

TESTIMONY  
of  
CONGRESSMAN LES AuCOIN  
before the  
SENATE SUBCOMMITTEE ON HOUSING  
of the  
COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS  
on  
ENERGY CONSERVATION BLOCK GRANTS

Mr. Chairman, members of the committee, I deeply appreciate the opportunity to be here today to talk with you about a program of particular personal interest to me -- a program that could change for the better our approach to energy conservation in this country.

I don't need to tell any of you the reasons why we need a full-fledged energy conservation effort in this country. We face an energy crisis today not just because of energy shortages but because of rising prices. The people who bear the brunt of the energy crunch are the poor, the aged and the disabled who can least afford rising costs. But all Americans stand to lose from rising prices as well as a continuing and dangerous dependence on foreign oil.

Thus far the federal government has had a two-track approach to energy conservation. On one track, the government has issued a variety of standards and regulations designed to reduce energy consumed in public buildings and private residences and for transportation. On the second track, the government has formulated new programs providing grants and loans to individuals to encourage conservation and the use of alternative energy resources.

Both those approaches are necessary elements of the nation's conservation effort. And both have fundamental weaknesses.

In the case of regulations and standards, the federal government is mandating conservation -- promulgating standards without the participation of those who are subjected to the standards. Resistance to such standards is high. And the standards, particularly for residences and buildings, never adequately account for geographic and climatic differences.

The weakness with programs to encourage individual conservation -- where funds flow from the federal government to individuals -- is that they operate independently from other local or federal programs. There is no opportunity for communities to take a comprehensive approach to energy conservation.

A new and innovative approach to energy conservation is needed, an approach which recognizes that conservation can achieve maximum results through comprehensive programs developed with community participation.

Mr. Chairman, the Energy Conservation Block Grant bills which you and I have introduced in the Senate and House respectively open a new door, creating new opportunities and expanding the potential for energy conservation in the nation's communities.

I first became convinced that local governments could play a significant energy conservation role when Portland, Oregon initiated its efforts to develop a comprehensive energy conservation plan. That plan, which has now been formally adopted by the Portland City Council, calls for a comprehensive, citywide conservation effort and includes retrofitting existing buildings, changes in land use policies, encouragement of alternative energy systems, and changes in transportation systems.

The program that Portland has now adopted and is preparing to implement would give home owners five years to weatherize their homes. After that, if the homes did not meet a cost-effective standard, the homes could not be sold. A similar restriction would be applied to multifamily and commercial buildings.

The program also would revise zoning laws to promote higher population density near main public transit routes and place on the 1980 ballot a one-cent-per-gallon gasoline tax to finance traffic flow improvements. In addition the city would provide information to builders and home owners on solar energy systems and require trash haulers to offer customers without charge the option of separating their recyclable garbage.

With full implementation of the plan the city expects to save up to 35 percent of the energy it would otherwise need in 1995. That's between 9 and 13 million barrels of oil a year.

The fundamental philosophy behind Portland's community-based approach is that energy shortages are not just the individual's problem, they are the community's problem. If each household had its own supply of energy, it wouldn't matter that one conserved and the other didn't. But everyone in a community shares a common supply. When one household wastes energy, everybody suffers because everyone pays the cost of new supplies. Everyone's rates go up. It costs the entire community and that isn't fair.

The Energy Conservation Block Grant Program would encourage communities to develop plans similar to Portland's. The bill would expand HUD's existing authority to provide community development block grants to local governments. One advantage of this approach is that it simplifies administration by providing for implementation through existing federal programs. In addition, energy conservation programs can be directly linked at the local level with other community and economic development programs.

Communities would receive energy block grants based upon the same dual formula now used to allocate community development block grants. Additional criteria, formulated by the Secretary, would be added to ensure that consideration is given to the potential for energy savings and other energy-related factors.

Before receiving a grant, a community would submit to HUD a plan or strategy which would analyze areawide energy use by sector and describe programs and projects to be implemented for energy conservation purposes. In subsequent years, HUD would monitor performance in implementing these plans and projects and the capacity of the community to carry out the approved energy conservation program.

If the Energy Block Grant program is funded at a level of \$600 million per year for three years, the total energy savings after three years would be the equivalent of 30 million barrels of oil annually, or about \$732 million at today's oil prices.

An important element of this program -- one that distinguishes it from categorical programs -- is that communities will have an immediate incentive to become involved in extensive energy conservation plans and programs, knowing that funds will be available for implementation on an annual basis. And we can maximize benefits by promoting long-term comprehensive programs.

Local communities often lack the necessary program and staff resources to support a full energy conservation effort. A block grant approach will mean that they can staff themselves to administer a continuing conservation program.

The energy block grant legislation embodies other concepts that I think are vital to the success of any energy conservation program.

It is imperative, for example, that energy conservation programs be linked to community development and housing programs.

The greatest potential for energy savings is from weatherization of existing residences and commercial buildings. For that reason it makes sense to tie the energy block grants to ongoing housing and community development efforts.

It is also important that federal efforts to promote community energy conservation be directed through existing federal administrative structures. It would be confusing to local governments -- and counter-productive for conservation efforts -- to require that they deal with yet one more federal agency, with one more set of procedures and one more complicated decision-making process.

I know that there is legislation in the hopper in both houses that would give a role to the Department of Energy. In my view, there is no reason to duplicate in DOE the housing and community development expertise that HUD has now. Moreover, HUD is structured to deal with local governments through area and regional offices.

There is another important point to be made about this approach to energy conservation. By linking inducements for energy conservation plans and programs to the existing community development block grant program (which relies on local decision-making) we recognize the importance of citizen participation and local decision-making in energy conservation efforts. Local control is important. Indeed, the Portland program's greatest strength is that it was developed only after a long series of public hearings and is based upon the community consensus that emerged from those hearings.

Energy is a national problem. But it requires a grass-roots commitment from all Americans. The Energy Conservation Block Grant bill moves the emphasis of our federal efforts in that direction.

I am pleased that the subcommittee is interested in this legislation and I hope it will push for its adoption by the Senate next year. I certainly intend to push for approval by the House. Thank you again for the opportunity to appear before the Subcommittee. I would be happy to answer any questions.