RSC Republican Study Committee
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Legislative Bulletin……………..…………………….………June 15, 2004

Contents:

Summary of the Bills Under Consideration Today:

Total Number of New Government Programs:
Year to Date Prior to Today's Bills*: 23*

Total Cost of Discretionary Authorizations: While there is not a CBO cost estimate on the energy bill authorizations, it adds to over $13 billion on the first 3 pages of this summary. See below for more details.
Year to Date Prior to Today's Bills: At least $651.97 billion[#], over five years

Total Amount of Revenue Reductions: $17.4 billion over the 2004-2008 period and $25.7 billion over the 2004-2013 period.
Year to Date Prior to Today's Bills: $118.5 billion over five years

Total Change in Mandatory Spending: Increase of $3.7 billion over the 2004-2008 period and by $5.4 billion over the 2004-2013 period, according to preliminary CBO estimate.
Year to Date Prior to Today's Bills: $10.4 billion over five years

Total New State & Local Government Mandates: 0
Year to Date Prior to Today's Bills: 15[#]

Total New Private Sector Mandates: 0
Year to Date Prior to Today's Bills: 13

H.R. 4503—Energy Policy Act of 2004 (Barton)

Order of Business: The bill is scheduled to be considered on Tuesday, June 15th, subject to a closed rule (H.Res. 671).

NOTE: The text of this bill is identical to that of the Conference Report for H.R. 6., which the House passed by a vote of 246-180 on November 8, 2003: http://clerk.house.gov/evs/2003/roll630.xml

Summary *Highlights* by Title:

Title I—Energy Efficiency

- **Federal Buildings**:
  Guidelines for energy efficiency in federal facilities are set so that the energy consumption per gross square foot in each federal building goes down by an increasing percentage each fiscal year from 2004 (a 2% reduction) through 2013 (a 20% reduction). Certain federal buildings may be excluded for several listed reasons (such as national security).
  Requires all federal buildings (including legislative branch buildings) to be metered for their energy use by the start of fiscal year 2011.
  Allows an agency to retain funds appropriated to the agency for energy expenditures that are not spent because of energy savings, provided that such funds are used for energy efficiency or unconventional and renewable energy resources projects.
  Mandates periodic energy audits of federal agencies by the Inspector General.
  Allows and encourages federal agencies to enter into contracts to improve energy efficiency.
  Requires federal agencies to acquire central air conditioners and heat pumps that meet or exceed new standards listed in the bill.
  Authorizes $2 million "for fiscal years after the enactment of this Act" for the Architect of the Capitol to develop and implement a plan for the Capitol complex to save energy and water.

- **Testbed Program:** Authorizes $18 million to be appropriated over FY2004-2006 to establish an Advanced Building Efficiency Testbed program for the development of innovations in building technologies.
- **LIHEAP**: Authorizes appropriations for the Low-Income Home Energy Assistance Program (LIHEAP) of $3.4 billion for each of fiscal years 2004 through 2006.
- **Weatherization Assistance:** Authorizes appropriations for the Weatherization Assistance Program as follows: $325 million for FY2004, $400 million for FY2005, and $500 million for FY2006.
- **State Energy Programs:** Authorizes appropriations for State energy programs as follows: $100 million for fiscal years 2004 and 2005, and $125 million for FY2006.
- **Rebate Program**: Authorizes $50 million for each of fiscal years 2004-2008 for states to establish energy efficient appliance rebate programs to provide rebates to residential consumers for the purchase of residential Energy Star products to replace used appliances of the same type.
- **Public Education**: Directs the Secretary of Energy to initiate a public education campaign on the energy and cost savings of regularly scheduled maintenance of air conditioners, heating, and ventilating systems.

- **State & Local Government Buildings:** Establishes a new program in the Department of Energy to distribute grants to state and local governments to improve energy efficiency in public buildings. Authorizes $30 million for each of fiscal years 2004 through 2008.
- **Low-Income Community Pilot Program**: Establishes a new pilot program for grants to local governments and private organizations to improve energy efficiency, identify and develop alternative renewable energy supplies, and increase energy conservation in low-income rural and urban communities. Authorizes $20 million for each of fiscal years 2004-2006.
- **Energy Star**: Establishes an Energy Star Program in the Department of Energy to promote energy-efficient products and buildings labeled "Energy Star" for meeting the highest energy efficiency standards. Does not specify authorization levels.
- **Household Appliance Standards**: Sets new standards for household appliances when in "standby mode."
- **Housing**: Makes a variety of changes to current housing programs to encourage energy efficient housing for low-income families, increase mortgage insurance incentives for energy efficient housing, and require public housing agencies to purchase energy-efficient appliances.

