



COMMONWEALTH OF MASSACHUSETTS

## MASSACHUSETTS SENATE

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**CHAIRMAN:**  
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**COMMITTEES ON:**  
BILLS IN THIRD READING  
POST AUDIT AND OVERSIGHT  
HIGHER EDUCATION  
BONDING, CAPITAL EXPENDITURES & STATE ASSETS

August 19, 2008

Dear Friends:

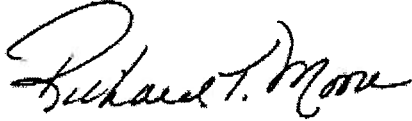
I am grateful for the opportunity to join with you today and discuss what has become a matter of critical importance to every resident in the Commonwealth. The growing cost of fuel, food, and other everyday commodities combined with the limited amount of resources for them, force many residents to make very difficult choices throughout the year. I am hopeful that today's forum will prove to be a productive conversation on not only the steps that have already been taken to address this situation, but also on what else we, as citizens, can do to help.

Undoubtedly, we all understand that the high cost of energy and the current limited alternatives are problems that can only be addressed comprehensively at the national, perhaps even international levels. While Massachusetts does not have the energy resources of other regions of the country or the world, our greatest resource are our citizens and neighbors and their ability to find solutions to serious problems facing society. We are, of course, a Commonwealth, and that means we are committed to working together to help each other in our society.

The Massachusetts Legislature is indeed cognizant of the everyday struggles some of our most vulnerable residents are facing, and we have been very busy in recent years building a system of resources to aid in minimizing the impact of a sluggish economy and diminishing resource. Enclosed in this packet is an example of some of that work from the most recent legislative session. Many of the initiatives included within this packet, especially the biofuels legislation and the GREEN Communities Act, are innovative bills that focus on long-term solutions to immediate, yet growing, concerns. Therefore, relief may not immediately be available for many of the topics addressed during today's forum; however, some measures are in place which will hopefully produce sustainable and meaningful resolutions.

As I noted previously, there is a vast amount of resources available for individuals requiring assistance with home heating costs, help with weatherizing a home, or even just tips on how to conserve energy within your home. In an effort to conserve paper and time, should you or anyone you know require this specific information, I've conveniently located it on my web site, [www.senatormoore.com](http://www.senatormoore.com). Again, I am appreciative of the opportunity to take part in today's discussion, and thank you for your leadership on this most important of issues.

Sincerely,

A handwritten signature in cursive script that reads "Richard T. Moore". The signature is written in black ink and is positioned above the printed name.

**RICHARD T. MOORE**  
State Senator  
Worcester & Norfolk District

Enclosures

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*The contents of this document were compiled by the office of Senator Richard T. Moore. To obtain additional copies, please visit [www.senatormoore.com](http://www.senatormoore.com) or call 617-722-1420.*



## **I. LEGISLATIVE ACCOMPLISHMENTS**

### **LIHEAP Funding**

In order to avert a home heating crisis this winter, the Senate approved legislation appropriating \$15 million in state funding to help more than 100,000 elderly residents and low-income families stay warm last winter. The emergency appropriation will supplement the federal Low Income Home Energy Assistance Program (LIHEAP) and help eligible households remain financially stable during the cold winter months. *(This became Chapter 174 of the Acts of 2007)*

### **Heating Assistance for Veterans**

The Senate passed legislation that would provide heating fuel assistance to hundreds of veterans and their families. The bill requires an additional \$3.9 million annually, ensuring for the first time that fuel benefits for veterans and their dependents have a statutory minimum level instead of a discretionary annual review. *(S 2129 – passed the Senate 37-0 on November 20<sup>th</sup> – currently in House Committee on Bills in Third Reading)*

### **Regional Greenhouse Gas Initiative**

The Senate approved legislation that would secure the Commonwealth's participation in the Regional Greenhouse Gas Initiative (RGGI) by making the cooperative program law. Governor Patrick signed the RGGI agreement last January, entering Massachusetts into a nine-state coalition plan starting in 2009 to reduce carbon dioxide emissions from larger power plants in the New England and Mid-Atlantic region. Under RGGI, participating states will stabilize carbon dioxide emissions at current levels from 2009 to 2015, and then proceed with a 10 percent reduction by 2019. The RGGI agreement establishes the nation's first regional carbon dioxide "cap and trade" program to reduce carbon dioxide emissions. *(S 2456 – passed the Senate on January 2<sup>nd</sup> – currently in House Committee on Ways & Means)*

### **The GREEN Communities Act**

In an effort to promote renewable energy resources and energy efficiency, along with helping to ease energy costs in cities and towns, the Senate approved the GREEN Communities Act. Through these initiatives municipalities are allowed to construct, own and operate small renewable energy generation sources. The law requires distribution companies to enter into long-term contracts for renewable energy to help renewable energy suppliers secure their place in the supply network. The initiative also promotes renewable energies through initiatives such as updating the Renewable Energy Portfolio Standard to reach the goal of 20% renewable power resources by 2020. *(The bill was the result of a Conference Committee Report that was*



