

Remarks for the Senate Floor

Senator Lisa A. Murkowski

Global Energy Security and the Benefits of the American Energy Revolution

March 11, 2014

Mr. President, with the unfortunate events of Ukraine in the headlines and the Ukrainian people close to our hearts, I rise to address once again a topic that has significance not only for that European crisis and for our own well-being, but also bears directly upon the longer-term subject of climate change, which my Democratic colleagues are determined to discuss all night. I am referring of course to the American energy renaissance and its broader benefits.

Today American technology and know-how are delivering energy abundance, keeping energy affordable, enabling energy to be cleaner than the next most likely alternative, permitting us to rely on ever more diverse energy sources and, finally, improving energy security for people in our country and around the world.

America's overall production of nearly every type of energy is rising. The efficiency of just about everything, from our vehicles to our buildings, is increasing. In comparing our supply with our demand, we are rapidly approaching a "self-sufficiency rate" of 90 percent. The American energy revolution has generated a variety of welcome benefits. It has created jobs and generated revenues. It has helped reduce both energy prices and price volatility. As our nation imports less, there is more energy available for others. That, in turn, is creating the kind of supply conditions in the world oil market that allows all of us to deal with bad actors from a position of relative strength.

A recent essay in *Foreign Affairs* argued that energy has been viewed as a “strategic liability” in the United States since the 1970s. Now energy is becoming a strategic asset, one that can “boost the U.S. economy and grant Washington newfound leverage around the world.”

It’s hard to disagree. What we will do with this strategic asset, and how we will use this newfound position? As a survey of immediate prudent responses to Russia’s disregard for Ukrainian sovereignty shows, energy is among **the major** strategic assets we possess. We would be irresponsible not to use it -- as much as possible in these difficult days -- but over the longer term also.

Our first challenge is to keep the American resurgence going. And there are two specific areas where we must make decisions – whether to grant access to new lands and new markets – that will go a long way in determining whether we do.

As I noted, America’s total energy production has increased dramatically in recent years. But within those numbers is a serious dichotomy. Nearly the entire oil and gas production resurgence in the U.S. has occurred on state and private lands, not the millions of acres managed by the federal government. Despite the rhetoric of “all of the above” and no small amount of credit-taking by the Administration, combined hydrocarbon fuel production on federal lands actually fell from 2008 to 2012.

That’s a disappointing trend that must be reversed. Consider, for example, the opportunity we are missing in Alaska. Thirty years ago, in March 1984, Alaskan crude oil production stood at 1.6 million barrels per day. The Trans-Alaska

Pipeline System – a true modern marvel – had been completed just a few years earlier. There were debates over opening new areas to production, and even allowing exports of crude oil from the state.

But the federal government didn't act; it didn't seize Alaska's best and most obvious opportunities. Production peaked at 2.1 million barrels per day in March 1988, and has been in general decline ever since. Alaska's production has dipped below the half-million barrels-per-day marker several times since 2012 – a fall of nearly 75 percent from its high.

The difference is not only geography, but also policy. Federal policy is not working. And state policies, combined with private sector inventiveness, powerful as they are, cannot overcome federal barriers. Only 4 percent of North Dakota is federal land, and just 2 percent of Texas. In Alaska, 62 percent of our lands are federal – and most of our untapped resources are located there.

Alaska's falling production is a missed opportunity: to create jobs, to generate revenues, to stabilize world energy prices, to diversify world energy supplies. And it is not the only place in America where potential growth is going unrealized. We are passing up tremendous opportunities off the Atlantic Coast, in the Eastern Gulf of Mexico, and in the Rocky Mountain West. We also have increasingly burdensome regulations that slow the pace of development on the federal lands that are open.

All of this highlights the need to reexamine our federal energy policies and reorient them for a new century. And that leads us to the subject of exports.

In January, I laid out the case for why we need to renovate the architecture of the U.S. energy trade. We have substantial opportunities for exports of coal, petroleum products, natural gas, natural gas liquids, renewable technology, nuclear technology, and even crude oil.

I have called for lifting the de facto prohibition on crude oil exports as a preemptive measure. We need to lift it to prevent future losses of production and jobs when our trade restrictions inevitably collide with the surge in light tight oil and condensate production. The conversation I hoped to help frame with my white paper – *A Signal to the World* – is well underway. My point is that we must increase the value of energy as an American strategic asset for global security and price stability.

