

Remarks by the Honorable Ray Mabus  
Secretary of the Navy  
Senate Committee on Energy and Natural Resources  
Norfolk, VA  
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Chairman Shaheen, Senator Warner, distinguished members of the panel, I want to thank you and your colleagues in Congress for your support of the Navy and Marine Corps and for all of our men and women in uniform, their families and the civilians who help us maintain the best military the world has ever known. Protecting our national interests is exactly what our efforts on reforming how we use, how we produce and how we procure energy are all about. Before I get into the specifics of what we are trying to accomplish, however, I believe it is important to fully understand the environment in which we work.

The pride the Commandant of the Marine Corps, General James Amos, the Chief of Naval Operations, Admiral Jonathan Greenert, and I take in leading the dedicated Sailors, Marines and civilians who serve the United States is exceeded only by the accomplishments of these brave and selfless individuals.

Whatever is asked of them by the American people through their Commander in Chief - from Afghanistan to Libya, from assisting the stricken people of Japan to assuring open sea lanes around the world, from bringing Osama bin Laden to final justice to bringing hostages out of wherever they may be hidden by terrorists or pirates – they answer the call, they get the mission done.

But as we began to pivot out of two long ground wars, it became essential to review our basic strategic posture. The new guidance, developed under the leadership of the President and the Secretary of Defense and with the full involvement of every service secretary and service chief, responds to a dynamic and more complex global security environment. Out of that

strategy, we developed a budget to ensure that the Navy and Marine Corps can execute this strategy, even as we meet the constraints of the Budget Control Act passed by Congress.

The CNO, the Commandant, and I are confident that the United States Navy and Marine Corps are well prepared to maintain their status as the most formidable expeditionary fighting force the world has ever known. No one should ever doubt the ability, capability or superiority of the Navy-Marine Corps team.

This new strategy – focusing on the Western Pacific and Arabian Gulf region, while maintaining our global presence – clearly increases demand on maritime capability. It requires a Navy-Marine Corps team that is built and ready for any eventuality - on land, in the air, on and under the world’s oceans, or in the vast “cyber seas” - and operated forward to protect American interests, respond to crises, and to deter or, if necessary, win wars.

Understandably, this has drawn a lot of discussion regarding the size of our fleet. I’d like to help inform that discussion with some basic facts. On 9/11, the United States Navy had 316 ships, but that number dropped by 33 ships in just seven years. Reversing that trend and rebuilding our fleet has been one of the top priorities of this administration. We have stabilized acquisition programs for many of our most important platforms, increased competition, moved toward more fixed-price contracts, insisted on better performance and taken tougher stands against fraud, abuse, and mismanagement.

Despite fiscal challenges and having to decommission seven ships, our shipbuilding plan will enable us to maintain the same size fleet at the end of the five year budget cycle that we have today, and before the end of the decade, we will once again reach a 300-ship fleet. I must also point out that the capabilities of that fleet in 2019 will far exceed those of today.

As I said, the CNO, the Commandant and I are fully confident that we can meet the demands of this strategy today. But the threats we face are not static and neither is our defense

strategy nor our plans to continue to build our capabilities and capacities to meet that strategy and whatever threats or requirements come over the horizon.

It is exactly because we live in that dynamic environment that we cannot remain content or complacent regarding how the Navy and Marine Corps use, produce and procure energy. Here again, regarding our efforts, it is essential to identify the facts.

No one can doubt that resources have always been a potential source of conflict throughout human history. Those who have abundant energy resources have sometimes used that as a weapon against others, while those who lack energy supplies – or must depend on others to provide for their needs – recognize how vulnerable that makes them.

Today, the United States controls just two percent of known global oil reserves, but we consume over 20 percent of the world's oil. President Obama's "All of the Above" energy strategy clearly advocates doing a better job of increasing domestic oil production as much as possible, but the math is clear, even if we opened up every possible source of oil available to us, it wouldn't be enough to supply our needs.

That's why we rely so much on foreign sources of oil, even though many of those sources on which we are absolutely dependent are in volatile places around the globe. Some of our oil suppliers also may not have our best interests at heart. We would never depend on many of those oil suppliers to build our ships or our aircrafts, or our ground equipment. But we give them a say in whether those ships sail, those aircraft fly, or those vehicles run because we depend on them for fuel. Supply shocks are a very real strategic vulnerability for us.

Price shocks make us equally vulnerable. For every dollar charged for a barrel of oil, the Department of the Navy spends \$30 million. But oil prices are set on a global market that is often driven by speculation and rumor, which can cause price spikes that make budgeting impossible. When unrest in some oil producing regions broke out last year, the price of a barrel

increased by \$30, which increased Navy's fuel bill by over \$1 billion. That additional \$1 billion in fuel costs that we could not have planned for left us having to take money out of operations, meaning our Sailors and Marines steamed less, flew less and trained less.