*unanimously accepted by the Senate (36-0) on June 24<sup>th</sup> and became law on July 2<sup>nd</sup>. It is Chapter 169 of the Acts of 2008)*

### **Biofuels**

This landmark initiative will make Massachusetts the first state in the nation to exempt cellulosic ethanol – a natural, next-generation fuel substitute – from the state gasoline excise tax to spur research and development and establish its future use in transportation and heating fuels. In a nationwide effort to promote clean-fuel production, this law will create thousands of new jobs while dramatically reducing the amount of greenhouse gas emissions. It also requires diesel and heating fuels sold in the Commonwealth to contain at least two percent cellulosic ethanol by July 1, 2010 increasing annually to five percent by July 1, 2013. With this introduction of cellulosic ethanol into the market, approximately 14 million gallons of cellulosic ethanol will be sold by 2013. *(This legislation was unanimously passed by the Senate on July 17<sup>th</sup> (36-0) and signed by the Governor on July 28, 2008. It is now Chapter 206 of the Acts of 2008)*

## **Senator Moore's Legislation**

*Below is legislation that Senator Moore intends to sponsor or co-sponsor to address rising energy costs throughout the Commonwealth.*

### **An Act Relative to the Renewable Energy Tax Credit**

This legislation extends the income tax credit available under Subsection (d) of Section 6 of Chapter 62, equal to fifteen percent of the net expenditure for a renewable energy source property or one thousand dollars, whichever is lesser, to residential projects using geothermal energy and to projects using off-peak battery stored energy. This tax credit would have become effective for the 2009 tax year and thereafter.

### **An Act to Promote Reusable Energy Use in the Commonwealth**

This legislation establishes a one-time income tax credit of 50% of the cost, up to \$800 for a single family and \$1,200 for multi-family dwellings, for all energy efficient items purchased during a certain time period.

### **An Act Relative to Dual Electric Metering**

This legislation would implement a system of dual electric metering in the Commonwealth. This would allow for measuring electricity used during peak and off-peak demand periods to assist consumers who utilize off-peak demand electricity.



**An Act Authorizing and Directing the Department of Telecommunications and Energy to Make an Investigation and Study of the Feasibility of Utilizing "Off-Peak" Energy Storage for the Benefit of Energy Consumers**

This legislation would direct the Department of Telecommunications and Energy to investigate utilizing "off-peak" energy storage for the benefit of energy consumers in order to determine if energy that is available during the "off-peak" period is being wasted. Also, the Department would investigate as to whether or not "off-peak" energy can be stored in batteries and later be used to power homes during "peak" energy time allowing for 100% energy efficiency for homes during peak periods.

**An Act Relative to the Use of Off-Peak Energy**

This legislation provides for a program by the Massachusetts Technology Development Corporation for grants to assist with off-peak energy storage and use as part of the green energy program.

**An Act Concerning Adjustments to Certain Petroleum Products**

Currently, gasoline franchise contracts ban gasoline distributors and dealers from offering discounts for using any method of payment at the pump. This legislation voids the discounting clause in the contract and allows gas station owners to offer a discount to the customer when they pay by cash, check or debit card at the pump. Customers could potentially see a discounted price of 6 to 7 cents per gallon when paying with a means other than credit card. Also, gas station owners could save the 2.5 to 3% credit card fee per gallon of gasoline sold.



## **II. FEDERAL & STATE AID**

*There are numerous sources of state and federal assistance available for the most vulnerable of residents, namely elderly and low-income families. Unfortunately, when relatively stagnant aid is combined with escalating costs and a growing number of those requiring support, the system becomes strained and those crucial resources even more scarce. Nonetheless, for those residents that require assistance to stay comfortable throughout the cold winter months, there are various sources of aid, whether through the Commonwealth or private charities. Given the limited amount of funds/vouchers available, it is important that residents apply early to ensure access to the funds/vouchers.*

*Any residents seeking heating assistance this winter are encouraged to contact Senator Moore's office at 617-722-1420. For a complete list of resources available to residents of the Commonwealth, please visit [www.senatormoore.com](http://www.senatormoore.com).*



## Low-Income Home Energy Assistance Program (LIHEAP)

LIHEAP is a federally funded block grant program that is implemented at the State, Tribal, and Insular Area levels. Grantees serve from low income households who seek assistance for their home energy bills. LIHEAP has been operating since 1982 and its purpose is: "to assist low-income households, particularly those with the lowest incomes, which pay a high proportion of household income for home energy, primarily in meeting their immediate home energy needs." The program encourages priority be given to those with the "highest home energy needs", meaning low income households with a high energy burden and/or the presence of a "vulnerable" individual in the household, such as a young child, disabled person, or frail older individual.

