

Mr. Sensenbrenner's Opening Statement for Select Committee on Energy Independence and Global Warming hearing: "Green Capital: Seeding Innovation and the Future Economy."

April 16, 2008

There is no disagreement about whether the jobs created by investments in renewable energy are good. Of course, these types of investment will help the economy, and I'm glad to see that venture capitalists and other private financiers are taking interest in alternative energy.

But these investments will help the economy most if they are created through free-market decisions. Costs of renewable energy are going down, and more communities will make investments in these types of technologies because they offer many benefits.

In some places, renewable energy is a great option for electricity production. In other places, renewable energies aren't as effective and I'm concerned that mandates will create unnecessary expenses that will only slow the economy.

One need look no further than Congress' ethanol requirements to see the effects these energy mandates can have on the economy.

Just yesterday, the New York Times reported that Congress' mandate for a fivefold increase in biofuels –namely ethanol – was helping drive food prices so high that they are causing unrest and even riots in some places. And gasoline is still as expensive as ever.

I agree with what we will hear from today's witnesses that tax credits can help spur investment in new technology, which I believe is a key principle for any climate change policy, and I support extending these credits.

While our witnesses today will tout the benefits of renewable energy, they will also claim that without government mandates and regulations, renewable energy will not see significant share in the

marketplace. Venture capitalists are famous for the risks they take, but that doesn't sound too risky to me.

I'm skeptical of both the need for regulations and mandates and the idea that renewable energy won't expand without government assistance. I'm especially skeptical of the idea that a mandatory cap-and-trade system is needed to bring about this sea change in energy production.

There are at least four reports analyzing the economic effects of the leading cap-and-trade bill in the Senate, and all forecast fewer jobs and slower economic growth in the future. While it is true that alternative energy will create some new jobs, the burden that cap-and-trade regulation will put on this economy will sap away many more.

The Environmental Protection Agency's model showed that by 2030, cap-and-trade could cost the U.S. economy nearly \$1 trillion

in GDP. This should give any legislator great pause before deciding to support cap-and-trade, but it seems like some in Congress want to rush the U.S. economy into this flawed system.

One of our witnesses today, Mr. Daniel Braun, who also happens to be my constituent, warns lawmakers that a cap-and-trade system must be ready before it's rolled out. While I disagree with Dan about the need for a cap-and-trade system, he seems to have his own concerns about the speed in which Congress is rushing into this process. I do agree with Dan about the need to make tax credits permanent, and I welcome him here today to testify.

Another concern I have with cap-and-trade is that it fails to produce tangible measurable improvements to the environment. Europe rushed together a cap-and-trade system, and despite that, emissions are still rising there. While the U.S., without a mandatory cap-and-trade system, saw a 1 percent drop in emissions last year, Europe's emissions rose 1.1 percent.

Since the U.S. is not seeking to emulate these results, I can't see why we would want to adopt the same system. I believe alternative energy technology can help us make great strides in confronting climate change, and support advancing these technologies, but not through heavy-handed government mandates that will cause far more economic pain without delivering any environmental gain.

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