Title II—Renewable Energy

- **Renewable Energy Assessment**: Directs the Secretary of the Energy to regularly assess the renewable energy resources available within the United States (including solar, wind, biomass, ocean, geothermal, and hydroelectric).
- **Renewable Energy Production Incentive:** Modifies, extends (through September 2023), and expands the current renewable energy incentive program which provides payments of 1.7 cents per kilowatt-hour to qualifying generators for electricity produced from renewable energy sources.
- **Federal Purchase Requirement:** Requires that the President, acting through the Secretary of Energy, seek to ensure that, "to the extent economically feasible and technically practicable," of the total amount of electric energy the federal government consumes during any fiscal year, the following amounts shall be renewable energy:
  - (1) Not less than 3 percent in fiscal years 2005 through 2007.
  - (2) Not less than 5 percent in fiscal years 2008 through 2010.
  - (3) Not less than 7.5 percent in fiscal year 2011 and each fiscal year thereafter.
- **Insular Areas Energy Security**: Authorizes $5 million in grants per fiscal year (at least $30 million over 6 year authorization of bill) to governments of territories to protect electric power transmission and distribution lines from hurricanes and typhoons. The federal cost for a project is capped at 75%.
- **Photovoltaic Energy in Public Buildings**: Authorizes $300 million over the FY2004-FY2008 period for the establishment and subsequent evaluation of a photovoltaic energy commercialization program for the procurement and installation of photovoltaic solar electric systems for electric production in new and existing public buildings.
- **Biomass Program:** The Secretary may make grants to any person that owns or operates a facility that uses biomass (such as trees, woody plants, brush, and wood

chips) as a raw material to produce electric energy, sensible heat, transportation fuels, or substitutes for petroleum-based products to offset the costs incurred to purchase biomass for use by such facility. The Secretary may also make grants not to exceed $500,000 to persons (individual, community, tribe, small U.S. business, or non-profit) "to offset the cost of projects to develop or research opportunities to improve the use of, or add value to, biomass." The bill authorizes $50 million per year for FY04-14 for these programs, and requires a report to Congress by 2010.

- **Geothermal Steam**: Amends the Geothermal Steam Act of 1970 (30 U.S.C. 1003) regarding competitive lease sales, low temperature geothermal resources (temp. of less than 195 degrees.), royalty rates and conditions, lease duration and work commitment requirements, conversion of geothermal leases to mineral leases
- **Geothermal Development Leasing**: Opens public lands within the National Forest System to geothermal energy development leasing.
- **Hydroelectric Alternative for Resource Protection:** Requires that federal resource agencies consider alternatives to the mandatory conditions and fishway prescriptions they would otherwise impose on hydroelectric power projects during a licensing proceeding.
- **Hydroelectric Incentive Payments**: Authorizes $10 million for each of fiscal years 2004 through 2013 for incentive payments to hydroelectric facilities that expand operations at existing dams. No facility could receive more than $750,000 in a calendar year. Also authorizes $10 million for each of fiscal years 2004 through 2013 for incentive payments to hydroelectric facilities to make capital improvements to improve efficiency by at least 3% at existing dams.
- **Off-Peak Pumping**: Requires the Secretary of the Interior to shift as much water pumping at Bureau of Reclamation facilities as possible to off-peak hours to minimize the amount of electric power consumed for such pumping during peak hours, and stipulates that the Secretary must have consent of those contracted with the U.S. who use the water for irrigation and would be affected.

Title III—Oil and Gas

- **Strategic Petroleum Reserve**: Provides permanent authority to operate the Strategic Petroleum Reserve (authorized at "such sums"). Directs the Secretary of Energy to fill the Strategic Petroleum Reserve "as soon as practicable" and plan to expand the Reserve to 1 billion barrels.
- **Royalties**: Provides that royalties payable to the United States under an oil or gas lease shall, upon demand of the Secretary of the Interior, be paid in oil or gas. The Secretary of the Interior may sell or otherwise dispose of any royalty production taken in-kind (other than oil or gas transferred under the Outer Continental Shelf Lands Act) for not less than the market price (including disposal or sale to other federal agencies). The Federal Government would be able to transport or sell such oil or gas or use it to bolster the Strategic Petroleum Reserve. A one-time report to Congress is required by June 2004 to describe "actions taken to develop an organization, business processes, and automated systems to support a full royalty in-kind capability to be used in tandem with the royalty in value approach to managing Federal oil and gas revenues." Certain consultations with states are required if the in-kind program is within a state.

- **Lease Incentives**: Provides for royalty relief incentives for deep-water areas including offshore Alaska and the Gulf Mexico. Provides independent producers incentives for extended production from federal oil and gas leases approaching abandonment due to economic factors. Reduces royalties for certain marginal oil and gas refineries.
- **Linear Rights of Way**: Amends Federal Land Policy and Management rights of way statute (43 U.S.C. 1764) to add a new section regarding the determination "of fair-market value of linear rights-of-way" and requiring the Secretary of Interior and Agriculture to revise and modify per acre rental fees regarding these linear rights-of-way modifications.
- **New Data Program**: New $150 million (over five years) program entitled the National Geological and Geophysical Data Preservation Program to archive maps, data, well logs and samples, to provide a national catalog of the material, and to provide assistance to archive these materials.
- **Hawaii's Dependence on Oil**: Requires an assessment of the state of Hawaii's dependence on oil for energy.
- **International Oil Supply Agreements**: Codifies agreements from 1979 and 1980 allowing the U.S. to export oil to or secure oil for certain countries.
- **Renewable Energy on Federal Lands**: Requires the Secretaries of the Interior and of Agriculture to recommend to Congress ways to develop renewable energy on federal lands.
- **Federal Energy Project Coordination**: Establishes the Office of the Federal Energy Project Coordination.
- **Alaska Natural Gas Pipeline**: Provides for the expedited approval, construction, and initial operation of an Alaska natural gas pipeline system (as an alternative to the current framework that's been in place since 1976). Identifies certain lands over which the pipeline could not run. Encourages the use of North American steel and small-business contractors.
- **Federal Coordinator**: Establishes the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects as an independent office in the Executive Branch. Makes the Federal Coordinator, who would be the primary monitor of the pipeline, subject to presidential appointment and Senate approval. Transfers to the Federal Coordinator all authorities of the Office of the Federal Inspector of Construction for the Alaska Natural Gas Transportation System.
- **Construction Training Programs**: Authorizes up to $20 million for grants to the Alaska Department of Labor and Workforce Development to train pipeline construction workers.
- **Loan Guarantees**: Authorizes federal loan guarantees for the natural gas pipeline.