Some forms of assistance available to low income households through the Massachusetts LIHEAP program include: financial assistance towards a household's energy bill, emergency assistance if a household's home energy service is shut off or about to be shut off, and a range of other energy-related services that states may choose to offer, such as weatherization improvements, utility equipment repair and replacement, budgeting counseling and so forth.

Contained within the Commonwealth's FY09 Budget is **\$93,972,799** for LIHEAP. Additionally, the federal government provides funds to the Commonwealth and our neighboring states for this important program. In fact, Representative Edward Markey recently wrote congressional leaders requesting an additional \$3.4 billion for LIHEAP, which would add an extra \$24.2 million to the Massachusetts allotment, bringing the grand total to more than \$98 million, according to congressional estimates.

As you will see on the next page, Senator Moore also filed a resolution in the Massachusetts Legislature urging Congress to increase funding for LIHEAP. The resolution was co-sponsored by 89 of his colleagues in the Legislature and was met with overwhelming support. Additionally, enclosed in this section is a letter that Governor Deval Patrick co-signed with his neighboring colleagues in the New England Governors' Conference which similarly calls on Congress to increase LIHEAP funding. Clearly, policy makers understand the necessity of these funds, and are fighting to secure what could end up being life-saving resources.



**Resolutions Memorializing the Congress of the United States to Increase Funding for the Federal Low-Income Home Energy Assistance Program (LIHEAP).**

Whereas, the people of Massachusetts, and New England, face the prospect of being unable to heat their homes in the coming winter because of the record-breaking increases in the cost of energy supplies; and

Whereas, the skyrocketing cost of home heating fuels is causing increased alarm, and the prospect that many low-income families, especially those with young children, as well as senior citizens will risk serious illness, or even death, without increased assistance with the cost of energy supplies; and

Whereas, failure to maintain home temperatures at a responsible level will result in pipes bursting, homes becoming uninhabitable, and increase the risk of resorting to dangerous alternatives to traditional fuels that raise concerns for fire safety; and

Whereas, the federal Low-Income Home Energy Assistance Program (LIHEAP) was designed to assist families and senior citizens with the cost of home heating, but has not kept pace with the rapidly rising cost of oil, gas, and electricity; therefore, be it

Resolved, that the Massachusetts General Court calls upon the Congress of the United States to recognize this growing crisis and increase federal funding allocated to the New England states for LIHEAP by at least one billion dollars for FY 2009; and be it further

Resolved, that a copy of these resolutions be transmitted by the Clerk of the Senate to the Massachusetts Congressional Delegation.



### **III. MASSACHUSETTS RENEWABLE ENERGY TAX INCENTIVES**

The Commonwealth of Massachusetts offers a number of tax incentives that are designed to promote the development and use of renewable energy resources. The following is a brief summary of those incentives, which have been helpful to many residents struggling with soaring energy costs.

- **State Income Tax Credit**

Massachusetts provides an income tax credit for individuals who install renewable energy systems (solar or wind-powered) in their residences. The credit is 15% of the net expenditure (including installation) for the system, or \$1,000, whichever is less. The credit does not apply to commercial users.

- **State Sales Tax Exemption**

State law exempts from the state sales tax, the sale of equipment directly relating to any solar, wind, or heat pump system to be used as a primary or auxiliary power system for heating or otherwise supplying the energy needs of a person's principal residence in the state. This credit does not apply to commercial users.

- **Local Property Tax Exemption**

A taxpayer who installs a solar or wind-powered system for heating or otherwise supplying the energy needs of his/her residence or business is eligible for an exemption from local property tax. The exemption is good for twenty years from the date of installation. *This exemption applies to the value added to the property, not the full amount of the property tax bill.*

- **Corporate Income Tax Deduction**

A business that purchases a qualifying solar or wind-powered "climatic control unit" or "water heating unit" is allowed to deduct from its net income, for state tax purposes, any costs incurred from installing the unit, provided the installation is located in Massachusetts and is used exclusively in the trade or business of the corporation.



- **Alternative Energy and Energy Conservation Patent Deduction (Personal and Corporate)**

Any Massachusetts resident who has applied for, or holds a patent for an alternative energy or energy conservation system or device, may petition the Commissioner of Energy Resources for determination that such patent is "...of economic value, practicable, and necessary for the convenience and welfare of the Commonwealth." If the Commissioner approves such a patent, any income received from the sale, lease or other transfer of such patent, shall be deducted from state personal income tax or corporate excise tax. Said deduction shall extend for a period no longer than five years from the date of issuance of the U.S. patent or the date of approval by the Commissioner of Energy Resources, whichever expires first.

