

Mr. Sensenbrenner's Opening Statement for Select Committee on Energy Independence and Global Warming hearing: "Building Green, Saving Green: Constructing Sustainable and Energy-Efficient Buildings."

May 14, 2008

Today's hearing on green buildings touches on many of the same issues the Select Committee examined during last week's hearing on energy efficiency. For the most part, policy to promote green buildings is simply policy to promote efficiency in building construction, maintenance, and operations.

There are several reasons to encourage more productive uses of energy. Improved efficiency gives us the ability to reduce greenhouse gas emissions in the near term without enacting punishing regulations that would cripple our economy.

According to the U.S. Green Building Council, buildings consume 40 percent of the energy used in the U.S. That's more than both the industrial and transportation sectors. Buildings are responsible for

39 percent of the carbon dioxide emissions and 71 percent of electricity consumption.

As Tony Stall, of Dryvit Systems, will tell us today, 80 percent of buildings constructed before 1960 are poorly insulated. Energy literally seeps through the walls of these buildings.

It is clear that increasing energy efficiency in buildings should be a high priority in our energy policy. But it shouldn't be just a government priority. With the potential savings in costs that these energy savings would create, I think many building owners will want to make these improvements.

Mr. Stall says in his testimony that his company's insulation product will help lower annual energy costs by 20 to 30 percent.

The Green Building Council says that energy efficient buildings could generate up to a 9 percent decrease in operating costs, a nearly 8 percent increase in building values and more than a 6

percent increase in return on investment. Who wouldn't want to reap those kinds of savings?

Last week, I said that energy efficiency can produce great results when encouraged, but when mandated, these policies have the same effect as a tax. I think the same principle applies with policies to encourage green buildings.

The amount of savings generated by energy efficient buildings should be encouragement enough for building owners to make these changes. I also think that the federal government can help through research and development funding and tax credits.

Additionally, establishing industry standards will go a long way towards ensuring that buildings new and old are as energy efficient as possible.

However, the government should not take it upon itself to begin issuing mandates for green buildings. For many, this will be a tax.

Not only that, I certainly don't have confidence that government regulators will mandate the best, most cost effective energy solutions. It's not a stretch to think that these regulations will be much less efficient than the buildings they seek to manage.

I think a mechanism already exists in the U.S. economy to encourage energy efficiency in buildings. The potential savings that green buildings create, coupled with the rising cost of energy, creates a compelling incentive for building owners to improve the efficiency of their structures.

When it comes to efficiency, free market forces are far more efficient than regulations in turning buildings green. While regulations may make buildings more efficient, only free market forces can make both buildings and their owners' wallets greener at the same time.

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