Title IV—Coal

- **Clean Coal Power Initiative:** Authorizes $200 million per year for FY04-12 for projects that advance efficiency, environmental performance, and cost competitiveness of coal power.
- **Centers of Excellence**: From the above amount, the Secretary is required award grants to universities to establish Clean Coal Centers of Excellence for Energy Systems and the Future.

- **<u>Coal Leases</u>**: Limits fees and removes deadlines with respect to coal leases. Repeals the 160-acre limit for coal leases, amends current law with regard to the payment of advanced royalties under coal leases. Requires the Secretary to review public lands with coal resources and complete an inventory to be made public within two years.
- **<u>Clean Air Coal Program</u>**: Authorizes $2.0 billion over eight years to create a new Clean Air Coal Program to facilitate the production and generation of coal-based power for pollution-control equipment.

<u>Title V—Indian Energy</u>

- **<u>Office of Indian Energy Policy and Programs</u>**: Creates the Office of Indian Energy Policy and Programs.
- **<u>Indian Assistance</u>**: Amends current law regarding Indian energy (25 U.S.C. 3501 et seq.) to add definitions of the terms "Indian" and "Indian Land" and modify current definitions of "Indian reservation" and "Indian tribe." Authorizes federal assistance for regulations, requirements and conditions on Indians for leases, business agreements, and rights-of-way involving energy development or transmission.

<u>Title VI—Nuclear Matters</u>

- **<u>Indemnification</u>**: Extends and vastly increases (through the end of 2023) the federal indemnification of Department of Energy (nuclear) contractors, Nuclear Regulatory Commission (NRC) licensees, and nonprofit educational institutions (that do nuclear energy work). In certain cases, the liability limit is raised from $100 million to $500 million.
- **<u>Training Program</u>**: Authorizes $1 million for each of fiscal years 2004 through 2008 for a Nuclear Regulatory Commission training program.
- **<u>Uranium Mining:</u>** Authorizes $10 million a year (FY04-06) for cooperative research on uranium mining.
- **<u>Whistleblower Protection</u>**: Extends whistleblower protection to employees of the Energy Department and the NRC.
- **<u>Export Prohibition</u>**: Prohibits the export of nuclear and any nuclear-related materials and equipment to countries who sponsor terrorism (subject to certain exceptions and waivers).
- **<u>Uranium Stockpile</u>**: Authorizes the creation of a national low-enriched uranium stockpile.
- **<u>Advanced Reactor Hydrogen Cogeneration Project</u>**: Creates a hydrogen cogeneration project.
- **<u>Threat Studies</u>**: Directs the President and the NRC to study the security threats to nuclear installations.
- **<u>Fingerprinting</u>**: Requires the fingerprinting of certain individuals who have unescorted access to nuclear facilities.
- **<u>Firearms</u>**: Authorizes NRC licensees to carry firearms.
- **<u>Sabotage</u>**: Sets at $1 million and/or life imprisonment the maximum penalty for sabotaging nuclear facilities or fuel.

Title VII—Vehicles and Fuels

- **Pilot Program for Alternative Fuel Vehicles**: Authorizes $200 million for a competitive grant pilot program to provide no more than fifteen geographically dispersed project grants to state governments, local governments, or metro transit authorities to acquire alternative fuel vehicles, hybrid vehicles, or fuel-cell vehicles.
- **Hydrogen Fuel Cell Buses**: Authorizes $10 million for each of fiscal years 2004 through 2008 for four demonstration sites that have or will soon have hydrogen infrastructure for fuel cell bus operation.
- **Clean School Buses**: Establishes a program awarding grants for the demonstration and commercial application of alternative fuel school buses and ultra-low sulfur diesel school buses. Authorizes the following amounts:
  FY05—$45 million
  FY06—$65 million
  FY07—$90 million
  FY08-FY09—"such sums as are necessary"
- **Diesel Retrofit Program**: Establishes a program awarding grants for the installation of retrofit technologies for diesel school buses. Authorizes the following amounts:
  FY05—$20 million
  FY06—$35 million
  FY07—$45 million
  FY08-FY09—"such sums as are necessary"
- **Fuel Cell School Buses**: Creates a $75 million program (over there years) for cooperative agreements with the private sector fuel for developing fuel cell powered school buses.
- **Railroads**: Authorizes appropriations for a public-private initiative to develop and demonstrate railroad technologies that increase fuel economy and reduce emissions: $25 million for FY2005, $35 million for FY2006, and $50 million for FY2007.
- **Other Conservation Programs**: Authorizes programs for aviation fuel conservation and bicycling.
- **Fuel Economy Standards**: Authorizes an additional $2 million for each of fiscal years 2004 through 2008 for the National Highway Traffic Safety Administration (NHTSA) to implement and enforce average fuel economy standards.
- **Reducing Fuel Use**: Directs the NHTSA to study the feasibility and effects of significantly reducing by model year 2012 the use of fuel for automobiles.