- **Hydropower-Property Tax Exemption**

Hydropower facilities are exempt from local property tax for a period of twenty years from the date of completion of the construction of such facility, if construction of the facility commences after January 1, 1979. To qualify for this exemption, the owner of the plant must agree to pay the host community at least 5% of the plants gross income for the preceding calendar year in lieu of taxes. This exemption applies to all real property (land and buildings) and tangible property (turbines and other equipment) necessary for the production of hydropower.

*Individuals requiring further information are encouraged to contact Senator Moore's office at 617-722-1420. Some information contained in this section was obtained from the Department of Revenue.*



## **IV. RUNNING ON EMPTY – REPORT OF THE SENATE COMMITTEE ON POST AUDIT AND OVERSIGHT**

*Senator Moore currently serves on the Senate Committee on Post Audit and Oversight and requested the committee's review of this issue.*

### **· Executive Summary ·**

The energy crisis is a complex issue that impacts billions of individuals and families worldwide. Unprecedented spikes in oil costs have forced consumers across the globe to adapt to record fuel and food prices. Consumer outrage over record gas prices has led to protests all over the world, from India to here in the United States, where consumer frustration has reached an all-time high. In recent months, oil prices have skyrocketed to \$143 a barrel and national gas prices surpassed the \$4 per gallon threshold.

As consumers cope with record food and gas prices, speculators, oil producers and traders continue to divert the blame. Heated Congressional debates have marked the beginning of an investigation into this complex crisis, which appears to be partly a result of market manipulation and speculation. Congressional committees have held a series of oversight hearings in recent weeks on oil market manipulation. These hearings continue this week and appear to be driving a move toward more regulation in the U.S. oil market.

During a recent Congressional hearing convened by the Senate Committee on Commerce, Science and Transportation, economic experts verified the link between the pain at the pump and market manipulation and speculation. "That speculative bubble in energy commodities has cost households, on average, about \$1,500 over the past two years in increased costs for gasoline and natural gas," stated Dr. Mark Cooper, director of research for the Consumer Federation of America. The speculative bubble has cost the American economy an astonishing half a trillion dollars, according to Cooper.

Strict federal enforcement of the markets and speculators could immediately reduce gas prices by 25 percent, according to Michael Greenberger, former director of the Division of Trading and Marketing at the Commodity Futures Trading Commission.

While the energy crisis is mainly a federal issue, solutions to such a complex and multi-level problem require a collaborative effort from the local, state and federal government. Massachusetts citizens have been struggling with the high costs of food and gas, and the rising cost of heating their homes during the frigid winter months. It has been the objective of the Senate Post Audit and Oversight Committee here in Massachusetts to give voice to consumers across the Commonwealth.



On June 3, 2008 , the Senate Committee on Post Audit and Oversight conducted a hearing to examine the energy crisis in Massachusetts and investigate actions the Commonwealth can take to curb rising fuel costs. During the hearing, *Running On Empty: Massachusetts Faces Record Energy Costs*, the Committee members listened to testimony from an esteemed panel of experts, including written testimony from Congressman Edward J. Markey, Chair of the Select Committee on Energy Independence and Global Warming; Rayola Dougher, Senior Economist, American Petroleum Institute; Philip Giudice, Commissioner, Massachusetts Division of Energy Resources; Paul Hibbard, Chairman, Massachusetts Department of Public Utilities.

Committee members have reviewed their testimony along with testimony from recent Congressional hearings. The Committee recommends certain actions the state and federal government can take to promote short and long-term solutions to the rising energy costs and fuel prices here in Massachusetts and across the nation. One of the key findings of the Committee deals with fuel assistance funding. The Committee found that that heating oil prices have increased 80 percent in one year. Massachusetts utilized a total of \$139 million in state and federal fuel assistance for last winter, including \$124 million in federal funding and \$15 million in state supplemental appropriations. Given the enormous increase in the prices of heating oil and natural gas, it is clear that past federal and state funding levels for fuel assistance will be inadequate this winter. Based on this evidence, the Committee is recommending that state leaders and budget writers be prepared to authorize additional supplemental funding, potentially as much as \$50 million or more this winter, more than three times the amount of funding the state provided in FY08. Additional findings and recommendations are discussed below.

### • Findings and Recommendations •

The Senate Committee on Post Audit and Oversight presents the following findings and recommendations on both the state and federal level:

**FINDING ONE :** Excessive speculation in the futures markets, which have gone unregulated since the end of 2000, contributes \$25 to \$50 per barrel to the price of oil.

**RECOMMENDATION:**

Urge our federal government to end market manipulation and speculation. Tighter control on speculators and market manipulation could immediately reduce fuel prices by 25 percent, according to Michael Greenberger, former director of the Division of Trading and Marketing at the Commodity Futures Trading Commission.



