

REMARKS BY SENATOR JOHN HEINZ
FOR "REGIONAL SOLAR UPDATE"
PHILADELPHIA, PENNSYLVANIA
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I AM VERY PLEASED TO BE HERE TODAY AT THE NORTHEAST REGIONAL SOLAR UPDATE WITH REPRESENTATIVES OF THE DEPARTMENT OF ENERGY, THE NORTHEAST SOLAR ENERGY CENTER, THE SOLAR INDUSTRY AND THE PUBLIC TO REVIEW THE PROGRESS WHICH HAS BEEN MADE IN THE PAST YEAR TO FURTHER THE WIDESPREAD UTILIZATION OF SOLAR TECHNOLOGY.

AND A MOMENTOUS YEAR IT HAS BEEN IN THE ENERGY FIELD, ESPECIALLY FOR PENNSYLVANIANS. FOR THIS WAS THE YEAR OF THREE-MILE ISLAND, A ONCE OBSCURE LITTLE STRIP OF LAND NEAR THE STATE CAPITOL IN HARRISBURG WHICH BECAME THE SCENE OF THE WORST ACCIDENT IN THE HISTORY OF THE U.S. NUCLEAR INDUSTRY.

BY ITSELF, THAT SO-CALLED "INCIDENT" MADE THIS A MOMENTOUS

(YEAR BY ANYONE'S RECKONING.)

YEAR BY ANYONE'S RECKONING. BUT UNFORTUNATELY, THREE-MILE ISLAND WAS NOT THE ONLY BAD ENERGY NEWS WE RECEIVED IN RECENT MONTHS. THE OVERTHROW OF THE SHAH OF IRAN TRIGGERED AN OIL SHORTAGE WHICH SENT THE PRICE OF GASOLINE AND HEATING OIL SKYWARD. GAS PRICES IN THE 60 CENT RANGE SUDDENLY BECAME A FOND MEMORY, AND METERS ON SERVICE STATION PUMPS BECAME OBSOLETE OVERNIGHT AS PRICES PASSED THE 99.9 CENTS A GALLON MARK.

THE ENORMOUS LINES INDUCED BY THE GASOLINE PANIC SPREAD FROM CALIFORNIA TO THE NORTHEAST, WHERE PENNSYLVANIA BECAME A SCENE OF SOME OF THE MOST RIOTOUS OUTBREAKS OF PUBLIC DISMAY ANYWHERE IN THE COUNTRY. WHILE THE SITUATION SEEMS TO HAVE ABATED FOR THE TIME BEING, THERE IS NO GUARANTEE THAT SUCH A SHORTAGE, AND THE DISRUPTION IT CAUSED, WILL NOT RECUR.

IN FACT, THE OUTLOOK FOR HEATING OIL THIS WINTER IS VERY TROUBLING. THE NORTHEAST CONSUMES 57 PERCENT OF ALL RESIDENTIAL

(HEATING OIL USED.....)

HEATING OIL USED IN THE UNITED STATES. STOCKPILES OF THIS PRECIOUS COMMODITY ARE LAGGING SERIOUSLY BEHIND THOSE ON HAND AT THIS TIME LAST YEAR, AND THE EFFECT ON PRICES IS HARDLY SURPRISING. WHEREAS HEATING OIL LAST WINTER SOLD TO THE HOME-OWNER FOR ABOUT 50 CENTS A GALLON, THAT PRICE HAS ALREADY BEEN INFLATED BY SOME 50 PERCENT, TO AROUND 75 CENTS A GALLON, AND PREDICTIONS FOR THE UPCOMING HEATING SEASON OF \$1.00 A GALLON ARE NOT UNCOMMON.

CLEARLY, THIS SITUATION HAS TO BE OF GRAVE CONCERN TO ALL OF US. FOR MANY OF OUR CITIZENS ALREADY SUFFERING FROM THE IMPACT OF INFLATION, A DOUBLING OF THE COST OF HEATING OIL IN A SINGLE YEAR WILL NOT HAVE THE IMPACT OF THE PROVERBIAL STRAW BEING ADDED TO A STRAINING BACK, BUT RATHER THAT OF A LOAD OF BRICKS. NOT MANY BUDGETS CAN TOLERATE THE ADDITION OF AS MUCH AS \$1,000 OR MORE IN ADDED ENERGY COSTS. AND WHERE GASOLINE SHORTAGES MAY HAVE MEANT GIVING UP DRIVING ONE DAY A WEEK, CAN

(WE EXPECT PEOPLE.....)

WE EXPECT PEOPLE TO GIVE UP HEAT ONE WINTER NIGHT EACH WEEK?