Title VIII—Hydrogen

- **New Program**: Requires the Secretary of Energy, in partnership with the private sector, to carry out a program addressing the production of hydrogen from diverse energy sources, the safe and storage of delivery of hydrogen or hydrogen-carrier fuels, the development of safe and affordable fuel cells, and the development of necessary standards and safety practices related to hydrogen and hydrogen-carrier fuels. Activities must facilitate the development of hydrogen energy and energy infrastructure, fuel cells, advanced vehicle technologies, and clean fuels in addition to hydrogen.

- **Hydrogen Technical and Fuel Cell Advisory Committee and Interagency Task Force**: Establishes this new committee and new task force.
- **Authorizations**: For the above activities, authorizes the following amounts:

  FY04—$273.5 million
  FY05—$375 million
  FY06—$450 million
  FY07—$500 million
  FY08—$550 million

Title IX—Research and Development

- **Energy Efficiency**: Authorizes the following amounts for energy research, development, demonstration, and commercial application activities:
  - FY04—$616 million
  - FY05—$695 million
  - FY06—$772 million
  - FY07—$865 million
  - FY08—$920 million
- From the above amounts, allocates the following:
- **Next Generation Lighting Initiative:** $20 million for FY2004, $30 million for FY2005, and $50 million each year for FY06-13, for activities related to advanced lighting technologies.
- **Secondary Electric Vehicle Battery Use:** $4 million for FY2004 and $7 million for each of fiscal years FY05-08, for programs to research and develop secondary uses of batteries from electric vehicles.
- **Energy Efficiency Science Initiative:** $20 million for FY04, $25 million for FY05, $30 million for FY06, $35 million for FY07, and $40 million for FY08, for grants for research related to energy efficiency.
- **Advanced Technology Transfer Centers**: This title would also authorize Advanced Technology Transfer Centers, which would operate programs "to encourage demonstration and commercial application of advanced energy methods and technologies through education and outreach to building and industrial professionals, and to other individuals and organizations with an interest in efficient energy use."
- **Distributed Energy and Electric Energy Systems**: Authorizes the following amounts for distributed energy and electric energy systems activities:

  FY04—$190 million
  FY05—$200 million
  FY06—$220 million
  FY07—$240 million
  FY08—$260 million
- From the above amounts, allocates the following:
- **Micro-Cogeneration Energy Technology: $**20 million for each of fiscal years FY04-05, for research and development into the use of small-scale combined heat and power in residential heating appliances.

- **Other programs**: Also authorizes programs for hybrid distributed power research and development, improving energy efficiency of high power density facilities, and improving reliability and efficiency of electrical transmission systems.
- **<u>Renewable Energy</u>**: Authorizes the following amounts for renewable energy activities:

    FY04—$480 million
    FY05—$550 million
    FY06—$610 million
    FY07—$659 million
    FY08—$710 million
- From the above amounts, allocates the following:
- **Bioenergy:** FY04 $135.4 million, FY05 $155.6 million, FY06 $167.7 million, FY07 $180 million, and FY08 $192 million, for research and development into bioenergy.
- **Concentrating Solar Power:** FY04 $20 million, FY05 $40 million, and each of FY06-08 $50 million, for research and development into the potential of concentrating solar power for hydrogen and electricity production.
- **Public Buildings:** $30 million for each of FY04-08 to research and develop innovative technology for solar and other renewable energy sources in state and local government buildings.
- **Other programs**: Authorizes other programs for research, development, demonstration, and commercial application into biopower, biofuels, and ocean energy.
- **<u>Nuclear Energy Activities</u>**: Authorizes the following amounts for nuclear energy activities, <u>core programs</u>:

    FY04—$273 million
    FY05—$355 million
    FY06—$430 million
    FY07—$455 million
    FY08—$545 million
- Authorizes the following amounts for nuclear energy activities, <u>infrastructure support</u>:

    FY04—$125 million
    FY05—$130 million
    FY06—$135 million
    FY07—$140 million
    FY08—$145 million
- From the core programs amounts above, allocates the following:
- **Advanced Fuel Recycling:** FY04 $140 million, FY05 $145 million, FY06 $150 million, FY07 $155 million, and FY08 $275 million, for research and development into recycling of advanced fuels.
- **University Programs:** FY04 $35.2 million, FY05 $44.4 million, FY06 $49.2 million, FY07 $55.0 million, and FY08 $60.0 million, for programs to encourage students to student the nuclear sciences and related fields.
- **Alternatives to Industrial Radioactive Sources:** $6 million for each of FY04-FY08, for studying and developing a plan to develop alternatives to large industrial radioactive sources that reduce safety, environmental, or proliferation risks to workers and the general public.
- **<u>Fossil Energy</u>**: Authorizes the following amounts for fossil energy activities

