build dozens in the next decade. France, I think, gets about 80 to 85 percent of its electricity from nuclear. France doesn't have many options. Japan doesn't have many options. And I think there are three barriers that seem to be coming down rather quickly.

One is the liability and the financing issue that Secretary Chu has committed to unraveling and streamlining. The waste issue, which is not settled yet, but there seems to be a movement to not Yucca Mountain, but a new reprocessing technology -- storage and reprocessing -- which is, if that can go forward, that'll solve that problem.

And the public is more -- and the design issue. I think we have two standard designs primarily -- there are others -- but if we could decide on a standardized design, the American people -- and I don't think it's just in my region. Sometimes these things are very regional. I think there's a broad understanding across the country. They want to do more domestic oil and gas drilling but as the chairman said, in an aggressive but safe and smart way, and I think broadly across the country there is an acceptance of nuclear power certain conditions. And we're going to have to use nuclear to meet any climate objectives.

And so, I'm encouraged by that, and I hope we can see some real progress, and I think although President Obama has not mentioned this word, Jonathan, in

many of his speeches, he's -- he's not -- he's not talking about it that much, I think he -- it would be -- I'd like, if I could advise to be a little bit more aggressive here because the people of America would accept it and would look for his leadership towards that end.

THOMAS: Doc, do you have any --?

HASTINGS: Yes, I'm very much in favor of nuclear power. I mentioned in one of my earlier remarks that I think it's in our best interest as a country to be energy-independent, and a lot of the natural resources that go into nuclear power are here within the United States. In fact, they're on federal land. So we -- we ought to utilize it.

Senator Landrieu mentioned three things that are in the way of nuclear power. I want to focus on the second one she talked about and that's the waste stream.

And really what we ought to be doing, with this decision now that Yucca Mountain is off the table, that is not a good -- a good step to having nuclear power, frankly. We have to have a repository. But if you're worried about a repository, then one of the things you

ought to be doing is recycling the waste -- the spent fuel -- because you can recycle it. If the idea is to reduce the footprint of spent nuclear waste, then why don't you recycle it? We recycle so many other things in this country, why not recycle spent nuclear waste to reduce the footprint.

Now with Yucca Mountain gone, maybe you could find another place that -- where you could store that -- that -- that smaller footprint. But I would argue that if you could -- if you could reduce that footprint, that makes Yucca Mountain, frankly, all the more desirable.

And so, I suppose we'll have that debate. But you heard my -- my earlier remarks here about CO2 in the atmosphere. But if we were going to -- frankly, if we are going to move forward and try to have clean energy, nuclear obviously is a way to go. And again, in full disclosure, I have a nuclear power plant in my district. It produces 1100 megawatts, which is enough to power Seattle for a whole year.

So -- and -- and -- and it's been around for some 30 years. Its technology frankly that we ought to pursue.

THOMAS: Chairman Rahall, you said OCS was on your committee agenda. Can you further elaborate on your plans to address this issue?

RAHALL: Well, we have -- we've had a series of hearings at the full committee level and they're continuing at the subcommittee level, on drilling in the OCS. Now that the moratoria is lifted, we've been asking questions, do the American people really want to see oil and gas drilling as close to 3 miles of their shore, do we feel that the -- while I've said the moratoria is not going to be reinstated, and I firmly believe that -- but are there areas that deserve to be protected, is the questions we're asking, and we're also trying to find out as we talked about earlier, the inventory, of what is available.

We're having the experts in. We're also examining the royalty system. Not that we're looking to raise the royalties, Jack, or anything of that nature, but

just that we collect what's due the American taxpayers that have not been collected over the past years.

We -- we know the problems that have existed in MMS. While I'm not for eliminating MMS, I think certainly Secretary Salazar's Organic Act needs to be examined and perhaps use that for reforming MMS. Providing the better communication between MMS and Bureau of Land Management is important in this effort as well.

So what we're looking at is the -- everywhere. Rather, what areas deserve to be protected and what we can find out exist as far as availability of reserves, and also how the American people can get their -- what's due them from, from the use of their resources.

THOMAS: Senator Landrieu?

RAHALL: Transparency and accountability are our guiding principles.

LANDRIEU: I'd just like to add to what the Chairman said, that it really is a partnership for production that we're looking for. What kind of small -- smart parameters for that partnership. I do think that there's a possibility, and I'm so happy the Chairman is going to pursue even more aggressively this inventory

question, because if we can find out where the likely finds are, with the new technology that we have, we can have smart lease sales -- not just any old lease sales -- but smart lease sales directing the industry not only where the oil and gas likely is but where the infrastructure can be used to actually capture it and transport it.