IT IS NO LONGER OPEN TO QUESTION THAT WE AS A NATION, AND THE NORTHEAST REGION IN PARTICULAR, MUST REDUCE OUR DEPENDENCE ON PETROLEUM, AND ESPECIALLY THAT FROM FOREIGN SOURCES. BUT THREE-MILE ISLAND HAS MADE IT HIGHLY QUESTIONABLE WHETHER A ONCE BRIGHT PROSPECT FOR REPLACING OIL-FIRED ELECTRIC POWER, NAMELY, NUCLEAR POWER, CAN DO THIS JOB.

THE DOUBLE BIND OF OIL DEPENDENCE AND NUCLEAR UNCERTAINTY HAS MADE THE NEED TO DEVELOP ALTERNATIVES ABSOLUTELY CRITICAL. WE PENNSYLVANIANS BELIEVE THAT WE HAVE AN ABUNDANCE OF ONE SUCH ALTERNATIVE RESOURCE, COAL. AND WE SUPPORT EFFORTS TO EXPLOIT THIS RESOURCE MORE FULLY, WHETHER FOR GENERATING ELECTRICITY OR FOR PRODUCING SYNTHETIC FUELS.

HOWEVER, AS A NATION WE NEED TO DEVELOP A DIVERSITY OF ENERGY

(SOURCES TO ESCAPE FROM.....)

SOURCES TO ESCAPE FROM THE OIL-NUCLEAR DILEMMA. SOLAR TECHNOLOGIES CAN, MUST, AND CERTAINLY WILL MAKE A MAJOR CONTRIBUTION TO OUR FUTURE ENERGY SUPPLY. SOLAR APPLICATIONS SUCH AS WATER HEATING, PASSIVE SOLAR DESIGN, WOODBURNING AND GASOHOL ARE PROVEN AND PRACTICAL TODAY. ACTIVE SOLAR SPACE HEATING AND COOLING, SMALL-SCALE HYDROELECTRIC POWER, WIND ENERGY CONVERSION, PHOTOVOLTAICS, AND OCEAN ENERGY CONVERSION OFFER AN EVEN GREATER POTENTIAL CONTRIBUTION IN THE NEAR FUTURE.

WHILE THE PURPOSE OF THIS MEETING AND TOMORROW IS TO REVIEW PAST PROGRESS, I AM SURE THAT THERE IS NOT A PERSON IN THIS ROOM WHO IS NOT AS EQUALLY CONCERNED WITH FUTURE PROGRESS. THE TWIN OIL AND NUCLEAR CRISES HAVE PROVIDED A SHARP IMPETUS TO THE DEVELOPMENT AND UTILIZATION OF SOLAR APPLICATIONS. WHEREAS A YEAR AGO THE SOLAR INDUSTRY WAS STALLED, AWAITING THE PASSAGE OF TAX CREDITS IN THE PROPOSED NATIONAL ENERGY ACT, TODAY THE INDUSTRY

(AND ITS CONSUMERS.....)

AND ITS CONSUMERS ARE AT LAST SEEING REAL MOMENTUM BUILDING TOWARD SOLARIZATION ON A BROAD SCALE.

A KEY FACTOR IN THE NORTHEAST HAS BEEN THE COMBINED EFFECT OF NATIONAL TAX CREDITS WITH THE SOLAR WATER HEATER \$400 GRANT PROGRAM OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. TWO MONTHS AGO I JOINED THE NORTHEAST SOLAR ENERGY CENTER AT THE FRANKLIN INSTITUTE HERE IN PHILADELPHIA TO LAUNCH THE MIDDLE ATLANTIC PHASE OF "OPERATION SUNPOWER." THAT PROGRAM HAS AS ITS OBJECTIVE DOUBLING THIS YEAR THE NUMBER OF SOLAR INSTALLATIONS IN PLACE IN THE NORTHEAST, FROM 5,000 TO 10,000. YOU WILL BE HEARING MORE ABOUT "OPERATION SUNPOWER" DURING THIS REGIONAL UPDATE, BUT FROM WHAT I UNDERSTAND, THE OUTLOOK IS GOOD FOR ACHIEVING ITS GOAL.

WHEN I SPOKE AT THE "SUNPOWER" KICKOFF ON MAY 31, I CALLED ON THE FINANCIAL COMMUNITY IN PENNSYLVANIA AND THE NORTHEAST

(TO DEVELOP MECHANISMS.....)