FY04—$530 million
FY05—$556 million
FY06—$583 million
FY07—$611 million
FY08—$626 million

- From the above amounts, allocates the following:
- **Fuel Cell Technology:** $28 million for each of fiscal years FY04-07
- **Coal Mining Technologies R&D:** FY04 $12 million, FY05 $15 million, and each of FY06-FY08 $20 million
- **Coal and Power Research:** FY04 $259 million, FY05 $272 million, FY06 $285 million, FY07 $298 million, and FY08 $308 million
- **Office of Artic Energy:** $25 million for each of FY04-12
- **Technology Transfer:** $FY04 $2 million and $2 million for each of FY05-FY08
- **Ultra-Deepwater**: Establishes the Ultra-Deepwater and Unconventional Natural Gas and Other Petroleum Research Fund in the Treasury to collect revenue from offshore oil and gas leases, with funds used to award grants for ultra-deepwater natural gas and other petroleum activities and unconventional natural gas and other petroleum resource activities.
- **<u>Science</u>**: Authorizes the following amounts for science activities:

FY04—$3.79 billion
FY05—$4.15 billion
FY06—$4.62 billion
FY07—$5.31 billion
FY08—$5.8 billion

- From the above amounts, allocates the following:
- **Fusion Energy Sciences Program:** FY04 $335 million, FY05 $349 million, FY06 $362 million, FY07 $377 million, and FY08 $393 million
- **Construction of the Spallation Neutron Source:** FY04 $124.6 million, FY05 $79.8 million, and FY06 $41.1 million
- **Other Spallation Project Funding:** $103.3 million across FY03-06
- **Catalysis Research:** FY04 $33 million, FY05 $35 million, FY06 $36.5 million, FY07 $38.2 million, FY08 $40.1 million
- **Nanotech Research and Development:** FY04 $270 million, FY05 $292 million, FY06 $322 million, FY07 $355 million, and FY08 $390 million
- **Genomes to Life Program**: <u>specifically prohibits biomedical, human cell, or human subject research.</u> Allocates $100 million for FY04 and such sums for FY05-08.
- **Energy-Water Supply Program**: $30 million for each of FY04-FY08
- **<u>Energy and Environment</u>**: Authorizes a variety of programs, including one to promote energy-efficient, environmentally sound economic development along the U.S./Mexico border, one to promote cooperation on energy issues with Western Hemisphere countries, one about burning post-consumer carpet, one on energy-efficient, Arctic transportation research, and one on transported ozone in southwest Michigan (total authorizations for this section: $174 million over six fiscal years.
- **<u>Management Provisions</u>**:
  --Requires non-federal sources to pay at least 20% of project costs for all research and development programs

--Requires non-federal sources to pay at least 50% of project costs for all demonstration and commercial development programs
--Establishes research and development advisory boards to review energy efficiency, renewable energy, nuclear energy, and fossil energy programs at the Department of Energy
--Requires the Secretary to designate a Technology Transfer Coordinator to oversee technology transfer activities at the Department and to establish a Technology Transfer Working Group
--Requires each national laboratory to designate a small business advocate

- **Department of Energy Science and Technology Scholarship Program**: For recruiting and preparing students for careers at the Department of Energy. Total authorizations: $8.4 million over FY04-FY08.
- **Equal Opportunity**: Requires biennial reports on equal opportunity practices at National Laboratories.

Title X—Department of Energy Management

- Creates an additional Assistant Secretary Position to Enable Improved Management of Nuclear Energy Issues.

Title XI—Personnel and Training

- Includes a few technical changes to personnel provisions.
- **Underrepresented Groups**: Directs that the Secretary encourage students from underrepresented groups to pursue scientific and technical careers (via the Department's science education programs).
- **Blacks and Hispanics**: Directs each National Laboratory to increase the participation of historically black colleges and universities, Hispanic-serving institutions, and tribal colleges.

Title XII—Electricity

- **Electric Reliability**: Allows FERC to certify an Electric Reliability Organization (ERO) to provide for an "adequate" level of reliability of the bulk-power system (facilities and control systems necessary for operating an interconnected electric energy transmission network or any portion thereof). The ERO would set enforceable reliability standards and file them with FERC.
- **Interstate Electrical Transmission Facilities and Siting**:
    - Requires the Secretary of Energy to regularly monitor areas experiencing electric energy transmission congestion and grant constructions permits for interstate transmission facilities accordingly.
    - Permits the Federal Energy Regulatory Commission (FERC) to issue permits for the construction or modification of electric transmission facilities in interstate congestion areas, provided that the state where the construction is to occur either does not have the authority to approve the siting of the facilities or the state has withheld or unreasonably set conditions for approval of the siting.

- Authorizes states to enter into interstate compacts establishing regional transmission siting agencies.
- Permits the use of **eminent domain** by FERC in order to site facilities on private lands ("just compensation" would be required for the private property holders).
- Includes expedited procedures for the authorization of the siting of facilities on federal lands under which the Department of Energy may be the lead agency for approving the siting.

