

Inside Energy

August 4, 2008

Congress recesses without acting on fuel prices

Congress left Washington for its annual August recess last week having accomplished little on what Democrats and Republicans agreed was the country's most pressing issue: the high cost of oil and gasoline.

Lawmakers spent much of July fighting over whether to lift a congressional ban on drilling on the Outer Continental Shelf, but left town Friday with little to show for it.

The battle, fueled by anxiety over the upcoming November election, devolved into a stalemate that prevented Congress from passing any energy-related legislation in the weeks leading up to the August break.

Still, as lawmakers prepared to return to their constituents largely empty-handed on addressing high pump prices, there were some indications that a late-

breaking compromise plan might end the gridlock.

The plan, unveiled Friday by a bipartisan group of 10 senators, seeks to transform the country's energy system and bring down record oil and gasoline prices. The so-called "Gang of 10" senators, who hail mostly from the South and the Midwest, said the plan would make the US energy independent within a few decades.

The senators' plan would shift the US transportation fleet from gasoline to alternative fuels, and boost the use of conservation, energy efficiency, nuclear power and renewable energy. The proposal also addresses the controversial issue of offshore drilling by allowing it in specified areas in the eastern Gulf of Mexico and off the coastal states of Virginia, North

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DOE helps China design 'green' Olympic village

When Beijing was invited to host the 29th Summer Olympic Games seven years ago, Chinese officials promised that the high-profile, international event would not be shrouded in a gray cloud of pollution from coal-fired power plants, factories and motor vehicles.

Beijing has taken extraordinary steps to improve its air quality for the games, temporarily shuttering scores of pollution-belching power plants and banning people from driving on certain days.

Those efforts may not be evident when the games begin on Friday, as Beijing's skies have remained smog-filled and gray in recent weeks. But the Energy Department hopes that the athletes and the international television audience will see some "green" amidst Beijing's leaden skies, in the form of the clean-energy Olympic Village that DOE helped the Chinese to design.

The village, which consists of 42 high-rise buildings, will house some 17,000 athletes from around the world. DOE did not provide any funding for the 37,000-square-foot complex, but the department did help the Chinese with the clean-energy design of the buildings. The village features high-efficiency lighting, solar water heating technology and geothermal heat pumps, among other things.

Robert Gee, president of Gee Strategies Group and a former DOE official during the Clinton administration, said China's decision to go green for the Olympics "was self-serving." The Chinese recognized that "the world saw them as a problem and would be perched on their doorstep" if the country did not make any changes, Gee said.

"It's in the US's interest to find a way for China to have a sustainable economy that is harmonized with the global econo-

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my," Gee said. "How they consume energy and the environmental impact" affects the world, he said.

In 1998, China began working with DOE's Lawrence Berkeley National Laboratory in California to develop energy-efficient office buildings that use some of the same technologies that were used in the Olympic village. Joe Huang, a scientist at the DOE lab, was the principal technical adviser for the schematic design. Using computer simulations, he identified 20 energy-efficiency measures that were incorporated into the design of the Olympic Village. The so-called Agenda 21 project was completed in 2004.

John Frisbie, president of the US-China Business Council, said the Beijing Olympics should offer a springboard for more US companies to bring their energy technology to the Chinese market.

Five members of President Bush's Cabinet traveled to Beijing in December 2006 for the inaugural meeting of the U.S.-China Strategic Economic Dialogue, where the two countries discussed energy markets and environmental cooperation.

Treasury Secretary Henry Paulson led the delegation, which met with China's top three leaders and others. Commerce Secretary Carlos Gutierrez, Labor Secretary Elaine Chao, Health and Human Services Secretary Mike Leavitt, Energy Secretary Samuel Bodman, US Trade Representative Susan Schwab and Environmental Protection Agency chief Stephen Johnson were part of the US delegation (*IE*, 11 December, 13).

The two countries meet twice a year. In December 2007, one of the central discussions was on energy and the environment, Frisbie said. The groups agreed then on a ten-year plan for cooperation, he said.

"China recognizes on its own they have major environmental issues," Frisbie said. "They know they have a pollution issue that has implications for public health, which also has an economic impact too."

"We clearly have some product and technology leaders in this area," Frisbie said of the US.

Already US company Westinghouse has built three liquefied natural gas facilities on China's coast, and more are expected. Pennsylvania-based Westinghouse also plans to build three new nuclear energy plants in China. General Electric is interested in building wind and hydroelectric facilities in China, he added.

Dow Chemical is helping the country make it coal-to-chemicals process environmentally friendly to make its coal plants cleaner.

Enriching US companies that bring their technology to China obviously boosts the US economy, but as one of the world's largest producer of solar panels, China could sell its panels to the US, Frisbie said.

But Chinese tariffs and other barriers are keeping the US and other countries from helping the country to develop a clean-energy infrastructure, Frisbie added.

"There are still some barriers to using technology, higher tariffs on imported technologies," Frisbie said.

For example, China limits the amount of renewable resources that can connect to the electric grid, Frisbie noted.

A report co-authored by Gee argues that China's energy consumption had been efficient prior to 1991, when it was measured against the growth of the country's gross domestic product. Since then, China's energy use has become increasingly inefficient, the report found.

The report said China's central government has tried to implement reforms, including increasing energy efficiency and encouraging development of renewable and environmentally sustainable forms of power generation.

"As it grapples with this Herculean task of reconfiguring its resource mix ... serious obstacles stand in the way of all of these reforms, including the absence of strong institutional leadership, transparency in decision making, and rule of law observance that would serve to encourage participants to abide by the government's policies," the report said. — *Dipka Bhambhani*

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