

TESTIMONY
of
CONGRESSMAN LES AuCOIN
before the
SUBCOMMITTEE ON ENERGY AND POWER
of the
INTERSTATE AND FOREIGN COMMERCE COMMITTEE
on
LOCAL ENERGY CONSERVATION PROGRAMS

Mr. Chairman, members of the committee. I am glad to have this chance to discuss an approach to energy conservation which has been neglected but can become a solid, imaginative answer to a critical national problem -- the availability of reasonably priced energy.

I'm referring to community-based plans for conservation and alternative energy development. These hearings are examining at least three major bills on this subject, including my own, H.R. 5640. I compliment your committee, Mr. Chairman, for exploring this range of ideas and having introduced what I believe was the first bill on the subject, I want to state my willingness to cooperate with your committee in every possible way.

It seems to me that at least two showings must be made in order to make a convincing case for federal backing of this energy proposal.

First, of course, it has to be shown that it is conceptually sound. Second, if we agree that the concept is valid -- then it has to be shown that it can be made operational in the least confusing, least costly, least cumbersome and most productive way.

I would submit that the concept behind H.R. 5640 is based on an extremely sound principle. In effect, it is a statement that our best hope for energy conservation is to make conservation matter to people in a direct, immediate, day-to-day, community sense. That means convincing people that energy shortages are not just the individual's problem, they are the community's problem. If each household had its own energy supply, 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. That poses a cost for the entire community and that by definition isn't fair.

One can see the innovation in this approach by considering the traditional ways the federal government has promoted conservation. Essentially it has been a two pronged approach.

Under one approach the government has issued a variety of standards and regulations designed to reduce energy consumed in public buildings and private residences and for transportation.

The second approach has been for the government to formulate new programs to provide loans and grants to individuals to encourage conservation and the use of alternative energy resources.

Both of these approaches are necessary elements in a conservation effort. But it should be clear by now that they are by themselves insufficient to produce the savings that can rescue us from the energy peril we face today.

The problem with national energy conservation programs is that rigid rules and requirements are imposed from the top down. In the case of energy conservation construction standards, for example, the federal government is mandating conservation through rules promulgated without the participation of those who are subjected to the standards. The standards never adequately account for geographic and climactic differences, and resistance to compliance is high.

The fundamental philosophy behind the bill I have introduced is that we need a community approach to conservation. This is the approach taken by Portland, Oregon's energy conservation plan. The plan, which has been formally adopted by the Portland City Council, calls for a comprehensive citywide conservation effort and includes changes in land use policies, encouragement of alternative energy systems and changes in transportation systems. The plan would also give home owners five years to weatherize their homes. After that, if the homes did not meet cost-effective standards, the homes could not be sold. A similar restriction would apply to multifamily and commercial buildings.

That is Portland's approach. It is expected to save the city up to 35 percent of the energy it would otherwise need in 1995. Other communities have taken a different tack. The important point is that Portland's plan was developed through an extensive citizen participation effort and represents a community consensus.

The energy conservation grant bill I have introduced, H.R. 5640, is designed to encourage the development and implementation of energy conservation plans by local governments. My bill expands the community development block grant program now administered by HUD to allow funds to be used for planning and implementing activities such as home weatherization, traffic flow improvements and conservation improvements in public facilities.

I have also introduced a companion measure, H.R. 5641, which is aimed at stimulating the development of alternative energy systems such as solid waste heat recovery. H.R. 5641 builds on the HUD Urban Development Action Grant program and would require a commitment of local private and public dollars in order to "leverage" federal assistance.

There are two distinct advantages to the approaches I have taken for stimulating local conservation efforts.

First, under a block grant approach local governments would have maximum flexibility in deciding on the components of their energy conservation plans and in implementing the programs. Local governments already entitled under the community development program

would have assurance that funding would be available on a long-term basis. This flexibility and assured funding will help foster the development of innovative approaches to energy conservation and facilitate community involvement.

The second advantage is that my proposal builds on an existing administrative structure. It would be confusing to local governments and counter-productive to conservation efforts to require that they deal with yet one more federal agency, one more set of procedures and one more complicated decision-making process.

As a member of the Housing Subcommittee, I am familiar with the workings of HUD. It has its problems, as do other federal agencies, including the Department of Energy. But HUD does have a nationwide network of offices and staff to provide assistance to cities and small communities. Over 3200 local governments already operate HUD funded community development programs.

Moreover, HUD has a long history of administering urban development and urban planning programs, including housing economic development and other revitalization activities involving physical improvements in communities. HUD has also been active in energy related activities including solar demonstration grants and development of building energy performance standards. To the extent HUD lacks expertise in energy, it can be acquired more easily than DOE can create the knowledge and local institutional relationships for a local energy conservation program.

I don't want to gloss over the importance of a key role for the Department of Energy in a local energy conservation grant program. DOE should have a strong advisory role in the planning and implementation of energy conservation programs. It may well be that it should be the lead agency for an energy action grant program to stimulate the development of alternative energy projects.

The Tsongas/Markey proposal relies on this combination of responsibilities and deserves favorable consideration by this committee.

One final comment: With HUD as the lead agency, we can assure a close linkage between energy conservation efforts and housing and community development activities. Some proponents of energy conservation grants discount the importance of linking housing and energy conservation. That linkage is important because there is tremendous potential for conservation in residences and commercial buildings. Existing buildings consume 38 percent of the energy consumed daily in the United States. Residences alone consume 22 percent. If we conserve just 20 percent per housing unit, it will mean a reduction in energy consumed equivalent to 1.8 million barrels of oil per day.

Mr. Chairman, thank you again for the opportunity to talk with you today. I would be pleased to answer any questions.