

## Opening Remarks – Matt Rogers

Thank you for that introduction, and welcome to Washington—or to Arlington. I'm Matt Rogers. I lead the Recovery Act activities for the Department of Energy.

This is a terrifically important event for the Department. The whole smart grid investment program is one of the signature pillars of the Recovery Act for the Department of Energy. I wanted to congratulate all of you. This was an unbelievably competitive process. While there are 100 successful folks in this room, there were 300 who were not successful. So in this program, as with many others, we turned down three out of four, or four out of five, of the applicants. On average we're turning down eighty percent of the people who apply. So a real congratulations to you and your teams for putting together very competitive applications. What's interesting is, you look through the application process, we had many more technically qualified applications than we could fund. So what is important, when we talk to industry, we're saying, there are a lot of great projects out there that we're not funding that we still hope move forward—and you folks represent the highest quality projects that are out there, that we're funding, that really define the bar for performance for the industry. So a lot of folks in the industry will be looking at you, at the performance of your projects, to really decide: What is the smart grid about? And to really say, this is a project that we want to be investing in over a long period of time.

America's energy and environmental future represents one of the signature questions of our time. It's one of the three top issues that the President has taken on. It's an issue that he has been working on since his days on the campaign trail because what he's argued is that we need to define a new path forward in energy in order to establish the United States as a leader going into the 21<sup>st</sup> century. We believe that these kinds of technologies, these kinds of clean energy projects, that are represented by the smart grid represent some of the highest growth potential products in the world. And one of the things we want to have is the United States to be a leader—not only in using those products; we want to have the most reliable, the most safe, the most cost-effective electric grid in the world. We want the United States to be a leader in manufacturing the products that go into your networks. So one of the things, again, that you're doing, is you're bringing together those pieces, you're making it work, on the front lines, making the grid lower-cost, more reliable, safer against external threats. And at the same time, you're putting the U.S. on the map in terms of manufacturing the kind of products and services that are going to serve a global marketplace that wants the same kind of reliability, wants the same cost-effectiveness in their grid operations.

Today, for those of you who count, is the 275<sup>th</sup> day since the passage of the Recovery Act. This is not something that I think most of you have on your calendar. It is something that I have on my calendar. Every week we go and report in to the Secretary, who came back from China last night and wants to talk today about, so what have you done for me in the last nine days while we've been gone? Every two weeks we go and talk to the Vice President. And this is one of the events that the Vice President was very, very focused on. He was arm wrestling with the President over who got to make the smart grid announcement because this is so important as a signature event as part of the Recovery

Act overall. And then every hundred days we go and talk to the President about what we're doing under the Recovery Act. This is part of the accountability process. We've got 25 days left to demonstrate, what have you done in the last 100 days for the President?

The Recovery Act, if you take a look at it overall, has \$787 billion. For those of you of a certain generation, I sometimes feel like Carl Sagan, talking about billions and billions and billions. But if we break it down, the Recovery Act really had three parts. The first part was a set of tax cuts, \$288 billion to put money back in the pockets of hard-working Americans. And the goal of that really was to put a floor under the economy that in January and February was headed in a direction we were very uncertain about. The second block really was to shore up state and municipal finances, small businesses, some of the folks most hard hit by the economic downturn. And if you take a look at what's going on in municipalities and states, I mean if you are involved with state and municipal activities, 2010 promises to be much worse than 2009. And so one of the things that we're quite concerned about is making sure that we have the underpinnings in place to make sure that we get through 2010 in a healthy way and can continue the path of recovery.

But the third block—and the block that I think has captured the imagination of most of the American public—is this notion of investing in the infrastructure and technology that will create a platform toward the 21<sup>st</sup> century economy. And that's where the Department of Energy is focused, that's where this activity is most focused. What we're trying to do is to reinvest in America's future.

I think the last peak of investment in the United States' transmission grid was about when I was five. Since then it's been going down, and one of the things want to do is to reinvest. We want to really create that kind of reinvestment that establishes the United States as a leader for the next three decades. We want to be investing in the infrastructure and technology that's going to help us achieve our energy and our environmental goals. Unless we do the kinds of things that we're doing with smart grid, we can't achieve our goals on renewables. We can't do what we need in terms of smart grid. We can't do what we need in terms of customer choice.

And we want to create the platforms for long-term economic growth. Again, there's a view that the smart grid is one of those key platforms for long-term economic growth. I think this combined investment—your investment and our investment—in the smart grid really stands at the heart of what we're trying to do within the Department of Energy's Recovery Act activities.

You know you're part of something special when the President of the United States makes the announcement. And again, it was an arm wrestling competition. Usually between the Vice President and the President, you know who wins. And so the President had the opportunity to go down to Florida and make this announcement. I hope you had a chance to hear him speak about this because I think for the first time, after the President talked, the American public began to understand what the smart grid really was about. It's one of the great opportunities when you have the President talk about something; then

you go to the CNN or the CNBC or the Fox cutaway, and they actually have a really good description of what is really going on here.

The notion of \$3.4 billion of government funding, leveraged by \$4.7 billion of private funding, to do \$8.1 billion of project represents the largest-ever investment in a smarter, stronger, more secure electric grid—allowing us to more effectively transport renewable energy generated in remote places to large population centers. Allowing customers more choice. Allowing us to operate the grid in a more reliable fashion and enabling us to have a more secure grid, enabling us to reduce the operating costs of the network overall. And by facilitating the creation of a clean-energy economy and building the 21<sup>st</sup>-century infrastructure, we're trying to lay the foundation for lasting growth and economic prosperity.

