

REMARKS PREPARED FOR DELIVERY

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**DETROIT ECONOMIC CLUB  
NATIONAL SUMMIT  
JUNE 17, 2009**

[Acknowledgements.]

It's good to be home in Michigan.

I grew up a mile from the Michigan Football Stadium – close enough to hear the roar of the crowd from the front yard when the Wolverines scored. My first job after graduation was at the Michigan Department of Commerce.

That was many years ago. In the past several months, my new position with the U.S. Department of Energy has taken me far away – to six countries on three continents. Those trips – often exhausting – have taught me a lot. One constant lesson, which I saw especially clearly last week in Beijing, is how many people around the world deeply admire the United States and look to us for leadership. These feelings can sometimes be mixed with disappointment, resentment and even anger, of course. But the admiration around the world for our country runs deep. Representing it abroad makes me profoundly grateful for the chance to serve my country and for the home I was born into.

So when I received your invitation, I knew I wanted to accept. It took me a bit longer, however, to figure out what I wanted to say.

My first thought was of the most pressing problem facing Michigan today – the devastating job loss affecting hundreds of communities and hundreds of thousands of families.

The statistics are striking:

- Over 300,000 jobs have been lost in motor vehicle and parts manufacturing since December 2007.
- In April, the unemployment rate here in Michigan was 12.9 percent, the highest rate in the nation. In Ohio, it was 10.2 percent. In Indiana, 9.9 percent.

- Factories have closed or are closing in Pontiac, Flint, Orion Township and Willow Run, as well as in Parma, Ohio; Moraine, Ohio; and Janesville, Wisconsin.

Behind each of these statistics is a struggling family and – too often – a personal tragedy. As Ed Montgomery, President Obama’s Director for Recovery of Auto Communities and Workers, has said, “behind the ‘facts and figures’ of the economic downturn and the auto crisis are human faces; people facing challenges unlike what many people have faced in their lifetimes.”

The Obama Administration is taking historic action to stem this job loss. The Recovery Act signed into law by the President in February is an unprecedented effort to jumpstart our economy, create or save millions of jobs, and make a down payment on addressing long-neglected challenges so our country can thrive in the 21st century.

The Department of Energy, where I work, is in the front lines of this effort. DoE’s annual budget is around \$26 billion. The Recovery Act alone entrusted the Department with more than \$38 billion. My boss, Secretary of Energy Steve Chu, has said it makes him a very popular guy in Washington.

Progress is dramatic. As of today, the Department of Energy has announced funding opportunities for almost all our grant and contract authority. We have obligated almost \$4.5 billion, sending checks to the field so contractors can get to work. We will be processing thousands of applications all summer long, moving quickly from application to award. Our intent is to have \$16 billion out by the end of September.

In our loan programs, we made our first conditional commitment to Solyndra, a solar manufacturer in March and will close this loan next month. We will make the next round of loans shortly and open new solicitations in July.

The Department of Energy is committed to making sure its new programs truly serve the needs of communities in Michigan. DoE recently held a workshop here to train county and municipal officials in how to apply for Energy Efficiency and Conservation Block Grants. DoE also held a roundtable discussion here to get input on how the program could best be structured. As Ed Montgomery said, the idea behind these programs “is not Washington talking to Flint; [but] Flint talking to Washington.”

President Obama committed to have 100% of the Recovery Act funds out the door by September 30 of next year. We are well positioned to meet or beat that deadline. We are committed to getting the money out the door quickly to projects with enduring value, while providing unprecedented transparency and accountability, making a difference in the lives of millions of Americans.

My second thought was of the hugely important financial restructuring of GM and Chrysler now underway. I haven't personally been involved in that work and have little expertise in such topics. For background on the restructuring, I recommend recent testimony before the Senate Banking Committee by my administration colleague Ron Bloom, a senior advisor at the Treasury Department, available on the Committee's website. In that testimony, Mr. Bloom emphasized:

- that President Obama inherited an auto industry which had lost huge sales volume and hundreds of thousands of jobs in the year before he took office;
- that without additional assistance, two companies – GM and Chrysler – faced uncontrolled bankruptcies and almost certain liquidation, which would have caused substantial job loss with ripple effects throughout the economy;
- that President Obama was unwilling to put additional tax dollars on the line unless these companies and their stakeholders were willing to fundamentally restructure;
- and that this restructuring process has required deep and painful sacrifices from all stakeholders, but has also given GM and Chrysler a chance to become viable businesses with bright futures.

Because I'm sharing a stage with Fritz Henderson, CEO of GM, I wanted to quote directly from Mr. Bloom's testimony on one specific point. Mr. Bloom said, and I quote:

“The Obama Administration is a reluctant shareholder in General Motors. We inherited a situation in which GM needed substantial capital that only the government could provide. At the same time, GM had been hobbled for years by an unsustainable debt burden. In this context, piling on irresponsible amounts of new debt on top of the new GM would have simply repeated the mistakes of the past. Likewise, giving away the equity stake to which taxpayers were rightly entitled would have been irresponsible. Therefore, the Administration made the decision to take the equity that taxpayers are entitled to, alongside a firm conviction to manage that investment commercially and exit our position as quickly as is practicable.”

However the core point I'd like to leave you with today involves neither the current recession nor companies proceeding through bankruptcy.

The core point I'd like to leave you with involves our energy future.