In theater, fuel is also a tactical and operational vulnerability. Fuel and water are the two things we import most into Afghanistan. For every 50 convoys, a Marine is killed or wounded. That is too high a price to pay.

Both the Navy and the Marine Corps must use energy more efficiently and we must lead in the development of alternative energy; otherwise, we put at risk our military readiness, we put at risk our national security, we put at risk the lives of our Sailors and Marines.

Nearly three years ago, I set five ambitious energy goals for the department. We are making real progress on all five and our efforts are already making us better warfighters.

Let me give you some examples of that progress, some of which I know you saw for yourself earlier today.

By deploying to Afghanistan with solar blankets to charge radios and other electrical equipment, a Marine patrol dropped 700 pounds in batteries from their packs and decreased the need for risky resupply missions.

Less efficient generators run all the time, making noise that makes them easy for the enemy to target. More efficient generators run less often, make less noise and are less easy to target.

More efficient means of powering our ships helps save money, leaving more for other programs or platforms. The Makin Island's hybrid electric drive saved over \$2 million on its maiden voyage at calendar year 2010 prices. Over its life expectancy, the ship's ability to rely on its electric motor when it is cruising at lower speeds – which is most of the time – is

anticipated to save over \$250 million in fuel costs alone. That's why we're investing in the same hybrid technology for our destroyers.

Representatives of both the Navy and Marine Corps will follow me and offer further specifics on what we are doing to secure greater independence, save money and – most importantly – save lives through a comprehensive effort to reduce energy demand and provide alternative forms of energy ashore, afloat, in the air, and on the ground.

But before I finish, let me mention two more significant initiatives undertaken by Navy at the direction of our Commander in Chief to advance the goals I just outlined.

The first is advancing the production or consumption of one gigawatt of renewable energy generation on or near our installations without any cost to taxpayers by using existing third-party financing mechanisms, such as power purchase agreements, joint ventures and enhanced use leases. While we are the sea-going service, the Navy and Marine Corps own more than three million acres of land and over 72,500 buildings. We believe leveraging those assets to promote renewable alternatives will help advance our energy goals as well as increase clean energy jobs for America.

The second initiative, symbolized in our effort to demonstrate what we call the “Great Green Fleet,” has drawn its share of critics, although I believe much of that criticism is based on either misunderstandings or inaccuracies.

Last year, the Navy bought what we believe is the largest single purchase of biofuels to mix in a 50/50 blend with diesel and aviation fuel to power a demonstration of how our ships and planes can operate on alternative liquid fuels during the Rim of the Pacific exercise this summer. During the exercise, alternative fuel blends will be used in operational activities such as underway replenishments and refueling of aircraft on the deck of our carrier.

We dubbed this the Great Green Fleet as a reminder of Teddy Roosevelt's Great White Fleet, which helped usher in America as a global power on the world stage at the beginning of the 20<sup>th</sup> Century. The Great Green Fleet is not about some environmental agenda. It is about maintaining America's military and economic leadership across the globe in the 21<sup>st</sup> Century.

It is true that the biofuel blend cost us more than conventional diesel and aviation fuels. But simple economics explains why. Alternative fuels cannot become competitive with oil unless there is a demand for them. But demand at commercial scale will never be possible unless there is the supply to meet that demand. While our purchase was the largest single purchase ever, it still represents a fraction of what Navy will need. But even purchases of small amounts for our research efforts has shown dramatic results in lowering the cost of biofuels, which cost half as much today as they did just two years ago.

One of the advantages Navy has is our ability to help stimulate both demand and supply. That is why the President directed us to work with the Departments of Agriculture and Energy to develop a plan to help create a domestic, commercially viable biofuels industry. We are making real progress on that plan, which calls for a government commitment of \$510 million and a matching commitment from the private sector to help build such an industry to provide energy independence and American jobs.

We also can't afford to be distracted by those who offer the false choice of investing in ships and planes or investing in more secure means of powering those platforms. If we do not have or cannot afford the energy to power those platforms, the platforms themselves may be of little value. And if we develop a domestic fuel source that is less vulnerable to price shocks, we will be able to afford more of the ships and planes we need. This is not about choosing either ships or alternative fuels, this is about building ships and using alternative fuels.

To those who question why Navy would be a leader on energy innovation or that its efforts are either outside or obstructing its real mission, I would simply remind them of our history.

In the middle of the 19th Century, it was Navy that shifted from sail to steam. In the early 20<sup>th</sup> Century, we shifted again from steam to oil, and in the middle of the 20<sup>th</sup> Century it was the US Navy that pioneered nuclear power. At each of those transitions, there were those who questioned the need, challenged the cost or simply opposed change of any kind.

For 236 years, from sail to steam to nuclear; from the USS Constitution to the USS Carl Vinson; from Tripoli to Tripoli; our maritime warriors have upheld a proud heritage, protected America, projected our nation's power, and provided freedom of the seas.

Then, as always, our Navy and Marine Corps will continue to adapt, to innovate and assure that America comes out on top. Thank you.