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News Media Contact(s):

Bethany Shively, (202) 586-4940

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American Chamber of Commerce of Portugal

Remarks as Prepared for Secretary Bodman

Thank you, Ambassador Stephenson. This lunch is coming at the tail-end of my visit to this beautiful country. And, on a personal level, my wife Diane and I want to thank you and Barbara for hosting our visit and for your fine work on behalf of the American people...I couldn't be more proud that you and Barbara are here in Portugal so ably representing the United States. And I'm sure you all agree.

I also want to thank Jose Jaquin Oliveira, the President of AmCham, and John Johnson, President of the American Club, our hosts today.

I appreciate the Chamber organizing this gathering. Having spent most of my career in the private sector, it's always rewarding to be among colleagues from the business community ...and I make it a point to meet with representatives of American companies during my trips abroad. So I thank each of you for being here.

And I'd of course like to thank Economy Minister Pinho for his hospitality and leadership. During my time here, I've had the chance to meet with Minister Pinho and other government leaders, as well as representatives of Portuguese energy companies and university officials. And, yesterday morning I had the opportunity to tour the Photovoltaic Solar Facility in Moura.

Based on all these experiences, it is quite clear to me that the United States and Portugal share a strong commitment to enhancing the world's energy security through the aggressive development and rapid deployment of renewable energy and other alternative energy technologies.

We recognize that renewable energy is helping the world bring about a new energy future . . . one that is cleaner, more sustainable, more affordable, more secure and less reliant on carbon-based fossil fuels. While there is certainly no "silver bullet" that will solve the world's energy problems, we know that renewable energy and efficiency technologies are an indispensable component of the solution. And all nations of the world – producing and consuming alike – must be involved in this effort.

Because, the truth is, improving our energy security and addressing global climate change are among the most pressing challenges of our time.

The International Energy Agency estimates that the world's primary energy needs will grow by over 50% by 2030. Meeting this demand will require the investment of billions of dollars annually for decades – around the world and at all stages of the energy cycle.

At the same time, we must develop and commercialize cleaner sources of energy to power our

vehicles, homes and workplaces more efficiently and in an environmentally responsible way.

And of course, that's not even the full picture. In the United States, there is an appropriately high level of attention on the impact of energy prices on our economy, our families and the health of our businesses. And I share that concern, as does President Bush.

But we also recognize that the effects of high – and increasingly volatile – energy prices on smaller, developing economies can be severe. They can restrict development in a way that stifles economic and business growth and inhibits improvements in the health and well-being of so many people around the world. As a matter of principle – and as a matter of policy – we must keep the energy needs of the world's poorest nations in our discussions. We should not leave the priorities of the developing world behind – nor can we afford to.

This is yet another reason why renewable energy is so critical. Because each megawatt of renewable energy brought online not only reduces global dependence on fossil fuels, it reduces the price volatility of those conventional fuels as well. A major global effort to promote renewable energy will support economic growth and allow developing nations to “leap-frog” over some of the dirtiest, but most rudimentary and prevalent, fossil-fuel-based technologies – improving public health and our environment.

The leaders of Portugal certainly understand this global energy reality. As a nation that imports the vast majority of its primary energy supply, Portugal appreciates the critical importance of renewable energy technologies – not just for reasons of energy security, but of environmental health and sustainability as well.

That is why this government has taken such aggressive – and admirable – actions to promote the development and deployment of renewable energy throughout this country...including their announcement in Washington [at WIREC] in March to invest €12 billion over the next four years in projects like hydroelectric dams, wind farms, and solar thermal plants.

I'm proud to say that the United States shares this commitment to harnessing the power of clean, renewable energy. To hasten the day when such technologies play a major role in our energy mix, we are aggressively funding programs – for both basic science and applied R&D – to achieve the type of transformational discoveries we need...the breakthroughs that truly change the nature of our thinking and fundamentally alter how we produce, deliver and use energy.

We are placing a strong emphasis on technologies such as solar, wind, and cellulosic biofuels derived from waste streams rather than edible fuel sources. For example, since the start of 2007 we have invested well over \$1 billion to spur the growth of a robust, sustainable biofuels industry. At the same time, we are exploring ways to use conventional fuel sources more cleanly and efficiently through the advancement of clean coal technologies including carbon capture and storage.