The other interesting precedent that this team has helped to lay down is the revenue-sharing portion, which makes the counties and parishes and states that agree to serve as platforms for production --. There's a tremendous amount of infrastructure that goes into getting oil and gas from 10,000 feet below the surface of the ocean into an automobile or into a factory.

I mean you just don't wave a magic wand and it jumps onto the land and into people's cars. It takes a huge amount of infrastructure, and for the communities that I represent, whether it's Blackmun(?) Parish or St. Bernard or Orleans or Terrabonna Lafush(?), thousands and thousands of people walk 24/7 to keep those pipelines operating and those fabrication barges moving.

We have established a 37-1/2 percent revenue share for the four coastal states, which we think is America's Energy Coast, the Gulf Coast, for Texas, Louisiana, Mississippi, and Alabama.

The reason that makes so much sense instead of all the tax dollars coming to the federal Treasury to be spent in the general fund, some of it can stay at home supporting those communities with a better quality of life, better infrastructure, safer infrastructure, that has the benefit for not just those communities but for the nation. So I'm excited about these smarter partnerships.

I hope that same policy will develop off the coast of Virginia, North Carolina.

There might be some possibilities off the West Coast in California, and again, as the Chairman said, we might not want to drill on every inch of the OCS, but we certainly can find more than 7 percent, which is basically what we're doing now.

THOMAS: [INAUDIBLE]

GERARD: Evan, I was just going to add to what both have said here, both of which I agree with, and that is the economic potential of these opportunities to

do the drilling. It's been touched on in the revenue side. There was a recent study from ICF International that pointed out in this current environment, if we were allowed to develop the resources that have been placed off-limits, a conservative estimate shows that there would be over \$1.7 trillion -- that's a T -- \$1.7 trillion that would flow to federal government, state governments, and local governments, as a result of royalties, bonus bids(?) and the other things that the current law requires.

In addition to that, add another 160,000 well-paying jobs.

When you look at these jobs in what we call the E&P side, they upstream the oil and gas industry, the exploration and production, they pay anywhere from 2 to 3 times more than the average wage in this country. And Senator Landrieu has a lot of those good constituents in her state who are thrilled to have these great employment opportunities, but this is a much better approach than what we've seen in the President's budget proposal, where we tax and take away the very resource we need to put back into the ground, to create the job and generate the revenue longer-term.

So in this partnership, as we're putting it together and we have full confidence that the Chairman and Senator Landrieu, Congressman Hastings and others, I think there's a real opportunity for economic development, for long-term stability, and that's what we need to keep the volatility out of the prices to allow us to provide true energy security for our country.

THOMAS: Let me ask a question from the audience, some of these were submitted beforehand. This is from Douglas Kempf(?), I hope I pronounce that right, Program Manager, Industrial Technologies Program, from the Energy Department. "From the analysis you have seen or done, in the near-term -- five years or less out -- what sector of the global and U.S. economy could provide the greatest results in energy savings and carbon reduction?"

Anybody want to start that?

So what -- what -- the question again is what sector of the global and U.S. economy could provide the greatest results in energy savings and carbon reduction?

LANDRIEU: Well, I think the easiest -- nothing is easy -- but I think the -- one of the things

that right before us most immediate is the efficiency in our electricity grid. We think that we're losing 45 percent of all the electricity that's produced because of inefficiencies in this grid. So if we can get the political will for the technology and the siting -- I mean that could be an immediate benefit.

So you either produce more electricity or you save what you're -- you know, or you save on what you're already producing if you want to get a net gain, and that -- that piece is very doable.

I want to say one thing on this wind issue. Wind is very attractive to, even many of my constituents.

Although we don't have much, they like the idea of producing energy from wind. It seems, you know, just such an exciting possibility. But we calculated that for one -- for one nuclear power plant, the energy produced to be replaced by wind, you'd have to have turbines that are as high as the Eiffel Tower, they would have to be 130 square miles placed -- 130 square miles, which is twice the size of the District of Columbia.

So when you think about wind capacity, think about the District of Columbia, twice more than

twice its size, with a turbine basically every 30 -- 30 yards basically -- or, you know, spaced appropriately.

I mean people don't realize what the land and the horizon, how this will be dramatically changed if you don't get this equation right.

So it's oil and gas, it's nuclear, it's efficiency first, as soon, and then moving to these exciting things, those are exciting to me, but also wind and solar.

THOMAS: Jon?

ALTER: I was just going to say one thing we haven't talked about that's maybe a bit of a unifying theme, for the same reason that cap-and-trade is going to have rough sledding, which is that it's always easier to stop something than to get something done, a lot of these other energy sources have local NIMBY obstacles -- Not in My Backyard obstacles -- whether it's the grid, nuclear, obviously drilling, and local groups have access to the courts and local organizing in ways to impede the best-laid plans in Washington.

