STATEMENT OF
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BEFORE THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
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Chairman Oberstar, Ranking Member Mica, and Members of the Committee, I am grateful for the opportunity to come before you today to testify on Climate Change and Energy Independence. These are topics of great importance to the President and to the American people. I would like to discuss the President's agenda briefly, and then turn to a discussion of how our Department and this Committee can work together to help achieve these objectives.

In 2002, the President said "addressing global climate change will require a sustained effort over many generations." We are making that effort today, and the President's climate change strategy has three key elements:

- Collect the facts we need to make informed decisions;
- Invest in long-term technologies; and
- Take practical, cost-effective, near-term steps to reduce petroleum use and carbon dioxide emissions without damaging the U.S. economy.

In order to meet these goals, the President has requested, and Congress appropriated, some $35 billion in funding since 2001 for climate-related science, technology, observations, international assistance, and incentive programs.

Addressing the need for long-term technology investment, the President launched the Hydrogen Fuel Initiative and, subsequently, the Advanced Energy Initiative. The President's FY 2008 budget includes a request for $2.7 billion for the Advanced Energy Initiative, a 26 percent increase over the FY 2007 budget. The Advanced Energy Initiative includes funding for hydrogen research, and key nearer term enabling technologies that will help us solve our energy

and environmental dilemmas. Specific research and development (R&D) targets include: Better batteries to make plug-in hybrids a reality, and cellulosic ethanol production that offers the promise of a renewable, home-grown transportation fuel.

In this year's State of the Union Address, the President addressed two Department of Transportation-led initiatives that can significantly reduce our Nation's dependence on foreign oil and help to curb greenhouse gas emissions. In his remarks, the President urged reform of the Corporate Average Fuel Economy (CAFE) program for passenger cars and directed the Department **"**to work with States and cities to explore ways to reduce traffic congestion, help save fuel, and reduce commute times."

I urge you to support these initiatives.

The Administration has a long-standing commitment to strengthening CAFE. In 2002, Congress granted Secretary Mineta's request to remove appropriations riders that blocked rulemakings for many years. Subsequently, the National Highway Traffic Safety Administration issued rulemakings raising fuel economy standards for light trucks in 2003 and 2006, saving 14 billion gallons of gasoline. That savings means that there will be 107 million fewer metric tons of carbon dioxide emitted by those vehicles.

The 2006 light truck rulemaking introduced an innovative new size-based approach to setting CAFE standards that more equitably distributes compliance responsibilities among the full-line and other vehicle manufacturers. For the first time, virtually all manufacturers will be required to install more fuel saving technologies. This will produce greater fuel savings, and at a reduced cost. Further, the size-based approach will improve safety by reducing the incentive that existed under the old CAFE standards to downsize vehicles.

We have requested the legal authority to pursue similar reforms for passenger cars. Increasing CAFE standards for passenger cars in the absence of reform would increase costs, while reducing fuel savings, environmental benefits, and safety. I ask Congress to support CAFE

reform for passenger cars, and want to work with you in fashioning legislation that will ensure that future fuel economy standards will be based on sound science and economics.

The Department has also embarked on an environmentally-friendly congestion initiative, designed to curb fuel consumption while combating the gridlock plaguing our cities today. I would like to explore with you how this Committee and the Department of Transportation can work together on shaping transportation infrastructure to enhance energy security and reduce greenhouse gas emissions. The key contributions that we can make to reducing petroleum consumption and greenhouse gas emissions are:

- Optimizing the use and fixing the bottlenecks in our transportation systems;
- Helping shape our transportation infrastructure to accommodate new fuels and new technologies as they are introduced; and
- Establishing sustainable funding for transportation infrastructure based on pricing scarcity.

We need to find ways to increase the efficiency of our existing road system and direct limited investment capital to where it is most needed. This is the fundamental rationale for the Congestion Initiative and Next Generation Finance Reform Initiative. Both endeavors can be powerful tools for reducing petroleum consumption and greenhouse gas emissions as well as saving time and money for travelers.

While the Congestion Initiative involves a number of different elements, today I would like to particularly focus on those elements most relevant to saving fuel, and therefore reducing greenhouse gas emissions. The first element I would like to discuss is the **Urban Partnership Agreement (UPA)**. In December, with the help of this Committee, the Department issued a request for proposals from metropolitan areas that wished to become "Urban Partners" with the Department. As an Urban Partner, a metropolitan area will commit to implementing a comprehensive policy response to urban congestion, including a congestion pricing demonstration, enhanced transit services, increased use of telecommuting, and advanced technology deployments. In exchange for this commitment, the Department will support its

Partners with available financial resources (using current approved budget authority), regulatory flexibility, and Departmental expertise. We have received some thirty UPA applications, which we are in the process of reviewing. We plan to "short-list" a set of preliminary urban partners in early June, then announce our final partners by early August.

The Department has requested an additional $175 million in the President's FY 2008 budget to extend and expand this program.

The heart of the UPA is congestion pricing. When applied appropriately, pricing can reduce congestion and save drivers substantial amounts of time and fuel. Pricing can incentivize mass transit use and enable the provision of high-speed, reliable bus rapid transit service. It can improve in-service fuel economy and reduce criteria pollutant and greenhouse gas emissions from individual vehicles by cutting out stop-and-go movement and allowing vehicles to operate at closer-to-optimal speeds. By charging drivers a price closer to the costs that they impose on the system, pricing can have beneficial land use impacts – reducing distortions in housing markets.

