

Thank you, Ed, for that kind introduction.

Good morning, and thank you all for joining us for the 13<sup>th</sup> Annual DOE-sponsored Diesel Engine-Efficiency and Emissions Research Conference.

I am pleased to be here this morning, and on behalf of Secretary Bodman and Assistant Secretary Andy Karsner, to welcome you all to Detroit.

As you know, Secretary Bodman was in Michigan just last week, announcing over \$21M in vehicle technology awards, including \$5.7M for advanced, clean diesel projects.

These awards will continue to advance the state of the art in combustion, fuel efficiency, and performance.

Many of the participants in that cutting-edge research are represented in the audience today.

Over the years, this conference has grown from a few dozen attendees to the more than 1000 participants that are here today.

It is a testament to the hard work of the folks in the Department of Energy's Vehicles program, but more importantly, it is visible evidence of the quality and value of the work you all are doing.

Throughout this conference, you will hear about the latest in clean diesel research and trends. I would like to take a brief moment to discuss something a little different – to share with you some thoughts on the policy and market environment that in which your work is taking place.

There is no doubt but that the dynamics of energy policy, technology, and markets are changing – rapidly. The status quo

is insufficient to meet our national aspiration of a clean, domestic alternative fuel industry that supports national security, economic growth, and environmental stewardship.

But that is nothing new – you all have heard this refrain before.

Certainly, as the price of oil spikes, interest in Washington inevitably turns to energy policy.

That intermittent attention creates a turbulent and unreliable environment for investment in technology -- it limits research, development, and commercialization of those breakthroughs that are a central part of our long-term interest.

So, it will come as no surprise that I will suggest to all of you that accelerating domestic clean fuels and vehicles technology is a national priority. The President has articulated this vision in both his 2006 and 2007 State of the Union speeches.

But growing global energy demand and a heightened focus on carbon emissions means that the cyclical nature of energy policy is no longer acceptable, a fact vividly highlighted in the recent National Petroleum Council study, “Facing the Hard Truths About Energy.”

In the last 25 years, world energy demand has increased roughly 60 percent, and the Energy Information Administration projects those trends to continue. Consumption in developing economies is projected to increase dramatically over the next quarter-century.

Meeting that global demand will require, according to the International Energy Agency, an investment of more than \$20 trillion over the next 25 years. Much of that will be focused on

electric generation and distribution, but the role of fuels and vehicles can not be overlooked.

In the United States, we average one car for every two people. In India and China, two of the world's fastest growing economies, there is just one car for every 40 people, indicating that the potential for vehicle demand in the developing world is significant.

These trends underscore the fact that not only must we as a nation make a long-term commitment to clean energy technologies, but that transformational change must take place at a rate and scale that is unprecedented in our nation's history.

We must challenge ourselves to deploy technology into the market place now – not in the future, at some far-off point on a research continuum.

Market decisions to invest in domestic technology are needed today, and must expand substantially within the decade.

Policy must be durable, and signal a long-term commitment to a clean fuels industry that supports our national vision of energy security and environmental responsibility.

When it comes to diversifying our energy portfolio, substantially reducing petroleum consumption, or addressing environmental concerns, technology is on our side; time is not.

Each day that passes without acceleration of a clean energy economy -- each swipe of the credit card that reinforces the status quo of our consumption patterns -- is another day that we put money in to the hands of regimes that want to harm us.

There are roughly 230 million vehicles on the road today, and it will take about 16 years to completely turnover the fleet. Delays

in the deployment of clean, efficient vehicle technologies have long-term consequences.

If we have the technological ability to achieve our national goals, the logical next step is examining what is taking place in the markets and in the policy sphere to accelerate the timeframe in which technology is absorbed into the marketplace.

We must move technology beyond early adopters, and make clean, efficient vehicles widely available on a cost-competitive basis. But again, we as a nation can no longer be content with aspiring to change – our commitment must be firm and near-term.

The President challenged our nation to reduce our gasoline consumption by 20 percent within the decade. He has asked Congress to return to him legislation that achieves those goals.

Unfortunately, the outlook for meaningful bipartisan energy legislation is growing increasingly dim.

Both the House and Senate have now passed energy bills in this Congress, varying widely in scope and vision. Both are controversial, and in many cases fall short of providing the type of policy climate that will accelerate a clean energy economy.

Looking ahead to the fall, Congressional leadership has indicated that legislation addressing climate change is on the agenda.

At this stage, that debate seems focused primarily on regulatory approaches to carbon reduction, rather than pro-growth climate policies that enable rapid commercialization of clean energy technologies.

The outlook for bipartisan legislation is somewhat murky, but I urge you all not to accept this fate, to simply shrug your shoulders at Congress and assume that nothing can change.

We must challenge the notion that policy can be incremental. We must not accept gradual market penetration of technology that is hamstrung by insufficient leadership.

The urgent need for transformational change in our energy portfolio does not allow for complacency.

Our work, at the Department of Energy, is focused on attainment of the President's goal of substantial reduction in petroleum consumption, through accelerating commercialization of alternative fuels and vehicle efficiency improvements.

We are reforming and prioritizing our work to ensure that the investments of taxpayer dollars in our programs pay meaningful dividends.

From increased engine efficiency, to low-temperature combustion, to codes and standards for biodiesel, the Department's work in this area is targeting the low-hanging fruit delivers results in the near-term, while investing in evolutionary and revolutionary research that supports a long-term commitment to change.

We are advancing materials research to enable light, strong vehicles. We are working with our industry partners to develop advanced combustion engines with near-zero emissions.

The intellectual capital and expertise in this room is a vital part of achieving those goals. But we all must do more.

The seriousness of energy supply, national security, and environmental concerns require our best efforts and that means

breaking out of the status quo and moving forward with the diligence that reflects our commitment to change.

In many cases, that will mean examining old notions and challenging conventional wisdom.

I am bullish about the role of clean diesel technology in our nation's future. But I am often surprised to find more pessimistic views within your own industry.

So often, I hear about the need to overcome history, to convince consumers that today's passenger vehicles are not what they are used to.

When Mercedes introduced the first light-duty diesel engine to the American consumer in 197x, I was barely a twinkle in my mother's eye.

But now I am your next consumer, and will be for years to come.

The next generation of diesel consumers, like me, is not informed by decades-old technology, so marketing efforts that attempt to overcome an unfamiliar past miss the mark.

To me, diesel engines are about power, efficiency, and reliability. That perception is a reflection of the scientific and technical achievements present in this room.

Of course, I may be unusual. I grew up in a rural state, where the purr of a diesel engine is a part of the landscape.

But I would urge you all to rethink how you consider your role in the new energy economy.

U.S. oil dependence is driven by transportation – no end-use sector of the U.S. economy is more dependent on oil than the transportation sector. We consume more than nine million barrels of oil per day in our passenger vehicles.

Converting just a third of our automotive fleet to clean diesel power could save 1.4 million barrels of oil per day. Expanding the use of biofuels in our diesel vehicles further reduces our dependence on petroleum and the hostile regimes that supply far too much of it.

The pathway to a secure energy future is not single pathway. There is no silver bullet – as Assistant Secretary Karsner likes to say, what we really need is silver buckshot.

But there is no doubt that clean diesel engines have a significant role to play in achieving energy security in the near-term.

Your work is, and must continue to be, consequential. This conference provides an opportunity to expand and accelerate the industry's dialogue on enabling a clean energy future that rises to the level of our national aspirations.

I look forward to hearing from the rest of this morning's panelists, and to visiting with you all during this morning's session.

Thank you.