➢ **Office of Electric Transmission and Distribution**: Establishes this new office to develop a multi-year, comprehensive strategy to improve the nation's electricity transmission and distribution.

➢ **Open Access**: Authorizes FERC to require an unregulated transmitting utility to provide transmission services at its normal rates, subject to certain exceptions.

➢ **RTOs**: Expresses a sense of Congress that all transmitting utilities in interstate commerce voluntarily become members of independently administered regional transmission organizations that have operational control of interstate transmission facilities and do not own or control generation facilities used to supply electric energy at wholesale.

➢ **Public Utility Holding Companies**: Repeals the Public Utility Holding Company Act of 1935 (15 U.S.C. 79 et seq.) and implements new provisions for public utility holding companies (PUHC). For example, each PUHC and its associate and affiliate companies would have to make its books and records regarding utility rates accessible to FERC and to state regulators. FERC would retain its right to oversee utility rates.

➢ **Real-Time Pricing**: Requires each electric utility to (at the request of an electric consumer) provide electric service under a real-time rate schedule, under which electric rates vary by the hour (or smaller time interval) according to changes in the utility's wholesale power cost.

➢ **Time-of-Use Metering**: Requires each electric utility to provide (at the request of an electric consumer) electric service under a time-of-use rate schedule, which enables the consumer to manage energy use and cost through time-of-use metering and technology.

➢ **Removing Cogeneration Requirements**: Terminates under certain circumstances the requirement for electric utilities to purchase electric energy from or sell electric energy to a small power production or "cogeneration" facility.

➢ **Market Transparency**: Directs FERC to establish an electronic information system to provide public access (subject to certain exceptions) to information about the availability and market price of sales of electric energy at wholesale and about the transmission of electric energy to FERC, state commissions, wholesale buyers and sellers, users of transmission services, and the public.

➢ **Round-Trip Trading**: Prohibits electricity transactions that are designed to distort reported revenues, trading volumes, or prices.

➢ **Consumer Privacy**: Directs the Federal Trade Commission (FTC) to issue rules protecting the privacy of electricity consumers from the disclosure of consumer information obtained in connection with an electricity sale or delivery.

➢ **Mergers Accountability**: Initiates a review of which federal agencies should be responsible for overseeing the mergers of electric utilities.

- **<u>Slamming</u>**: Directs the FTC to issue rules prohibiting the change of selection of an electric utility without the informed consent of the consumer or appropriate state regulatory authority.
- **<u>Cramming</u>**: Directs the FTC to issue rules prohibiting the sale of anything to an electricity consumer without his or the law's express authorization.

<u>Title XIII—Energy Tax Incentives</u>

- **<u>Solar Energy</u>**: 15% tax credit (up to $2,000) for residential solar hot water and photovoltaic cells.
- **<u>Electricity From Wind, Biomass, Trash Combustion and Landfill Gas Facilities:</u>** Extends and expands the tax credit for producing electricity from wind, biomass, trash combustion, and landfill gas facilities.
- **<u>Fuel Cells:</u>** Tax credit for business and non-business installation of fuel cell power plants (terminated in December of 2006).
- **<u>Improvements to Existing Homes</u>**: 20% tax credit (up to $2,000) per home for energy efficiency improvements to existing homes (terminated December 31, 2006).
- **<u>Business Credit for Construction of New Homes</u>**: $2,000 credit per home for energy efficiency improvements to new homes.
- **<u>Alternative Motor Vehicle Credits:</u>** Repeals phase-out of the credit for qualified electric vehicles. Creates a new qualified fuel cell motor vehicle credit ($4,000 to $40,000 depending upon the size of the vehicle with a bonus of up to $4,000 for achieving higher level of fuel economy) and an advanced lean burn technology motor vehicle credit ($400 to $2,400 depending upon fuel efficiency with up to an additional $1,000 credit for lifetime fuel savings).
- **<u>Tax Credit for Combined Heat and Power Systems.</u>**
- **<u>Appliances</u>**: Tax credit for purchasing energy efficient appliances for the home.
- **<u>Commercial Buildings Deduction</u>**: Tax deduction ($1.50 times the square footage of the building) for energy efficient commercial buildings placed in service during a tax year.
- **<u>Advanced Nuclear Power Facilities</u>**: Tax credit for production from advanced nuclear power facilities.
- **<u>Diesel Mixtures</u>**: Offers reduced tax rate on certain mixtures of diesel fuel.
- **<u>Biodiesel and Alcohol</u>**: Tax credit for the use of biodiesel and alcohol fuels.
- **<u>Railroad and Inland Waterway Fuel Taxes:</u>** Repeals the 1993 4.3-cent increase on motor fuel excise taxes on railroads and inland waterway transportation.
- **<u>Natural Gas Gathering Pipelines:</u>** Treated as 7-year property. Previously estimated savings to taxpayers: $472 million over ten years
- **<u>Natural Gas Distribution Pipelines:</u>** Treated as 15-year property. Previously estimated savings to taxpayers: $1,462 million over ten years
- **<u>Electric Transmission Property:</u>** Treated as 15-year property. Previously estimated savings to taxpayers: $2,172 million over ten years
- **<u>Expensing of Costs of Complying with EPA Sulfur Regulations & Credit for Production of Low Sulfur Diesel Fuel:</u>** Allows small refiners to expense capital costs and claim an environmental tax credit related to complying with EPA sulfur regulations and provides a credit for the production of low sulfur diesel fuel.

