Testimony
Senator John Warner
Senate Energy and Natural Resources Committee
Subcommittee on Energy and Power
Field Hearing at Norfolk Naval Base

March 12, 2012

I am honored to be here in my home state at a base I know so well from the days I had the honor to serve the considerable number of military installations and private sector industrial infrastructure throughout Virginia, first as Secretary of the Navy and then, for 30 years a member of the Senate Armed Services Committee.

Senator Shaheen, you were a well-informed host as we toured Portsmouth Naval Shipyard together last summer studying their energy plans, and I am pleased that you wisely selected a naval vessel as the site of this important Senate hearing. The Navy is making critical advancements in the area

of energy innovation. We are very honored to have Secretary of Navy Mabus, a very committed leader, testify today.

When I completed my 5th Senate term, I was desirous of continuing my service with the men and women of the Armed Forces. As such, I have been proud to work with the Pew Charitable Trusts. Together as we launched the Pew Project on National Security, Energy and Climate, a project to highlight the critical link between national security and energy security.

Whether in my role as Secretary of the Navy or on the Armed Services Committee, I have seen first-hand the ingenuity and commitment of our uniformed men and women, and their civilian counterparts working with them, to meet America's toughest challenges. The armed services' approach to energy innovation is clearly at the forefront of initiatives across America.

The American public needs to learn more about the great advancements being made in energy by the Department of Defense. Pew is proud to highlight their work to the American public.

One of the Pew Project's initial endeavors we worked on together was to assemble the four branches of the military, active and retired, with expertise in energy for an event we hosted in September 2009. This event spurred the first Pew report on DoD, *Reenergizing America's Defense*, published in April 2010. More recently, as a follow up, in September 2011 Pew issued a second report, *From Barracks to the Battlefield, Clean Energy Innovation and America's Armed Forces*. These reports were widely disseminated.

In preparation for our second report, the Pew Project team and I visited several military installations that are very active in adopting clean energy technologies, improving energy efficiency, saving taxpayer dollars and lessening risks to our troops. All in all, we have logged more than 30,000 miles, visiting more than 20 states

As the Chairwoman knows, at the historic Portsmouth Naval Shipyard, uniformed and civilian personnel are working to increase the base's energy security by building LEED certified buildings, using cogeneration technology, and using solar power as backup for communications systems. At Fort Bragg, we toured the actual implementation of the initiatives that are part of an Army-wide "Net Zero" goal to reduce energy consumption, increase energy efficiency, and increase the use of renewable and alternative energy sources. Various initiatives across the four branches of the military are resulting

in financial savings and serve as a model for other military bases – and in some instances, adjacent civilian communities.

I also had the greatest pleasure in visiting Quantico, where I had served many years ago. I saw first-hand some of the technologies they have innovated in order to make the Marines more energy efficient in forward deployed missions.

Our nation is heavily dependent on imported foreign oil. The consequences of that dependence are experienced not only here at home, but by the brave men and women in uniform serving on their bases and stations and particularly those serving on foreign deployments.

Under the strong leadership of former secretary of defense Robert Gates, and now Secretary Leon Panetta and the three Service Secretaries, the Department of Defense is

exercising effective internal policies and practices, especially setting aggressive energy-efficiency goals to lessen our dependence and to enhance our nation's energy security.

The bottom line is that the four branches of the military need our nation's full support to continue to innovate. American's military preparation, for the present and the future, is predicated on innovation.

Since we are here to talk specifically about the Navy though, I would like to note that the Navy is on the leading edge across all initiatives, especially when it comes to the development and use of biofuels. Navy scientists and engineers have developed great expertise in assessing both the advantages – and even the limitations – of biofuels. Their research and development has proven the concepts of "drop in fuels" in aircraft and ships.

There are two policy issues that I would like to address that pertain to biofuels.

The first is the policy referred to as "Section 526" a provision in the Energy Independence and Security Act of 2007.

Under Section 526, the Department of Defense and other federal agencies are not permitted to purchase fuels that are less efficient than conventional petroleum fuels.

DoD is the largest U.S. consumer of energy, and Section 526 has been an important catalyst in its efforts to reduce our reliance on foreign oil and find alternatives such as advanced biofuels to increase energy independence and security.

Last year, there were numerous attempts in both the appropriations and authorization process to repeal Section

526. DoD rightfully opposed revisions to 526. Let the current law remain intact; it's working as Congress intended.

Another issue of critical importance to the continued advancement of biofuels is allowing a Memorandum of Understanding between the Navy, the Department of Energy and the U.S. Department of Agriculture to go forward. Under this MOU, DoE and USDA can co-invest with industry in the construction or retrofit of multiple commercial facilities in order to promote the private sector production of bio-based jet fuel at a viable commercial level. Such a partnership on biofuels between these agencies allows the strengths of each to be realized in a more efficient and effective manner and sends a strong market signal to future private investors that biofuels will play a pivotal role in our nation's energy security through the 21st Century.

The importance of advanced biofuels to the Navy cannot be underestimated. Some facts that I would like to share:

- Since October 2009, oil prices have risen on average from $76 to $89 per barrel, but over that time have fluctuated between $74 and $110 per barrel, in part due to political unrest in unstable regions. As I have been told by the Department of Defense, this variability creates $1.1 B budgeting uncertainty for the Navy, representing 7% of net FY10 DLA Energy fuel sales.[1]

- Based on Department of Energy projections, this volatility will be an ongoing problem. In any budget climate, this level of uncertainty creates instability with the operating and training budgets.

[1] $1.1B / $15.361 B. $15.361 B taken from DLA Energy FY10 Fact Book, page 24. Internet WWW at URL: http://www.desc.dla.mil/dcm/files/Fact%20Book%20FY10%20Final%20Web.pdf. Accessed 7 October 2011.

- In addition to lessening volatility concerns, alternative fuels can provide a long-term cost advantage. A recent analysis shows that the DoD and commercial airline industry combined could potentially avoid approximately $39 billion to $165 billion in total fuel costs by 2030 if commercial scale alternate fuel production becomes available at market prices competitive with other fuels.

Madame Chairman, I applaud the Naval personnel in Tidewater for making advances in energy innovation and for appearing here today to share their findings, their priorities and their policy needs in order to continue down the path they are on. I yield now to your questions and look forward to hearing the perspectives of the next panel of witnesses.

Thank you.