It's summed up by two quotes. The first is from President Obama, who said recently that:

“The nation that leads on energy will be the nation that leads the world.”

The second is from the greatest hockey player of all time, Wayne Gretzky, who famously said:

“Skate to where the puck is going.”

The energy challenges we face today are vast. In 2009, billions of people around the world still lack access to basic energy services. Our patterns of energy use threaten our national security and have played a role in two wars this country has fought in the past two decades. The ways we use energy are disrupting the climate system and threaten terrifying disruptions in decades to come. These problems can seem insurmountable.

Yet I believe we will revolutionize energy technologies in the decades ahead as much as we revolutionized communications technologies in decades past. I believe clean energy technologies that save money will transform the ways we live. I believe “skating to where the puck is going” means investing in clean energy.

Let me give you one small example. I recently spoke with an entrepreneur who has a product that can tell you – every day, week or month – the electricity costs for each of your home appliances. As he spoke, it suddenly dawned on me how remarkable it is that we don’t already know that. I – for one – have absolutely no idea how much it costs me to operate my computers, TVs, refrigerator or washing machine. If I did know, it would certainly influence me next time I bought one of those appliances and might affect the way I use them. Multiplied by millions of homeowners, the cost and energy savings could be substantial.

We sit today on the cusp of dramatic changes in the ways we use and produce energy. To quote my boss, Steve Chu, Secretary of Energy and winner of the 1997 Nobel Prize in Physics: “We...need a second industrial revolution. In this revolution, there will be no single magical discovery that will rescue us. We will need a wide assortment of solutions in both the demand and supply side of energy.”

Those solutions are coming. In the next 10 years, for example, we can significantly improve the conversion of solar energy into electricity through nanotechnology. We can create for more efficient ways of converting crops, lumber and farm waste – even algae – into transportation fuels.

And we can develop a new generation of batteries that transform the auto sector with plug-in electric vehicles – saving drivers money, cutting pollution and dramatically reducing our dependence on oil.

To be sure, many important technologies will transform the transport sector in years to come.

- Simple and widely available technologies will significantly improve fuel efficiency. Thanks to President Obama’s leadership – and the work of auto companies, environmentalists, labor unions and State officials – we’re now on the way to a single national standard to improve fuel efficiency and cut greenhouse gas emissions from the nation’s automobiles.
- Natural gas has tremendous potential to power trucks, fleet vehicles and more.
- Fuel cells could revolutionize drive trains.
- Advanced biofuels have tremendous promise, as I mentioned.

But today I’d like to emphasize plug-in vehicles – and not just because I enjoyed driving a Chevy Volt this morning. I’d like to emphasize plug-ins because no technology has more potential to dramatically transform driving in the years ahead.

- With plug-in vehicles, many drivers would use little or no petroleum.
- With plug-in vehicles, driving costs would drop dramatically – to the equivalent of roughly 75 cents per gallon at national average electricity prices.
- With plug-in vehicles, torque is instantaneous and pick-up can be excellent.
- With plug-in vehicles, pollution in our cities would fall dramatically. And because electric motors are so much more efficient than internal combustion engines, plug-in vehicles promise significant reductions in global warming pollution.

The future belongs to electric drive. The only question is how soon.

The main barrier today is the cost and performance characteristics of lithium-ion batteries. But substantial resources – financial and human – are speeding innovation in this area.

The public and private sectors both have important roles. As President Obama said during a visit to an electric drive test facility in March: “Our greatest discoveries are born not in a flash of brilliance, but in the crucible of a deliberate effort over time. And often, they take something more than imagination and dedication alone - often they take an investment from government. That’s how we sent a man to the moon. That’s how we were able to launch a world wide web. And it’s how we’ll build the clean energy economy that’s the key to our competitiveness in the 21st century.”

Today several federal programs promote the rapid deployment of plug-in vehicles.

The U.S. Department of Energy has proposed investments of more than \$45 million in basic battery research and \$75 million in applied battery research in FY10.

The Recovery Act provides:

- \$1.5 billion in grants to U.S. based manufacturers to produce highly efficient batteries and their components.
- \$500 million in grants to U.S. based manufacturers to produce other components needed for electric vehicles, such as electric motors and other components.
- \$400 million to demonstrate and evaluate plug-in hybrids and other electric infrastructure concepts – like truck-stop charging stations, electric rail, and training for technicians to build and repair electric vehicles.
- A consumer tax credit of up to \$7500 per vehicle for purchase of a plug-in car.

Of course other nations are racing ahead to electrify their auto fleets. Israel and Denmark both have revolutionary new programs. Last week in Beijing, I heard from a Chinese company planning to introduce all-electric cars by the end of the year. If the U.S. fails to seize this opportunity, others will.

I'd like to close with two thoughts close to home. First, I'd like to recognize the impressive work of Governor Jennifer Granholm. Governor Granholm's leadership is putting Michigan on track to be a leader in a new clean-energy economy. The state's new energy and efficiency standards will reduce oil dependence and spur green job growth. And the new Michigan Energy Corps will put thousands of unemployed Michigan citizens back to work, weatherizing more than 100,000 homes.

Second, I'd like to acknowledge that, as many of you know, last year the Wolverines had their worst football season in at least 40 years. But they'll be back. And so will the economy of the great State of Michigan. We must do all we can to create jobs and opportunity for the people of this state today. We must also build an enduring prosperity – one that will grow and last for decades. Working together, we will build a clean energy future.