**FINDING TWO:** More drilling is not a long-term solution to the problem of high energy prices. Oil industry representatives testified at both state and federal hearings that the U.S. needs to open up additional public land and offshore waters to drilling. They contend that this will drive down crude oil prices. However, it has been widely reported that any increase in domestic drilling will take 10 to 20 years to yield additional supply, and furthermore, that the oil industry is utilizing only a small percentage of public land they currently have under lease. Global oil production is likely to peak within the next four or five years and then begin declining, just as developing countries like India and China are demanding an increasingly larger share of available supply.

**RECOMMENDATION:**

Rather than focusing on just drilling, the federal government should focus on policies geared at energy independence, which include an aggressive move toward renewable energy resources which will ultimately reduce the nation's dependence on foreign oil.

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**FINDING THREE:** Massachusetts has begun to address high energy costs and reduce its demand for energy by passing important legislation such as the "Green Communities Act," which included language codifying the Regional Greenhouse Gas Initiative. However, in order to complete a comprehensive legislative package to address the energy crisis, Massachusetts must pass legislation that establishes the legal authority to limit carbon emissions, as well as pass legislation that promotes alternative fuels. The state should also advocate for federal policies that ensure that federal subsidies are used exclusively to promote U.S.-based alternative fuels.

**RECOMMENDATIONS:**

Pass the climate change bill pending in Massachusetts . In order to promote alternative energy sources, reduce our energy consumption, and promote greener living, the Massachusetts Legislature must enact the "Global Warming Solutions Act" (S2540). The legislation will help mandate that the state move toward fuel independence and as a consequence spark job creation throughout the Commonwealth. *(This bill was recently passed by the Legislature and signed by the Governor, it is now Chapter 298 of the Acts of 2008)*

Pass "An Act Furthering the Biofuels Clean Energy Sector" (H4363), provided it includes provisions to ensure that a comprehensive life-cycle analysis of pollution, global warming, and the increase in food costs is included. Also encourage Congressional leaders to close the "splash and dash" loophole. *(A similar measure, An Act Relative to Clean Energy Biofuels, was passed by the Legislature and signed by the Governor, it is Chapter 206 of the Acts of 2008)*



**FINDING FOUR:** Heating oil prices have increased 80 percent in one year. Since 2000, natural gas prices have almost doubled and electricity prices are up 60 percent. Massachusetts utilized a total of \$139 million in state and federal fuel assistance for last winter, including \$124 million in federal funding and \$15 million in state supplemental appropriations. Given the enormous increase in the prices of heating oil and natural gas, it is clear that past federal and state funding levels for fuel assistance will be inadequate this winter. Furthermore, it is expected that many more Massachusetts residents will apply for fuel assistance this year.

**RECOMMENDATION:**

The state must provide increased funding for the Low Income Home Energy Assistance Program this winter. It is likely that this will be a particularly difficult winter for low-income families due to rising fuel prices, and the federal appropriation will not be enough. State leaders and budget writers should be prepared to authorize additional supplemental funding, potentially as much as \$50 million or more this winter, more than three times the amount of funding the state provided in FY08. This funding would meet the difference between last winter's energy prices and current prices, without addressing further oil price increases or natural gas price increases.

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**FINDING FIVE :** Aggressive action by the Commonwealth can reduce its own energy consumption, thereby reducing energy demand and avoiding higher costs in the future.

**RECOMMENDATION:**

The Executive Office of Environmental Affairs should continue to measure compliance with Executive Order 484 and report to the governor and legislature annually on progress. In addition to the requirements of EO484 and the "Green Communities Act," the state should mandate replacement of all state vehicles with fuel-efficient vehicles by 2018.

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*The material above is only an Executive Summary of the full Senate Post Audit Report. To obtain a complete copy of "Running on Empty" please visit [www.senatormoore.com](http://www.senatormoore.com) or call 617-722-1420.*



## V. AL GORE: ENERGY CRISIS CAN BE FIXED

*The following interview was aired July 17<sup>th</sup> on CBS News with anchor Katie Couric. Below is a full transcript of the interview, in which former Vice President Al Gore challenges the nation to produce electricity from renewable sources, such as wind mills and solar panels, within the decade.*

**Couric:** All right, Vice-President Gore, let me just ask you about this challenge you've put forth today. And to briefly explain what prompted you to do this, why?

**Gore:** We've got to end our dependence on oil and coal. They're rising rapidly in price. That's why gasoline prices are going up, and that's why electricity rates are going up. But the new demand for oil and coal from China and these other fast-growing countries means that the only way we're going to escape the rising prices, and the dependence on foreign sources is by switching to renewable sources.

And now that ... the coal and oil's gone up so high and the engineers have brought down the cost of solar and wind and geothermal. Now it's competitive. And if we make a big commitment to take all of our electricity over to renewable sources, then the cost will come down more quickly. We'll have less pollution, lower cost ... and a better national security guarantee.

