

**TESTIMONY OF CAROL M. BROWNER
BEFORE A HEARING OF THE U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE ON ENERGY INDEPENDENCE AND GLOBAL WARMING**

November 7, 2007

Thank you, Mr. Chairman and members of the Committee, for the opportunity to testify before you today concerning my involvement with Oil Shockwave 2007.

I would like first to congratulate the Chairman for his work on behalf of the environment and to thank all of the members of this committee for your leadership on these important issues. This committee has been called upon to find solutions to the energy and climate debates - solutions that will be acceptable to all involved, and policies that will be good for the American people and far-reaching enough to make a real difference. This is no small task – but an absolutely essential undertaking.

The recent Oil Shockwave – Executive Oil Crisis Simulation reflects the high priority that energy policy deserves. This event, sponsored by Securing America’s Future Energy and the Bipartisan Policy Center, was designed to show the possible consequences of U.S. oil dependence and the ability of government officials to respond in the event of a global oil crisis. The scenario was not partisan in any way, because the events that depicted could realistically happen under any presidency.

The scenario envisioned in the Oil Shockwave simulation provides important lessons. It helps us to understand what our country will need to do in order to avert a real-world catastrophe - a crisis that my co-participant General Abizaid said could at any time, even tomorrow.

In the Oil Shock scenario, three different things happened over a 3 month period, from May to August of 2009. First, the Baku-Tbilisi-Ceyhan pipeline in Azerbaijan was temporarily out of service, resulting in a loss of one million barrels of oil to the world's markets per day, and a very quick upturn in prices. While this crisis was resolved, over the next three months, Nigeria took 400,000 barrels off the market. And in August, Iran and Venezuela cut their combined oil production by 700,000. By the end of the simulation, 1.1 million barrels of oil had been taken off the market, and the price per barrel had shot up to over \$160. While this was just a simulation, I think we would all agree that none of the events we dealt with were that far-fetched.

As is common in policy scenarios like this one, everyone had a role – mine was as Secretary of Energy. In this position, I suggested a series of short term steps that could be taken by the American public to reduce oil use. For example, imposing a 55 mph speed limit would save 134,000 to 268,000 barrels of oil per day. Implementing year-round daylight savings time would save 2,900 barrels per day. A Sunday driving ban would save 479,000 barrels per day. Restrictions on gasoline purchases wouldn't necessarily create savings, but would help alleviate demand if our oil supply was cut. To say the least, none of these seemed to be attractive options to my cabinet colleagues in

the simulation. They were much more willing to consider dipping into our Strategic Petroleum Reserve and calculating how long our country could depend on it.

The real lesson of Oil Shock - one that we seem hard pressed to learn in this country - is the need to think ahead, and to make real and lasting commitments to a new approach rather than wait to respond once we are in the thick of it. Short-term energy conservation is difficult and painful - which is why it is so important for us to plan ahead through conservation and renewable energy investments that will save far more oil - and require far less sacrifice - than short-term crisis measures.

I applaud the House for its inclusion of a renewable electricity standard in the House energy bill. Still, to reduce our reliance on foreign oil, it is important that we go beyond the most recent House energy bill, to include increased CAFÉ standards and biofuel provisions in our final energy policy.

As this committee knows, about two-thirds of our oil is used by our transportation sector. The Senate CAFÉ proposal, if adopted this year, will result in an oil savings of around 1.2 billion barrels per day by 2020.

If you take into account the Senate renewable fuel mandates, the estimated number of barrels of oil saved each day under Senate-passed biofuel expansions would be 1 million.

Overall, the daily reduction in barrels of oil consumed as a result of the Senate-passed energy bill would be 3.5 million. This would be 2.4 million more barrels per day than was needed by the end of Oil Shockwave.

A final word - this is the second time I have participated in Oil Shockwave, and each time the lesson has been the same - we should be making decisions sooner rather than later.

The problem in the scenario was so acute because the U.S. had failed to plan ahead, to implement long-term changes that would reduce our dependence on foreign oil.

We should consider ourselves fortunate that this is a scenario we can only imagine at this point, and not one that we have already experienced. There are plenty of things we can do right now to ensure that we never face such a crippling energy crisis. Enacting the Senate provisions is just one of them.

Thank you for your time and attention. Now I would be pleased to answer any questions you might have.