So I just think sometimes we -- we think that this is the source and the parameters of the problem

or resolving the problem reside here, and they really don't politically.

Just an answer to the question. I heard an amazing statistic recently about the Argentinean economy.

I shouldn't -- I probably shouldn't say it because I haven't fully checked it yet, but by converting to compact fluorescents, they had dramatic reductions in energy consumption in Argentina. They had a program where you would turn in your old light bulb and get a compact fluorescent in return. You might have gotten 2 in return for every 1 burnt-out bulb that you turned in.

And they were double digit reductions. So I would say the lighting industry would be the one where you could get the greatest reductions.

THOMAS: Anybody -- yeah? ...

HASTINGS: Let me respond here, and I -- I -- I can't let Senator Landrieu's talking about this gigantic wind tower go without saying it won't produce anything unless the wind blows. Keep that in mind. I don't mean to be facetious when I give you this response because your question is how can we -- how can we reduce the most carbon. Now you said that from industry. Let me

expand it by saying how can we reduce the most carbon in our country?

And I think one way that we can do that is to better manage our resources like our national forests that every year, particularly in the west, burn.

Because that emits more carbon than what I think we produce in industry, and we -- we don't have a very good track record, frankly, of managing our natural resources because we have so much fuel built up in the Western part of the United States, if we could reduce that fuel, then you'll have less carbon going into -- into the atmosphere.

So I don't mean to be facetious because you're asking about industry, but if we're looking at clean air, long-term -- clean air long-term -- that has to be taken into consideration.

THOMAS: Anybody got any sleeper industries that need to be promoted here?

RAHALL: Well, I would just add, Evan, I certainly agree with all that's been said, but you know, what I talked about earlier in carbon capture and sequestration, as Jack has said, and well know coal is

going to supply over 50 percent of our electrical generation -- present, future -- for the foreseeable future, and CCS has a potential to remove I think the most CO2 from the air.

THOMAS: I don't quite understand why the Bush Administration was so down on that. As I recall, they shut down the one plant that was doing something. What were the politics of that?

: Future ...

[CROSSTALK]

: ... talking about future --

RAHALL: That was not CCS though was it?

: Yeah.

RAHALL: Well, it was -- yeah --

: Carbon capture generally.

RAHALL: Yeah. I -- I'd guess the cost.

That's the only thing --

THOMAS: Because it was expensive?

RAHALL: -- the cost was so much more than they ever envisioned.

THOMAS: Let me, Jon, ask a media question here. This is from Jordan Clark, Chief of Staff of

Congressman Glen Thompson. "The media in general has given the global warming advocates extraordinary coverage to the point that the public believes that we can and should in a decade or less replace oil, coal, and natural gas -- 85 percent of our energy -- with wind, solar, and other renewable source, a scientific, economic, and political impossibility. If you don't agree with that observation, please tell us why, and if you do, is there any hope the media will eventually produce balanced and at least semi-comprehensive coverage of the energy challenges the world and the U.S. face?"

ALTER: I -- I do -- I do agree with that.

I would refer the audience to a wonderful column that my colleague Sharon Begley wrote recently in Newsweek that made essentially that point. So there are places where you can read some commonsense on energy issues, but I also agree with you that overall there has been a skewed perspective on how quickly we can make this transition.

So, you know, we -- we can all, including those of us in the media, point to lapses in our -- in our judgment, and all that I can say is that we depend on all of you in various ways of promoting your own views and

your own ideas about these complicated issues to make use of -- of the American media. That not everybody is a snapping turtle who is going to come at you with some sort of fixed ideological perspective.

Most journalists even though it doesn't always seem that way, are at least somewhat open-minded. Less on the question -- where they're not particularly open-minded here, in the interest of full disclosure, is on, say, you know the climate change deniers. They're not going to get a hearing. The reality is they're just not going to get much of a hearing in the American media as Senator Inhofe I think has learned.

There's room for him, and probably nobody else, in that camp. But on all -- on pretty much everything else, you know, maybe I'm not capturing the blinders that we have, but I think most reporters are pretty open-minded to thinking about different perspectives.

THOMAS: Last question here for the panel:

"Many ideas have been identified for energy and/or climate legislation. What about the transportation bill that is due this year? What policy interfaces with the

energy issue do you see?" The Chairman, you want to take that one?

RAHALL: Well, I'm vice chair of our House Transportation and Infrastructure Committee, under the leadership of our chairman, Jim Oberstar. We do have a renewal this year, the six-year highway -- not highway -- transportation policy legislation, otherwise known as SAFETEA-LU or SAFE-LU, whatever it is, and it's going to be a major, major, major undertaking now with no money in the Highway Trust Fund, 8 billion in the hole from last year, financing of course is the number one issue, and all the options as far as I'm concerned, maybe not the administration, but all of the options should be on the table for financing that.

