

STATEMENT OF
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BEFORE THE
COMMITTEE ON ENVIRONMENT
AND PUBLIC WORKS
U.S. SENATE

Opportunities to Improve Energy Security and the Environment through Transportation Policy

MARCH 24, 2010

Chairman Boxer, Ranking Minority Member Inhofe, and Members of the Committee:

I want to thank you for giving me the opportunity to testify today on the opportunities to improve energy security and the environment through transportation policy. Protecting our Nation from the serious risks associated with our reliance on foreign oil and the destabilizing effects of a changing climate is one of the President's highest priorities. Our reliance on oil poses a threat to our economic security. Over the last few decades, we have watched our economy rise and fall along with the price of a barrel of oil. We must commit ourselves to an economic future in which the strength of our economy is not tied to the unpredictability of oil markets.

As the President has said:

“So we have a choice to make. We can remain one of the world's leading importers of foreign oil, or we can make the investments that would allow us to become the world's leading exporter of renewable energy. We can let climate change continue to go unchecked, or we can help stop it. We can let the jobs of tomorrow be created abroad, or we can create those jobs right here in America and lay the foundation for lasting prosperity.”

Transportation systems are on the front lines in the struggle to make our Nation's economy more sustainable. According to the Energy Information Administration, transportation accounts for 71 percent of U.S. petroleum consumption, and about 28 percent of U.S. greenhouse gas emissions. Petroleum, in turn, accounts for 98 percent of the sector's energy consumption.

The transportation sector is essential to the U.S. economy. The value of final demand for transportation services (including vehicles) in 2007 was \$1.5 trillion, more than 10 percent of the Gross Domestic Product (GDP), with commercial “for hire” transportation exceeding \$400 billion.

We need to improve the energy and environmental performance of the transportation sector, so that it can continue to provide mobility for the public and the economy. If we implement measures that are economically attractive, then we can simultaneously improve the

environmental and economic performance of the transportation sector and the broader economy, while creating the basis for American leadership in high performance industries of the future.

There are three broad areas where we can improve the performance of the transportation sector:

- Efficient Vehicles;
- New Fuels; and
- Transforming Infrastructure.

Today, I would like to highlight for you just a sampling of the many innovative initiatives that the Administration and DOT are pursuing with the support of Congress.

Efficient Vehicles. One of the President's earliest actions on taking office was to direct the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) to develop a joint fuel economy/tailpipe greenhouse gas emissions standard for cars and light trucks covering model years 2012-2016. In September 2009, the two agencies issued a joint Notice of Proposed Rulemaking. NHTSA issued an Environmental Impact Statement in February, and we expect to issue a final rule in the near future. We anticipate that the joint National Program, if adopted, will save 1.8 billion barrels of petroleum and reduce carbon dioxide emissions by a cumulative 950 million metric tons over the life of the regulated vehicles.

The Department of Energy (DOE) has been charged with administering \$7.5 billion of loans under the Advanced Technology Vehicle Manufacturing Improvement Program, authorized by the Energy Independence and Security Act of 2007 (EISA). DOE has been using these funds to invest in a range of advanced vehicle manufacturing and battery facilities. This is helping make possible the commercial deployment of a range of US-built electric and plug-in hybrid vehicles built by multiple current and new entrant manufacturers, that sets the stage for a transformation of the light duty vehicle sector. DOE also continues their research and development program for advanced vehicle and truck technologies.

The Federal Aviation Administration (FAA) is supporting research and development of environmentally sound engine, aircraft and fuel technologies through the Continuous Lower Energy Emissions and Noise (CLEEN) program.

Even in the absence of current Federal programs, transportation operators and equipment vendors are recognizing the economic impact of higher oil prices. We are seeing more fuel efficient locomotives, hybrid tugboats, and improved heavy duty diesel engines. In the aviation sector, Boeing has finally resolved many of the development issues with the advanced technology Boeing 787. Boeing says that this aircraft will use 20 percent less fuel per flight than comparable existing aircraft. The prototype made its first flight in December, and there are now four aircraft in flight test. Boeing expects to begin delivering this advanced aircraft to airlines in the fourth quarter of 2010.

New Fuels. Our colleagues at the EPA released the final rule for the revised Renewable Fuel Standard on February 3, which laid the groundwork to significantly expand output of low carbon

renewable fuels such as cellulosic biofuel and biodiesel. By 2022, production of renewable fuels is set to increase to 36 billion gallons, with 16 billion gallons coming from low-carbon cellulosic biofuels.

In addition, the Department of Defense (DOD) and the FAA are carrying forward research and development work on alternative and renewable fuels in the aviation sector. The DOD is working through requests to procure approved alternative jet fuels; while FAA is sponsoring a joint industry-Government partnership, the Commercial Aviation Alternative Fuels Initiative, facilitating new alternative fuel standards at ASTM and supporting alternative fuel testing.

The Federal Transit Administration (FTA) is testing and deploying alternative fuel and hybrid transit buses through its Clean Fuel Grant Program, and Research and Innovative Technology Administration (RITA) is pursuing research on a range of new fuel approaches through our University Transportation Centers. DOT has also been adding alternative fuel vehicles to the fleet of vehicles we use to conduct business. Within DOT's own facilities and vehicle operations, we are putting sustainable concepts into practice. For example, we are in the process of making greenhouse gas reduction commitments, adding new alternative technologies and fuels to our fleet, pursuing renewable energy projects, and new sustainable designs for our facilities.