And we're already seeing results in the United States. For example, with regard to wind power:

- Last year, U.S. cumulative wind energy capacity reached 16,818 megawatts – with more than 5,000 megawatts of wind installed in 2007 alone.
- The U.S. has had the fastest growing wind power capacity in the world for the last three years in a row.
- Wind contributed to more than 30% of the new U.S. generation capacity in 2007, making it the second largest source of new power generation – surpassed only by natural gas.

Whether it is wind power or another resource, what we know for certain is that government policies and regulations – at all levels, from communities to the international stage – must actively support renewable energy development and deployment. The U.S. government takes this very seriously, and

we're taking direct actions...not only by aggressively funding new technologies, but also by promoting predictable and durable policies that enable greater private investment.

To that end, the Department of Energy is arranging more than \$38 billion in loan guarantees over the next three years to commercialize any technology that avoids, sequesters or reduces greenhouse gas emissions. The goal here is to support early commercial use of advanced energy technologies by helping projects realize lifecycle profitability.

In my judgment, there is considerable reason for optimism. Having spent many years in the nation's financial sector, I can honestly say that for the first time in history we're seeing the venture capital community put sizeable amounts of money into entrepreneurial companies in the alternative energy business.

One recent industry report showed that the so-called "clean tech" sector (which includes renewable energy and efficiency technologies) experienced record venture capital investment levels of \$2.2 billion in 2007 – up from \$500 million in 2005. That is, by any measure, remarkable growth.

At the same time, we're actively pursuing new approaches to getting beneficial technologies out into the marketplace quickly, including cost-sharing partnerships...as well as establishing innovative programs to bring venture capital-sponsored entrepreneurs into our National Laboratories to help commercialize new technologies.

What we're trying to do is look at this challenge in a new way...to try to incentivize the collaboration that is necessary between government and the private sector. Because we know that the key to unlocking our energy future is ensuring that the innovation cycle continues at a rapid pace across the spectrum – in our government laboratories, at our universities, and especially in the private sector.

And our collective success globally will depend on policy and regulatory environments that not only support – but actively encourage – the type of aggressive investment and sustained collaborations we need.

These collaborations must occur not just within our countries but internationally as well – as they certainly are between American and Portuguese companies. I'm thinking of, for example, the Serpa solar facility, an 11-megawatt, \$75 million plant. This is a joint project between GE, PowerLight Corporation, and Portugal-based Catavento. With 52,000 photovoltaic modules, the plant provides enough power to supply 8,000 homes, preventing the emission of 30,000 tons of greenhouse gases per year (as compared to fossil fuels).

And our investment relationship goes the other way too...with one of the most significant examples being EDP's acquisition of Texas-based Horizon Wind Energy last year, making it the 4th biggest wind energy producer in the world. With wind farms across the United States, Horizon has 559 gross megawatts of operating capacity and another 997 MW under construction and due to be completed by the end of this year.

As a result of the deal, EDP hopes to generate more than half of its electricity from renewable energy by the end of the decade.

And I hope we can encourage even more bilateral collaboration. To that end, I'm pleased to say that Minister Pinho and I just signed an agreement for our two nations to work together to improve the performance – and lower the costs – of wave energy generation, a key renewable energy resource. Among other things, we will participate in exchanges of scientific and technical personnel, evaluations of demonstration projects, and information exchanges in areas like environmental testing data and modeling.

Let me say that we at the Department of Energy really look forward to the results of this exchange. We believe that we can learn a great deal from what is already going on in Portugal in this area.

And, I'm very pleased to announce that representatives of the Portuguese Government will visit the Department of Energy's National Renewable Energy Laboratory to explore other potential areas of cooperation related to renewable energy and energy efficiency.

I'm quite proud that the United States and Portugal are partners – and key players – in a global effort to bring about a new energy reality.

Our two governments know this: together, with the right leadership from governments around the globe...with open investment climates and supportive regulatory frameworks...with significant international collaboration...with the talent of our world's scientists and engineers...and with the sustained capital and innovative power of our commercial sectors – which you all represent – we will solve this problem...we will achieve a cleaner, affordable, and secure energy future for all people of the world.

I thank you for your time today...and I look forward to your questions and comments.

Location: American Chamber of Commerce of Portugal