Now let me say a few words about climate change. Many groups have formed to “go on the offensive” and “wake Congress up” to the issue of climate. They want to force the nation to talk about the subject, no matter whether the issue of the day is naked aggression and a dire threat to the rule of law. Unfortunately they also seem to want to blame Republican members and, somehow, also to adopt policies that this body has rejected year after year. The name calling has escalated, never a good development – not on a playground and certainly not on the floor of the Senate. Ironically, in 2009 and into 2010, the Democratic majority held a 60 vote filibuster-proof majority here in the Senate, was in the majority over in the House of Representatives and shared control of the White House for almost a year. Yet, rather than enact the bill on the Senate calendar during those many months, Democrats chose not to put it to a vote. That bill would have would have imposed a major new regulatory authorities in the name of reducing greenhouse gas

emissions. Maybe, given hindsight, they deserve praise for their forbearance. Today, however, they are not proposing measures that are much different.

So much of the climate change conversation is defined by old climate ideas that have been continually rejected. It seems that if you are not supportive of yet another regulatory edifice, either through cap and trade, a carbon tax, or letting the EPA expand its authority without any check by the people's representatives in Congress, then you are against the environment. Of course those of us who want greater balance and know that it can be achieved also know that this is not a fair statement or comparison.

Finding agreement on environmental policy is difficult, but not impossible. We must put aside partisan attacks and change the climate change conversation. I believe climate change should be and is being addressed.

Part of my opposition to the ideas I have heard from my colleagues who apparently plan to talk all night is based on what those policies would mean for the affordability of our energy. Here I mean not just for Americans who are energy insecure, including residents in remote parts of Alaska who already face exorbitant energy costs, but also the 1.3 billion people across the globe with no reliable access to electricity. Worldwide, families are struggling to attain the basic necessities of life. Although many portray climate change as our most pressing moral issue, I believe it is one of many. Energy poverty and insecurity are others – ones we cannot simply ignore, and certainly should not make worse.

Another part of my opposition to cap-and-trade or a carbon tax is based on what we have seen in Europe, as compared to what has happened here in the United

States. Without climate legislation – but with the advent of shale gas production – our greenhouse gas emissions are now 11 percent below our rate of emissions in 2005. Our friends across the Atlantic actually did pass cap-and-trade several years back, but that has not exactly yielded the expected results.

In the face of weak growth, high unemployment, and high debt, some European nations are now dialing back the extremely expensive subsidies they have offered. At the same time, many of our NATO allies are clamoring for the cheap and abundant natural gas we are now producing on state and federal lands and they are importing our abundant and affordable coal. The unfolding situation in Ukraine also highlights the compelling importance of energy security – something that neither a carbon tax, cap-and-trade, or any climate bill we have seen in the Senate has properly accounted for.

Then there's President Obama's approach. Earlier this year, he threatened to use his executive authority to regulate greenhouse gases if Congress failed to act. It's quite a choice he gave us: either pass legislation that we don't like, or he'll enact regulations that we don't like – to be carried out under the Clean Air Act, just not according to it. It's hard to believe the President's offer was serious.

What we *can* say is that his threat – and the rulemakings that will follow – is contrary to what our forefathers envisioned. Executive authority foregoes the benefits and protections of the legislative process, and curbs the debate needed to ensure fair and balanced policies.

To effectively combat climate change, we must first safeguard our economy. Prosperity is key to the resources we will need to make progress. The nation must pursue all forms of energy, and stress energy independence. We cannot

exclusively count on renewables to achieve a “low-carbon” environment. Emission-free nuclear energy must be a part of the solution. Technology will also play a role in reaching the goals we set for our country. Finally, as we discuss approaches to this issue, we must do so with humility, keenly aware that unintended consequences could be worse than no action at all. Climate change is a global issue that requires global acknowledgement of the issue and global action.

Through it all, we must be deeply concerned about impacts of our actions on the individual family.

I have listened to my constituents in the rural areas of my state. If you are living in a remote area of Alaska, where supplies are brought to you by air or sometimes by barge, you have a different perspective on life. Although you can look around and see the impacts of climate change, your first priority is being able to live. The cost of basic heat during the winter is one of the largest expenses families endure. If the cost of heating fuel rises from \$4.00 a gallon to \$10 a gallon, there will be families that will not be able to survive.

So talk all night, if one must. (Although I must say under cover of night is a strange way to proceed when one controls the calendar.) But let’s also *act* to keep the American energy revolution going so that we can address today’s geopolitical threats, and enable the energy security and economic well-being that will make progress on climate possible.