It is likely that the Department's most important contribution to new fuels is developing safety codes and standards for new vehicles and new fuel transportation systems. An effective safety regime is critical to public acceptance of new transportation technologies and systems. In cooperation with the DOE and other agencies, our operating Administrations are researching how Federal Motor Vehicle Safety Standards might better accommodate hydrogen and electric vehicles. We are also examining the safety and operating issues raised by ethanol and hydrogen pipelines.

Transforming Infrastructure. Our main focus at the DOT lies in transforming our transportation infrastructure. Transportation infrastructure development inevitably has a substantial Government role. DOT's biggest job over the past year has been undertaking our responsibilities under the American Recovery and Reinvestment Act (Recovery Act), including deploying \$26.6 billion made available to the States for highway projects, \$1.3 billion for aviation-related improvements, and \$98 million for small shipyards. I would like to highlight several particularly transformative infrastructure investments: some funded under the Recovery Act, some using existing funding:

- **High-Speed Rail.** On 28 January, the President announced \$8 billion in grants to States across the country to develop America's first nationwide program of high-speed intercity passenger rail service. Funded by the Recovery Act, these dollars represent an historic investment in the country's transportation infrastructure, which will help create jobs and transform travel in America. In addition to high speed rail, the Federal Railroad Administration was allocated \$1.3 billion for capital grants to Amtrak.
- **Transit Grants.** The FTA has used Recovery Act funding to award \$8.6 billion in grants for more than 965 transit projects across the country. Included within this amount was funding for \$100 million for the competitive Transit Investments in Greenhouse Gas and

Energy Reduction (TIGGER) program, awarded on October 14, 2009 to 43 projects. So far, Recovery Act funds have supported the purchase of nearly 11,000 buses, vans, and rail vehicles, the construction or renovation of more than 850 transit facilities, and the performance of more than \$620 million in preventive maintenance, which has helped to save transit service and jobs, and enhance service reliability.

- **Transportation Investment Generating Economic Recovery (TIGER) grants.** On February 17, Secretary LaHood announced \$1.5 billion in Recovery Act grants for 51 transportation projects including improvements to roads, bridges, rail, ports, transit and intermodal facilities. TIGER grants include activities that are difficult to fund under existing transportation programs, such as multi-state and multi-modal projects, and alleviating some key freight rail bottlenecks.
- **Livable Communities.** DOT is partnering with the Department of Housing and Urban Development (HUD) and EPA in an interagency task force to enhance integrated regional housing, transportation, and land use planning and investment; redefine affordability to reflect rising transportation costs; develop livability measures; harmonize HUD and DOT programs, and to undertake joint research, data collection and outreach. As part of this initiative, HUD will be funding Sustainable Communities Planning Grants for communities to improve regional planning efforts that integrate housing and transportation decisions. EPA has created a new Office of Sustainable Communities that will, among other activities, help States use Clean Water Funding to support efforts to make their communities more sustainable.

DOT has proposed to create a counterpart office within the Office of the Secretary. Our Office of Livable Communities will lead DOT's efforts throughout the Department and with HUD and EPA. We propose, within our FY2011 budget request, that the Office would coordinate the distribution of \$200 million for capacity enhancement at state and local transportation agencies. Through this support, state and local agencies could be better equipped with the tools, data and training needed to understand how transportation, housing, economic development and other infrastructure investments impact one another.

Planning and capacity enhancement grants to State and Local governments may, at first glance, appear to involve small sums of money, but they leverage far larger sums of private and public transportation and real estate investment over periods of many years. Because transit-oriented development requires private investment spurred by the cooperation of multiple Governmental bodies, we cannot depend on markets alone to create these communities. Sustainable development that is transit-oriented and friendly to pedestrians and bicyclists will help foster economically competitive, healthy, opportunity-rich communities, while reducing petroleum consumption, increasing energy security, and reducing emissions of greenhouse gases and other pollutants.

- **Managing Demand Peaks.** Transportation demand fluctuates by time of day and by season, as anyone who has driven a morning commute can testify. Network congestion adds hidden and not-so-hidden costs for both travelers, infrastructure providers, and the environment. Costs include wasted time, additional greenhouse gas and urban air

pollutant emissions, excess fuel consumption, excess infrastructure costs. The brute force approach to congestion is simply to add capacity: put in another lane. Sometimes, that is what is necessary. Often, though, we can be smarter. At DOT, we are working with State and Local Governments to create better choices for travelers, including bicycle and pedestrian options, transit innovations such as dedicated-lane bus rapid transit. We can apply advanced technology to vehicles and roadways. We can use market forces where appropriate. And, we encourage employers and employees to participate in livability-enhancing initiatives such as telecommuting, ride-sharing, and flexi-place.

- **NextGen.** Equally transformational is the FAA's Next Generation Air Transportation System (NextGen). NextGen is a comprehensive multi-year overhaul of the national airspace system to improve performance, enhance safety, and reduce aviation fuel use and greenhouse gas emissions via improved routing and reduced congestion and delay.
- **Marine Highway.** DOT is investing \$59 million in the new America's Marine Highway Program this spring. This program will seek, wherever possible, to move freight on the Marine Highway – to save fuel, reduce green house gases, and build system capacity. A comparison of long haul freight movement concluded that inland towing can move a ton of freight more than three and a half times further than trucking on the same gallon of fuel.

These are just a few of the many transportation infrastructure-related activities the Administration is pursuing. In the long run, transformational initiatives such as those I have described here today will have a powerful long run effect on our society by creating more attractive, economically competitive communities, increasing the overall performance of the U.S. economy, improving the functioning of the transportation system, and fostering the industries of the future while steadily reducing transportation's energy and environmental impacts.

Thank you and I look forward to answering your questions.