TO DEVELOP MECHANISMS TO ENABLE WOULD-BE SOLAR CONSUMERS TO FINANCE PURCHASES OF SOLAR SYSTEMS. NOT WITHSTANDING HELPFUL EFFORTS TO ASSIST LOAN OFFICERS AND CONSUMERS WITH EXPEDITING SUCH FINANCING, IT IS CLEAR FROM OUR EXPERIENCE WITH DEVELOPING A SOLAR MARKETPLACE THAT THE UP-FRONT COST OF GOING SOLAR, EVEN WITH THE MOST COMPETITIVE INTEREST RATES, IS ONE OF THE MAJOR IMPEDIMENTS TO WIDESPREAD SOLARIZATION. WITHOUT APPROPRIATE, LOWER COST, FINANCING FOR CONSUMERS, WE WILL NOT ACHIEVE THE NECESSARY CONTRIBUTION OF SOLAR ENERGY TO OUR ENERGY SUPPLY. APPROPRIATE FINANCING IS THE KEY IN THE SOLAR INDUSTRY, JUST AS IT IS IN INDUSTRIES SUCH AS HOUSING, AUTOMOBILES, AND LARGE APPLIANCES.

IN MY REMARKS AT THE FRANKLIN INSTITUTE, I EXPRESSED CONCERN THAT THE PRIVATE SECTOR HAVE A ROLE IN FINANCING OF SOLAR. GOVERNMENT CANNOT AND, IN MY OPINION, MUST NOT TAKE ON THAT ROLE SOLELY TO ITSELF THROUGH GOVERNMENT LOAN OR GRANT PROGRAMS. HOW-

(EVER, IF WE ARE.....)

EVER, IF WE ARE TO MOVE AS QUICKLY AS WE MUST TO AVERT ENERGY DISASTER IN THE NEXT DECADE, GOVERNMENT MUST PLAY A ROLE TOGETHER WITH THE PRIVATE SECTOR.

AS PART OF MY EFFORTS TO INSURE THE REALIZATION THE POTENTIAL SOLAR ENERGY OFFERS, I AM ANNOUNCING MY SUPPORT FOR THE CREATION OF A SOLAR ENERGY DEVELOPMENT BANK. THE PURPOSE OF THIS BANK IS TO PROVIDE THE INCENTIVES THAT ARE NECESSARY TO ENCOURAGE HOMEOWNERS AND BUILDERS TO INCORPORATE SOLAR SYSTEMS INTO EXISTING AND NEW HOMES. THE BANK WOULD BE ESTABLISHED WITHIN HUD, AND BE A GOVERNMENT CORPORATION SIMILAR TO GINNIE MAE (GNMA), IT WOULD PROVIDE INTEREST SUBSIDIES FOR HOME IMPROVEMENT LOANS AND MORTGAGES TO FINANCE SOLAR SYSTEM PURCHASE AND INSTALLATION, UPFRONTING THE SUBSIDIES TO BANKS AND OTHER LENDING INSTITUTIONS TO IN TURN PERMIT THEM TO MAKE HOME IMPROVEMENT AND MORTGAGE LOANS FOR SOLAR INVESTMENTS AT INTEREST RATES

(BELOW THE PREVAILING.....)

BELOW THE PREVAILING MARKET RATE.

SOLAR TECHNOLOGIES ARE AT A DISADVANTAGE IN THE MARKET-PLACE BECAUSE CURRENT ENERGY PRICES DO NOT ACCURATELY REFLECT THE TRUE ECONOMIC COST TO SOCIETY. DURING A RECENT BANKING COMMITTEE HEARING HARVARD BUSINESS SCHOOL PROFESSOR ROBERT STOBAUGH SUGGESTED THAT THE TRUE ECONOMIC COST OF A BARREL OF IMPORTED OIL IS DOUBLE ITS MARKET PRICE. TAX CREDITS AND INTEREST RATE SUBSIDIES WHICH OFFSET THESE HIDDEN SUBSIDIES WILL ENABLE CONSUMERS TO MAKE ENERGY CONSUMPTION DECISIONS.

PROVIDING CONSUMERS WITH AN ACCURATE IDEA OF THE TRUE COST OF THE ENERGY THEY USE WILL BENEFIT THE NATION AS WELL AS THE FURTHER DEVELOPMENT OF SOLAR ENERGY BY ENCOURAGING MORE EFFICIENT USE OF LIMITED FINANCIAL AND ENERGY RESOURCES. THE SOLAR BANK WILL CREATE A VIABLE PARTNERSHIP BETWEEN THE FEDERAL GOVERNMENT AND THE PRIVATE SECTOR TO ENCOURAGE THE GROWTH OF SOLAR ENERGY.

(THIS PAST YEAR.....)

THIS PAST YEAR HAS BEEN A WATERSHED FOR ENERGY IN GENERAL AND FOR SOLAR IN PARTICULAR. WITH PROPER FINANCIAL INCENTIVES FROM A SOLAR BANK, WE CAN NOW MOVE FORWARD INTO THE 1980'S WITH A FIRM COMMITMENT TO TAPPING THE POTENTIAL OF THE SUN IN THE NORTHEAST AND THE ENTIRE NATION.

THANK YOU.