**Couric:** Don't we get a lot of our electricity from natural gas as well?

**Gore:** Well, some. Most of it comes from coal. Some of it from nuclear, from hydro. A lot of it, some from natural gas and some of the new units built in the last few years have come from natural gas. Natural gas ... is a little bit cleaner than oil and much cleaner than coal. But we, over the, and this is a transition fuel. But in the longer-term, we really should switch to solar ... and geo-thermal and wind energy.

**Couric:** Do you think clean coal is an oxymoron?

**Gore:** There's no such thing as clean coal. It's non-existent. Theoretically, it might be possible, many years from now, to come up with a way to clean it as it's burnt. But there's not a single demonstration project in the United States. They're not doing anything ... to put substance ... to the slogan, "clean coal." Clean coal doesn't exist.

**Couric:** Doesn't it take as much energy to produce it as it would to burn coal? I mean, isn't that the argument against it, the whole process is, I mean, we're not gonna get into great detail here. But, is, that's my understanding, anyway.

**Gore:** One of the reasons they have been slow to install these systems for capturing the CO2



when the coal is burnt is that it's expensive. But with more work and some point in the future, after that work is done, it may be possible. But the burden should be on those who are burning it to show that it can be clean. It's not now. And just to say it's clean, that's deceptive.

**Couric:** You've set a 10-year deadline. Is that realistic?

**Gore:** I think it is, because there's some challenges - think of the Apollo program, the interstate highway system - there's some challenges that are really important to the future of the country, that can't be done in a single year or two years. But setting a 40-year goal, that's, you know, nobody takes that seriously. Ten years is about the limit of what we can stay focused on and ... can sustain a really sizeable national commitment. An awful lot's at stake, Katie, because the scientists are telling us that we have less than 10 years to begin massive reductions in global warming solutions, or else this climate crisis might not be retrievable. It is retrievable and solvable, if we start now on a bold program.

**Couric:** You talk about solar farms in the desert, wind farms in the plains, a totally new electrical grid will have to be built. Your own group says, Vice President Gore, it will cost between \$1.5 and \$3 trillion.

**Gore:** That's private investment, as well as public investment. And it is...

**Couric:** That's a lot of money, no matter how you cut it, right?

**Gore:** It is. It's almost as much as the cost of the Iraq War. And it's almost as much as we would have to pay to go out and build new coal plants and new oil-drilling rigs in order ... to get the energies that way. We're going to make investments in new energy supply. If we choose to do it with renewable energy, it will cost money.

But once we built it, the fuel is free. The sunshine and the wind ... are here. China can't bid up the price. It's not gonna run out. So we need to switch to a new system that doesn't pollute, that won't be disrupted by some war in the Persian Gulf, and that will steadily come down in price as we make a bigger commitment to it.

**Couric:** Do you think the political will is there to change the way we do business so dramatically in this country?

**Gore:** I think we're getting there. I don't think it's there on Capitol Hill. I don't think it's there in the White House. I think it's beginning to build pretty steadily among the American people. People are really hurt by these high gasoline prices. And people have caught on, after 35 years, to the fact that simply producing more oil does not bring down the price of gasoline.

Hasn't in the past, won't in the future, because these new growing economies in China and



elsewhere ... are bidding up the price of oil, and so gasoline prices ... we've got to break free of this limited supply of dirty fuels. And shift over to a source of energy that's based on fuel that's free. And equipment that's high technology and is steadily coming down in price.

**Couric:** What about nuclear power? I ask, what about nuclear power, because countries like France get something like 75-to-80 percent of their power from nuclear.

**Gore:** France is unique. It's a special case. We have a lot of nuclear plants in the U.S., and ... I'm not anti-nuclear. I'm a little skeptical that's it's gonna play a much bigger role than it does now. I think it'll continue to play a role. But the problems with nuclear are it's very expensive. It takes a long time to build. And these nuclear plants only come in one size, extra large.

And utilities don't want to commit all that money for 15 years to get a plant that's rising in cost. And of course the fuel also has some problems, because if it gets out to other countries that can't be trusted, it feeds the problem of proliferating nuclear weapons.

**Couric:** Do you also worry about nuclear plants being potential targets for terrorists?

Yes, I myself, I don't think of that as a bar to nuclear power, because there are a lot of things that are potential targets, and we need to equip ourselves ... to protect them. It's one of the problems, for sure, the nuclear waste storage issue is one of the problems. But I think the bigger problems are the cost, the long time for construction, and also the problem that if other countries make a massive commitment to it, we make the problem of nuclear weapons proliferation worse.

Let's talk about T. Boone Pickens. I recently talked to T. Boone about his whole idea of wind power, along this wind corridor, in the central part of the United States. What do you think of that?