Congestion pricing has been in the news lately – most recently with the proposal by New York Mayor Michael Bloomberg to consider implementing a "cordon pricing" program in which drivers would pay a fee to enter downtown Manhattan during the workday. Notably, he called for pricing not simply as a stand-alone effort, but rather as part of a broader sustainability plan to create "the first environmentally sustainable 21st century city," saying,

> "We can't talk about reducing air pollution without talking about congestion … the question is not whether we want to pay but how do we want to pay. With an increased asthma rate? With more greenhouse gases? Wasted time? Lost business? And higher prices? Or, do we charge a modest fee to encourage more people to take mass transit?"

Mayor Bloomberg's proposal is the kind of bold thinking leaders across the country need to embrace if we hope to win the battle against traffic congestion and climate change. I am not necessarily suggesting that cordon pricing will work for all U.S. cities – though it may for some.

I commend Mayor Bloomberg, however, for recognizing that tackling traffic congestion is not just good transportation policy – it is also good environmental policy.

We are also working to reduce aviation congestion. The Federal Aviation Administration has saved millions of gallons of jet fuel and over 6 million tons of carbon dioxide emissions over the past two years by implementing Reduced Vertical Separation Minimums (RVSM), permitting aircraft flying in U.S. air space to operate at more efficient altitudes. FAA has achieved further improvements in system performance through the related reforms of Area Navigation (RNAV) and Required Navigation Procedures (RNP) – both of which allow for the more efficient routing for commercial air traffic and more reliable service during marginal weather conditions, particularly at congested airports such as Atlanta Hartsfield. If we want to reduce jet fuel consumption and aircraft emissions without discouraging air travel, we must transform our aviation system. continue to optimize our air traffic control system. We need a reauthorization bill passed by the Congress that provides for the next generation air transportation system—NextGen for short.

At the core of NextGen are infrastructure and operational capabilities to optimize air traffic management—which, in turn, reduce congestion and delays in the system, save travel time for the public, and improve energy conservation and emissions. NextGen includes the development of environmentally-beneficial engine and airframe technologies. Historically, the bulk of environmental improvements in aviation have come from new technologies, and NextGen is essential to continuing that progress.

Several elements of the Congestion Initiative deal with freight traffic, including the Department's **Corridors for the Future** and **Southern California freight congestion** efforts. Programs that permit freight to travel via the most cost-effective mode will generally produce emissions and fuel savings benefits. In addition, significant increases in the use of ethanol or other alternative fuels will inevitably have impacts on our freight infrastructure. We need to understand these impacts better, ensure that the freight infrastructure needed to support new fuels works effectively, find ways of applying new technologies, and incorporate this knowledge into the implementation of our freight-related congestion mitigation efforts.

In addition, advanced vehicles, including plug-in electric hybrids, dedicated ethanol vehicles, and hydrogen vehicles may require specialized infrastructure in order to be successful. We need to explore ways of integrating specialized infrastructure into our current systems.

In addition to these two major fuel savings programs, the Department has multiple ongoing programs that address climate change and energy security concerns. Let me list several of them now.

As part of the Administration's Climate Change Science Program, we are undertaking a special study of the impacts of climate change on transportation infrastructure in the Gulf Coast. The Department invests billions of dollars every year in long-lived vital infrastructure, and we need to understand how the changing climate will affect this infrastructure, and how we need to adapt.

DOT has a Center for Climate Change made up of representatives from each of the modal administrations. Through strategic research, policy analysis, partnerships and outreach, the Center creates comprehensive and multi-modal approaches to reduce transportation-related greenhouse gases and to mitigate the effects of global climate change on the transportation network.

Through the Federal Highway Administration's Congestion Mitigation and Air Quality Improvement (CMAQ) and innovative finance programs, DOT is working with States and local governments on a range of programs to improve urban air quality within the transportation sector. One of our most interesting and successful programs has been undertaken in conjunction with the Environmental Protection Agency's SmartWay Program: a program of grants and innovative loan programs to retrofit trucks and truck stops with on-board and off-board auxiliary power to run vehicle lights and air conditioning and reduce truck idling. This program has been successful in reducing fuel consumption, criteria pollutant emissions, and greenhouse gas emissions. This initiative has expanded to include idling emissions from marine, agricultural, rail, and off-road heavy-duty engines.

The Federal Transit Administration funds the development and deployment of alternative fuel buses, including hydrogen fuel cell buses, and diesel-electric hybrid buses, as well as alternative fuels infrastructure for transit systems across the United States.

Through the Federal Aviation Administration, we have two important programs:

- The Voluntary Aviation Low Emissions (VALE) program assists in the deployment of low emissions ground vehicles and aviation support equipment at airports in air quality nonattainment areas.
- Last year, the FAA launched the Commercial Aviation Alternative Fuel Initiative (CAAFI) in coordination with the Departments of Defense and Energy, and with U.S. airlines, airports, and manufacturers. This initiative is focused on the near-term development and deployment of "drop-in" alternative aviation fuels; that is fuels that can directly supplement or replace petroleum-derived jet fuels. It is also exploring the long-term potential of other fuel options.

Through the National Highway Traffic Safety Administration, the Research and Innovative Technology Administration, and the Pipeline and Hazardous Materials Safety Administration, we have modest programs to undertake safety research required for the development of safety standards for future hydrogen vehicles and infrastructure.

The Maritime Administration is focused on new technologies to reduce the harmful emissions from marine diesel engines through research on alternative fuels like biodiesel and reduced ship stack emissions.

I commend the Committee for holding today's hearing. We all share the enormous responsibility of ensuring that future generations can experience the freedom of an efficient and vital American transportation system. I look forward to answering your questions.