- **Low-Sulfur Diesel**: Tax credit for producing low-sulfur diesel fuel.
- **Oil Depletion Deduction**: Expands the number of refineries excluded from the oil depletion deduction
- **Tax Relief to Implement FERC or State Electric Restructuring Policies:** Improves the tax treatment of property disposed of as a result of electric utility restructuring.
- **Nuclear Decommissioning Costs**: Modifies the tax treatment of contributions to funds for nuclear decommissioning costs.
- **Electric Cooperatives**: Modifies the tax on certain income of electric cooperatives
- **Tax-Exempt Bond Rules for Prepayment of Natural Gas**: Exempts certain prepayments for natural gas from tax-exempt bond arbitrage rules.
- **Tax Credit for Marginal Wells**: Tax credit of $3 per barrel for crude oil and 50 cents per 1,000 cubic feet of natural gas from qualified marginal wells when the price for oil is below $18 a barrel and gas is below $2 per 1,000 cubic feet.
- **Suspend Limitation on Depletion Deductions**: Suspends through December 31, 2004 the 65-percent limit based on taxable income of depletion deductions.
- **Amortizations**: Allows amortization of delay rental payments related to oil and gas wells and of geological and geophysical expenditures to be amortized.
- **Non-Conventional Source Credit:** Extend and modify the current credit from producing fuel from a non-conventional source (such as landfill gas).
- **AMT:** Allows certain business and non-business energy credits against the Alternative Minimum Tax (AMT).
- **Clean Coal**: Creates a new clean coal technology credit.
- **Pollution Control Facilities**: Expands the amortization for certain pollution control facilities.
- **High Volume Natural Gas**: Extends the enhanced oil recovery tax credit to include high volume natural gas facilities.
- **Indian Reservations**: Extends to December 31, 2005 the expiration date for the accelerated depreciation benefit for energy-related businesses on Indian reservations.

Title XIV—Miscellaneous

- **Denali Commission**: Authorizes $5 million for each of FY2005-FY2011 for the power cost equalization program within the Denali (Alaska) Commission.
- **Secure Energy Reinvestment Fund**: Creates in the Treasury a Secure Energy Reinvestment Fund, to be funded with Continental Shelf royalty revenues and other such amounts as may be appropriated to the Fund (authorized at up to $500 million a year through FY2013). The amounts in the Fund would be distributed to qualifying coastal jurisdictions that have Secure Energy Reinvestment Plans (for conservation of coastal areas, wildlife, protection against natural disasters, mitigating outer Continental Shelf activities, etc.)
- **TVA**: Makes changes to the composition, operation, and duties of the Tennessee Valley Authority.
- **State Tax Incentives**: Authorizes states to implement energy tax incentives at the state level, including those that affect interstate commerce.

Title XV—Ethanol and Motor Fuels

- **Renewable Fuel Program**: Directs the EPA to promulgate regulations within a year ensuring that gasoline sold or dispensed to consumers in the U.S. contains the average annual applicable volume (as defined in the bill for each year) of renewable fuels (i.e. fuels derived from grains, starches, oilseeds, or other biomass). Such regulations would contain compliance provisions but would not restrict where renewable fuels can be used or impose any per-gallon obligation for the use of renewables. Incentives would be implemented to encourage the refining, blending, and importing of gasoline that contains more renewables than required. Sets rules for waivers of the renewable fuel requirements.
- **Fuels Safe Harbor**: Prevents fuels containing methyl tertiary butyl ether (MTBE) or other renewable fuels from being deemed defective merely because they contain MTBE. Does not waive liability for actual environmental violations.
- **MTBE Conversion:** Authorizes $250 million for each of fiscal years 2005 through 2012 for grants to merchant producers of MTBE in the U.S. to assist the producers in converting production facilities to the production of iso-octane and alkylates.
- **MTBE Prohibition**: Prohibits the use of MTBE in motor vehicle fuel in any state beginning in 2015, unless a state informs the federal government that it is allowing the use of MTBE within its borders.
- **MTBE Contamination:** Authorizes expenditures from the Leaking Underground Storage Trust Fund for the EPA to undertake actions related to MTBE contamination resulting from underground storage tanks. Requires the promulgation of new regulations governing the training of people who daily operate and manage underground storage tanks.
- **Reformulated Gasoline**: Eliminates the oxygen content requirement for reformulated gasoline, but maintains the toxic air pollutant emissions reductions from reformulated gasoline.
- **Municipal Solid Waste**: Authorizes "such sums as are necessary" for the next ten years for a new loan-guarantee program for the construction of facilities for the processing and conversion of municipal solid waste into fuel ethanol and other commercial byproducts.
- **Ethanol Production Facilities Grants**: Authorizes $750 million over three fiscal years for grants to build eligible production facilities for producing ethanol.