We're at the beginning of a transformational period in this industry. It's an important period of productivity improvement and innovation, and smart grid stands at the center of that. With this opportunity comes accountability and responsibility. The American people expect us to spend this money wisely, to let them know how we're spending it, and to produce results. Those of us on the government side are being held to a real standard of accountability. And every week, every two weeks, every hundred days: What have we actually gotten done here?

And you're going to be held to those same kind of standards of accountability. The government's entrusting us with a substantial amount of taxpayer funds, and to be frank, the American taxpayer's still not sure that we know how to use those funds wisely. That's where this partnership is quite important. We cannot and do not as part of the Federal government intend to manage these projects. That's your task. You folks are much better-positioned to do that than we are. That said, we need it done professionally, we need it done competently, and we need it to deliver the kind of results that the American public expects. On time, on budget, delivering the impact that we all talked about in the applications.

With projects of this magnitude, there are certain to be problems. And one of the things that we're committed to is elevating problems when they occur and resolving them quickly. One of the things that we don't want to do is leave an issue sort of sitting in the ditch for three weeks, because time isn't our friend. One of the things we have to do is move this out quickly, and so if there's something that gets stuck, if you can make sure that you're elevating it quickly through the groups identified here, elevate it up to me, the Secretary will actively get involved in things where we get stuck so that they can get unstuck. Because we all have a shared incentive in moving this forward quite quickly.

When the Secretary asked me to take on this role, which was New Year's Eve last year, he called up and said, "I need you to do this." And I said, "I don't want a job. I have a nice job, I'm really happy doing this." He said, "I really need you to"—he's a very persuasive guy—and so I ended up agreeing after turning it down two or three times. And he said, "Look, I need you to do four things, and I need you to do them at the same time." And these are a set of goals that we now share.

The first is, we need to get the money out the door quickly because this is an opportunity for job creation and economic recovery, and the American public is expecting us—all of us in this room—to generate job creation and to contribute to economic recovery. So all of you will have these fun reporting requirements around jobs, and it is a reporting responsibility that we take quite seriously. Underlying the reporting responsibility is an expectation that you will be out hiring and putting people back to work in your communities quickly.

The second thing we need to do is we need to select great projects. And that I feel quite confident about in this room. When you go through this kind of peer review competitive selection process, when you're the top 25% out of the projects brought in, where so many of them are above the competitive bar, we're highly confident we have a set of great projects. But it is incumbent upon us working together to make sure that we deliver those projects and that those projects stand as a benchmark for performance across the industry.

The third thing we have to do is do it with a level of transparency and accountability that historically may not have been true, certainly in the Department of Energy. One of the things that we're accountable for is timeliness. One of the things the Secretary talks about is that a commitment without a deadline is not a real commitment. One of the things that we want to make sure that we're doing is moving these funds through the system quite quickly. We'd like to make sure that we can get as many of these contracts done in the next ninety days as possible. Because you guys need to have the funds available so you can begin these projects. We need to have those funds out the door because that's our commitment to the President, to get that done. And so together we have to make sure that we have a good set of contracts engaged—and that quite quickly.

On the other hand, there's a set of transparency requirements that'll come with that. I spent more than twenty years in private companies, and so the kind of transparency that's involved in this kind of process sometimes feels uncomfortable to me, and may feel uncomfortable to you: the notion of quarterly reporting on [recovery.gov](http://recovery.gov) is not always the most comfortable piece. My earliest experience with that was, we have the energy efficiency conservation block grant—that's grants to municipalities for energy efficiency. We went through this very detailed process to get everyone down to the nearest dollar. We posted all of them on the website. And then we found out that we missed 23 counties in Louisiana and Delaware. And for those of you who know where the Vice President's from, that produces a relatively rapid response. One of the good things, however, about transparency is that we can identify issues quite quickly, we can resolve those quickly, and that's the core of this. This is not about trying to make examples; this is really about trying to have transparency so that we can fix problems quite quickly and move forward.

And finally, this is an opportunity to make a down payment on the nation's energy and environmental future. And so we're ultimately, as Eric was talking about, if we look back a decade from now—right now we're going to be judged on job creation and economic recovery—if we look back a decade from now, we're going to be judged by whether we made a material contribution to the nation's energy and environmental future. Whether

this down payment on the smart grid leads to a nationwide smart grid within the next decade. Those are the kind of things where, if this group delivers at the kind of rate that we expect, this should then spread across the industry. Because these are very high-value projects, these are projects that will create value across the industry and for your customers.

So on behalf of the Department of Energy, I look forward to a point three years from now where we can look back and be proud of what we've accomplished together. I want to congratulate you again. This is an incredibly competitive process. I know each of you and your teams spent hours and hours—hundreds and thousands of hours—getting this together, and it is an incredible accomplishment to work through this competitive peer review process and be successful. And I look forward to our collaboration over the next several years and in terms of delivering on the President's commitments and each of our commitments to help make this economy better. Thank you very much.

If there are no questions, I will turn it back to the main program, and again, thank you all very much.