**Gore:** He's obviously a very smart guy. He's been very successful. And I'm impressed that, after such a long and successful career in the oil business ... he's done the numbers and figured out that huge investments in windmills are gonna make him money and help the country. So I think that he has a lot of credibility. When he says, "We can't drill our way out of this," he knows what he's talking about, and that we should go to renewable sources.

**Couric:** What do you think of his notion ... replace the electricity we get from natural gas with wind power, use that natural gas to power automobiles.

**Gore:** Yeah. Some people see that as kind of a shell game. I think it's a respectable idea. I would prefer to take our cars and trucks and move directly to electric vehicles, and not take the intermediate step of trying to equip them to use natural gas. But ... he has the same basic idea of shifting away from oil and coal, not better overly heavy on nuclear, but instead making massive investments in renewable energy.



That's the keystone of his plan. Andy Grove at Intel has a similar plan. So a lot of our senior business leaders are telling us, these are not normal times. We cannot continue to bring in 70 percent of all of our oil from overseas, and keep seeing the price ... and keep doing it while the price goes up and up.

**Couric:** Which must be gratifying for you, to have these Republican business leaders saying, you know, "we want to jump on this bandwagon. We have to."

**Gore:** Well, yes. I've long argued... that this should not be a partisan issue. And I'm gratified that a lot of people, regardless of political party, are looking at the facts and saying, "Yes, it's time to move in a big way." And the reason I put out this strategic goal of shifting all of our electricity generation over a 10-year period to renewable sources, and if they can capture and safely store the carbon from fossil fuels, that can be a part of it. But we can't count on that. We need ... to shift over to renewable energy.

**Couric:** You know, I don't remember exactly all the factors, but some critics say, you know, solar and wind is the not the panacea some people think. It's very expensive. Usually in the summer months, there's less wind, when people need more electricity. I sort of read some reality check on these alternative energy sources. Do you think you're putting too much stock in these, as a panacea for our energy problem?

**Gore:** Not at all, because the older conception about solar power and wind power are giving way to the new developments that these scientists ... and engineers have come up with, because the price of oil and coal have been going up so much, there have been, there's been a lot of investment in getting better ways to convert solar energy into electricity and wind into electricity. That cost has been coming down, while the oil and coal has continued to go up. It's now right at the point where it's competitive.

And it's true that wind power comes and goes with the wind. But the solar plan, that are in the desert areas where the sun's almost always shining, they're pretty steady. And the production actually matches ... the times of day when we need the most electricity. And the steadiness of that solar power can even out the peaks and valleys of the wind. And if you do 'em both together, they fit like a hand in a glove.

**Couric:** I wanted to ask you about President Bush's press conference this week. It was interesting. Someone asked him, "Do you think Americans should sacrifice more?" He, in his press conference this week, President Bush said it would be presumptuous for him to ask the American people to sacrifice more to deal with this current, gas prices, et cetera. Do you think it's presumptuous to ask the American people to conserve?



**Gore:** Well, I have to warn you that I've recently begun to fear I'm losing my objectivity on President Bush.

**Couric:** I'm shocked.

**Gore:** So I'm gonna ... you have to take it with a grain of salt.

**Couric:** We'll leave him out on the cutting room floor, but no. I was just curious. I thought it was such an interesting thing, to not kind of take that opportunity, when he's having a news conference, to say, you know, we all need to, you know, call sort of for the national consciousness ... to get it together and to be aware of this, and mindful ... of their consumption.

**Gore:** I think that the American people are willing to take a clear view of what our future requires. And now with these gasoline prices continuing to go up, electricity rates climbing rapidly, they know that the oil and coal are not gonna come back down in price. They're gonna continue to get more expensive.

And the new efficiency and improvements ... that have been made in solar and wind are making them much more attractive. It is time now to make a national commitment, to switch over to these renewable systems, and then we can break free of the rising prices ... from carbon fuels, oil and coal, and we can break free from our dependence on foreign sources like the Persian Gulf.

**Couric:** It really is multi-tiered, isn't it? It's a national security issue. It's an environmental issue.

**Gore:** Yeah.

**Couric:** I mean, it really covers the gamut.

**Gore:** One of the reasons why our country's had such a hard time dealing with this, is it does involve national security, energy, the economy and the environment. But there's a common thread that runs through all of them. The key is ending our dependence on carbon-based fuel. And if we grab hold of that thread and pull it, the other problems begin to unravel, and we got the answer right in our hands. It's the switch over from carbon-based fuel to renewable energy.

**Couric:** Let me ask you about, a couple quick political questions, 'cause I know you're on a tight schedule. John McCain is much more moderate on climate change than President Bush. He talks about limiting emission. He does talk about clean coal. He accepts global warming, says it exists. If elected, do you think he would keep his clean stripes?

**Gore:** I don't know. I've talked to him, and ...



**Couric:** Let me just ask you it this way. Are you impressed, Vice President Gore, by Sen. McCain's commitment to the environment?