But certainly Chairman Oberstar as he has already done, has had the greening of public buildings, the greening of the Capitol -- a lot of those initiatives, that I look forward to them continuing to be emphasized in our transportation bill through the TEP Transportation Enhancement Program -- I would look for perhaps guidelines to providing just greener type of projects as they are transportation-related.

Our bikeways, our trails that come under our transportation programs, are also avenues for providing alternative means of transportation in congested areas. Transit is a very important program in today's ever-congested area, and it's not just the big cities, even rural areas of our country are facing congestion. Some 85 percent of our rural areas have faced severe congestion over the last 3 years.

So we need to find ways -- it's kind of a devil if you do, devil if you don't, if we want to get people out of their cars, but at the same time, that means less travel and less money going into that Highway Trust Fund that finances these alternative means.

So that's the paradox we're in.

THOMAS: Yes, yes.

LANDRIEU: Well, I would -- I would just hope that we can have a real transportation bill and not just a highway bill --

RAHALL(?): True.

LANDRIEU: -- and believe me as a politician, I know how popular highways are. Highways, interstates, state highways, roads. But I think we've got

to look at our blue highways, our waterways that are not being utilized because we have lack of infrastructure in our dams and waterways, and if you think about the trucks that could be taken off of the highways, freeing them up for pedestr -- not pedestrians -- for people to be driving and putting more of those goods and services on a highway system, but that infrastructure is -- has not been upgraded in years. And then also a new concept of smart growth, which I think the new Secretary of HUD actually is a very knowledgeable and passionate advocate for smart growth and development to really curtail, Mr. Chairman, the sprawl.

And I hope there can be some synergy between the transportation and HUD maybe on this issue along with rails and trains, and really get America in a much more modern -- much more modern approach -- would not only be better for the environment but save us a lot of money in the long run.

THOMAS: Congressman?

HASTINGS: Well, I would just say that as far as transportation is concerned, and I think we should have as diverse an energy portfolio as we possibly can,

and I think that we should have as diverse of options for us to -- to get around the country and fueled by as diverse an area we possibly can get.

But that's always -- the American consumer individually is going to make that decision. And one of the ironies when we tried this cafe standards, long before I came to Congress, there were few exemptions, and in the entrepreneurial spirit of certain people, took those exemptions and made SUVs, and the American people chose SUVs. They did it for a variety of reasons.

And so, if -- I guess I would only say that as we go forward certainly the price of energy is going to dictate what Americans, how they're going to get around. But what we ought to be doing more than anything else is incentivizing change rather than mandating change.

I think we get into a pickle when we try to mandate too much because we think that all of the wisdom is within the beltway when frankly that wisdom is out over a broad part of America.

I come from farm country and I will tell you, you know you -- you can't -- you can't do the crops,

at least in my part of the country with a cafe standard vehicle. It simply -- it simply doesn't work.

And I also fly back and forth across the country. Jack alluded to the new composite way we make airplanes, but I don't know how big -- again being facetious -- how big a wing would have to be to fly an airplane on solar panels. It probably would be pretty darn large.

I mean I'm just -- I just point these things out because we want to get around and one of the fundamental -- one of the fundamental fuels we have going back to what we started talking about is crude oil.

THOMAS: Jack, last word?

GERARD: Well, at the risk of stating the obvious, to make all this work we're going to need oil and gas, obviously. And -- [LAUGHTER] -- tend to want to stay on that theme for some reason.

[LAUGHTER]

I don't know why that is. But no, seriously. When you look at the transportation sectors, you know, we're spending a fair amount in technologies in that area, further development. But the other component

part we shouldn't overlook as well when we're talking about everything from highways, the asphalt role, there's a petroleum role in all of that. Creating the asphalt. Petroleum role in running the barges and the blue water ways(?).

So today as we look to the future, we have a critical role to play. We're prepared to step up and do that the best we can and particularly as we bring on these new energy resources.

So, again, these are the experts in this area, but that would be my final thought. Thanks, Evan.

THOMAS: Thanks, Jack. We're going to -- it's six o'clock. We want to leave a little time for refreshments. First, an invitation from Newsweek in closing our program. In two weeks, Newsweek will present the Third Annual Global Environment Leadership Conference, focusing on, "Achieving Energy Independence by 2020." The guest speakers will include Michigan Governor Jen Granholm and San Francisco Mayor Gavin Newsom.

Please join us on Tuesday, April 7th, at the Ronald Reagan Building & International Trade Center. You can register by contacting Newsweek Director of

External Relations, Mark Block, who is right here. His contact information is on your program card.

Thank you very much for coming, it's been an interesting session, and thanks a lot.

[APPLAUSE]

[END OF SESSION]