

Obama urges shift to new energy technologies

ANNE GEARAN - Associated Press - Associated Press

President Barack Obama on Wednesday made his most urgent appeal yet for the nation to wean itself from oil, calling it a "fuel of the past" and demanding that the United States broaden its approach to energy.

Mindful of the political dangers of high gas prices, he said shrinking demand for oil must drive the solution.

Obama, promoting his energy policies in a politically prominent state that will host the Democratic National Convention, called on Congress to provide \$1 billion in grants to local communities to encourage greater use of fuel-efficient technologies. The administration's goal is to make electric vehicles as affordable and convenient as gasoline-powered vehicles by 2020.

The president also proposed greater tax incentives to encourage the purchase and use of more fuel-efficient vehicles.

Gasoline prices are at their highest levels for this time of year and Obama has been traveling in recent weeks to promote energy proposals he says will reduce foreign oil dependency over the long term.

"We need to invest in the technology that will help us use less oil in our cars and our trucks, and our buildings, and our factories," Obama said. "That's the only solution to the challenge. Because as we start using less, that lowers the demand, prices come down."

The president spoke at a Daimler truck plant in Mount Holly, N.C., a state with political implications for his re-election. He traveled there as the Republican field seeking to defeat him in November remains unsettled. Mitt Romney squeezed out a win in pivotal Ohio on Tuesday, captured five other states and padded his delegate lead in the race for the Republican presidential nomination. But the front-runner was forced to share the Super Tuesday spotlight with a resurgent Rick Santorum.

Obama's attention to energy comes as high gas prices put a strain on pocket books. On Wednesday, the nationwide average for regular unleaded slipped less than a penny to \$3.761 per gallon, according to auto club AAA, Wright Express and Oil Price Information Service. While the price has stabilized somewhat over the past two days, a gallon of regular unleaded is still 48.5 cents higher than it was at the beginning of the year.

Republicans have been pointedly critical of Obama, blaming his energy policies for the spike in gasoline prices. Gingrich has argued that as president, he would reduce the price of gasoline to \$2.50 a gallon.

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Published on Chem.Info (<http://www.chem.info>)

Without naming Gingrich, Obama dismissed his claim.

"Next time you hear some politician trotting out some three point plan for \$2 gas, you let him know we know better," Obama said. "Tell him we're tired of hearing phony election year promises that never come about."

Selecting North Carolina for his energy message has a strong election-year undertone. Obama won North Carolina by only 14,000 votes in 2008, the slimmest margin of all the states he carried. He was the first Democrat since Jimmy Carter to carry the state.

Obama struck a cheerful, relaxed pose, engaging in a bit of call-and-response with the crowd and praising the hospitality of North Carolinians.

"Even the folks who don't vote for me, they're nice to me, they usually wave five fingers," he joked.

The visit marked Obama's first to a foreign automaker as president, but he was pushing a familiar theme. He called on Congress to end tax subsidies to the oil and gas industry, which amount to about \$4 billion a year.

"We should put every member of Congress on record," Obama told plant workers at Daimler's Freightliner plant. "They can stand up for the oil companies or they can stand up for the American people and this new energy future."

"We can place our bets on the fuel of the past or we can place our bets on American know-how and American ingenuity and the American workers just like the ones right here," he said.

Obama's \$1 billion incentive for local communities is designed to promote use of advanced technologies such as more charging stations for electric vehicles. Obama has called for 1 million plug-in vehicles on American roads by 2015. If Congress approves the incentive plan, up to 15 communities would be picked as models of innovation.

Obama also was calling for increasing a tax incentive to \$10,000 from \$7,500 for people who purchase certain advanced vehicles.

But Republicans have questioned the worthiness of such tax credits. General Motors Co., for example, recently suspended production of its Chevrolet Volt electric car for five weeks amid sluggish sales, idling 1,300 workers at its Detroit area assembly plant.

The Volt costs \$41,000 before a tax credit of up to \$7,500. GM sold more than 7,600 Volts last year, below its original goal of 10,000 cars. The company has sold more than 1,600 Volts through the end of February.

In Congress Wednesday, Republicans and oil industry leaders called for more U.S. gas production to combat rising prices while Democrats focused on conservation

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and the role of Wall Street speculators in driving up prices

Jack Gerard, CEO of the American Petroleum Institute, told a House energy panel the nation has vast energy resources that aren't being fully tapped. New leasing on federal lands is down by 44 percent, and the number of new wells drilled is down 39 percent, Gerard said.

Associated Press writers Ken Thomas and Matthew Daly in Washington contributed to this report.

Source URL (retrieved on 04/19/2015 - 3:55pm):

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