**Gore:** I think he deserves credit for having taken leadership position in years past, at a time when it was hard for people in his party to do that. I have to balance that with the expression of a little concern that in, during this recent campaign ... he has seemed to move a little bit toward President Bush. But I give him credit.

Having made those early statements and having come up with the policies he used to advocate, he's got to have something in there that tells him what the right thing to do is there. I try to work with him. Also Sen. Obama, who ... says the right things and has put out a really forward-looking plan on this. So ... both of them are way ahead of the current administration.

**Couric:** John McCain supports lifting the ban on offshore oil drilling. Why, what's wrong with that? Why are you opposed to offshore oil drilling, if ... it can be done in a safe, efficient way?

**Gore:** Well, that's a big "if." There are areas off California, just to take that example, where there are huge amounts of money at stake ... with the use of the coastline. And they've had disasters out there with ... offshore oil drilling.

**Couric:** In 1969 there was a big one.

**Gore:** Yeah, yeah.

**Couric:** But that was quite a long time ago. Hasn't the technology improved?

**Gore:** Maybe it has, but I think the state of California has the right to protect its coastline. But there's another issue involved. They've already got all these leases with ... that they're not producing now. And the ones they're debating today would never be produced until 10 years from now.

So to say that is a solution to gasoline prices ... is very misleading. And remember this. It's very easy to take that oil and just send it west over to China. The value of the dollar has been going down. The Chinese have been bidding up the price of oil, and they've been buying supplies that we used to get.

So if the oil companies 10 years from now, produce a little bit of extra oil out there, at the risk to the ... coastlines, and then sell it to China, are we any better off? I don't think so. And that costs money. I believe that we ought to invest, instead, in renewable sources of energy, and abandon



the pretense that just trying to get a little more oil is going to solve the problem of our dependence on oil.

**Couric:** Literally, a drop in the bucket and...

**Gore:** Absolutely.

**Couric:** ... several years away, even if ...

**Gore:** Many years away.

**Couric:** ...even if oil ... is found. Why do you believe Barack Obama is better than John McCain on climate change?

**Gore:** Well, his proposals ... are clearly different. And much more far-reaching. You just line up the proposals side by side. It's really a stark contrast. And he's proposing to do much more, much more rapidly. Now of course, I would like to see more still. And I do give credit to Sen. McCain for having taken the positions he's taken. But if you're asking the question, which one is better on this issue? Clearly Sen. Obama is.

**Couric:** Sen. Obama said during the primaries season, there would be a place at the table for Al Gore, in an Obama administration.

**Gore:** Well, that's a very nice thing for anybody to say ... and I appreciate it. I would not take a formal position in any administration. My, I see my role as trying to change the public opinion, out here in, with the American people, to create a basis of support that will sustain whoever is president, in making bold, taking bold steps to solve the climate crisis.

**Couric:** So you can't see yourself being, say, an environmental czar, helping to shape environmental policy or energy policy in a new administration?

**Gore:** Well, it's a really nice idea. I don't think that's the best way for me to serve my country. I think the real solutions to this climate crisis must involve a sea change in public opinion. So that when the American people demand solutions, the elected officials and politicians in all parties will then respond. That's what I'm trying to do.

**Couric:** What about the VP slot?

**Gore:** No, I ...

**Couric:** Come on, help me make some news here.



**Gore:** I have many times said, you know, I have a personal term limit. Only two terms as VP.

**Couric:** So if he called you and said, "Al, buddy, listen. I really, really, really need you."

**Gore:** Well, I repeat. I've imposed a personal term limit of two terms as VP.

**Couric:** So absolutely nothing could get you to jump on board.

**Gore:** I ... Katie ...

**Couric:** This interview will come back to haunt you if you say it without ...

**Gore:** This interview will not come back to haunt me. You can believe me. (laughter)

**Couric:** Really? No way.

**Gore:** This part of it won't. (laughter)

**Couric:** No, okay. Really quickly about the election, do you think that we're in a position to not have a repeat of Florida, in the 2008 presidential election?

**Gore:** (laughter) I certainly hope so.

**Couric:** But do you think ... that things are in place? That the balloting has been improved?

**Gore:** I don't know. I don't know. I don't consider myself an expert on what changes have been made there in state law. I read articles from time to time. But I really don't know ... what's been done there.

**Couric:** You don't think we're gonna see the guy with the bulging eyes, staring at the hanging chad again?

**Gore:** (laughter) I hope not.

**Couric:** Sen.Obama is about to embark on a trip to the Middle East. If you could give him any advice, what would it be?

**Gore:** Well, I would advise him to do what he's doing, to go and listen and learn and find out what the latest facts are. I'm impressed with his command ... of these issues, and I'm impressed that he has taken the initiative to go and see for himself and learn more.