Title XVI—Studies

- Initiates various studies, including:
    - Inventory of petroleum and natural gas storage
    - Natural gas supply shortage
    - Effects of federal subsurface oil and gas development activities on privately owned surface property
    - Energy efficiency standards
    - Telecommuting
    - Effectiveness of the Low-Income Home Energy Assistance Program (LIHEAP)

- Oil bypass filtration technology
- Total integrated thermal systems
- Promoting collaborations between large and small universities on federal energy projects
- Effects of the exemption of electric cooperatives and government-owned utilities from FERC regulation on electricity reliability and consumer protection

Additional Background: To see the RSC Legislative Bulletin on H.R. 6, the Energy Policy Act, as it first passed the Hose last year, go to the webpage: http://johnshadegg.house.gov/rsc/LB41003.pdf

H.R. 6 first passed the House by a vote of 247-175: http://clerk.house.gov/evs/2003/roll145.xml

The Senate has not yet invoked cloture on the H.R. 6 conference report.

Committee Action: On June 3, 2004, H.R. 4503 was referred to a variety of House committees, none of which took official action on the bill, since it is identical to the H.R. 6 conference report.

Cost to Taxpayers: A preliminary CBO review of the November 18, 2003, conference agreement for H.R. 6, the Energy Policy Act of 2003 (identical to H.R. 4503), found that the legislation would increase direct spending by $3.7 billion over the 2004-2008 period and by $5.4 billion over the 2004-2013 period. CBO and the Joint Committee on Taxation estimated that the bill would reduce revenues by $17.4 billion over the 2004-2008 period and by $25.7 billion over the 2004-2013 period. No estimate of the billions of dollars in authorizations is yet available.

Does the Bill Create New Federal Programs or Rules?: Yes, as detailed above.

Constitutional Authority: A committee report citing constitutional authority is unavailable.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: Yes, as detailed above.

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H.R. 4545 — The Gasoline Price Reduction Act of 2004 (Blunt)

Order of Business: The bill is scheduled for consideration on Tuesday, June 15, 2004, subject to a closed rule.

Summary: The bill amends the Clean Air Act to allow the EPA Administrator:

1) To waive the Clean Air Act fuel and fuel additive provisions of a state implementation plan if he, in consultation with the Secretary of Energy, "determines that such waiver is necessary by reason of a significant fuel supply disruption in any area subject to such a plan." The waiver shall remain in effect as long as it is deemed "necessary by reason of such fuel supply disruption."

2) To give preference, in the case of gasoline, to approval of state motor vehicle emission control implementation plans that require the use of either reformulated gasoline or gasoline with a "Reid Vapor Pressure of 7.0 or 7.8 pounds per square inch (psi) for the high ozone season." The EPA Administrator may not approve any fuel or fuel additive if it would increase the total number of fuels or fuel additives approved in all states prior to June 1, 2004.

H.R. 4545 also requires a study on the effects on air quality on the number or fuel blends, on fuel availability, and on fuel costs affected by provisions in the Clean Air Act. The study must be delivered to Congress within 18 months after enactment along with any recommended legislative changes to the list of these fuels, which shall not exceed 10 fuels.

Additional Information: The rise in the number of fuel types and additives (often called "boutique fuels") resulting from 1990 federal air quality requirements, has been cited by some as contributing to higher gasoline prices. To see a map of state boutique fuel requirements click here:
http://www.nacsonline.com/images/pr_toolkit/prtkboutique_lg.gif

Committee Action: The bill was introduced on June 14, 2004, and referred to the House Committee on Energy and Commerce. The committee did not consider the bill.

Cost to Taxpayers: The bill does not authorize any expenditure and a CBO cost estimate is unavailable.

Does the Bill Create New Federal Programs or Rules?: No, the bill authorizes certain circumstances under which the EPA may waive certain Clean Air provisions.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A committee report citing authority is unavailable.

Staff Contact: Sheila Moloney, sheila.moloney@mail.house.gov; 202-226-9719.

H.R. 4513—Renewable Energy Project Siting Improvement Act of 2004 (Pombo)

Order of Business: The bill is scheduled for consideration on Tuesday, June 15th, subject to a modified closed rule. The rule makes in order a manager's amendment, described below, and provides for a motion to recommit, with or without instructions.

Summary: H.R. 4513 provides that when preparing an environmental assessment or environmental impact statement required under section 102 of the National Environmental Policy Act of 1969 (NEPA) (with respect to any action authorizing a renewable energy project under the jurisdiction of a federal agency)--

> (1) no federal agency is required to identify alternative project locations or actions other than the proposed action and the no action alternative; and
> (2) no federal agency is required to analyze the environmental effects of alternative locations or actions other than those submitted by the project proponent.

In any environmental assessment or environmental impact statement, the federal agency shall only identify and analyze the environmental effects and potential mitigation measures of the proposed action and the no action alternative and shall only consider public comments that specifically address the preferred action and that are filed within 20 days after publication of a draft environmental assessment or draft environmental impact statement.

Manager's Amendment: Clarifies that the environmental review processes contained in the bill do not apply to oil and gas leasing activities (10 minutes).

Committee Action: The bill was referred to the Committee on Resources, but was not considered.

Cost to Taxpayers: A cost estimate is not available. However, it can be assumed that since the bill would reduce the activities required to be undertaken by a federal agency when preparing an environmental assessment or impact statement, it would reduce costs for that agency.

Does the Bill Create New Federal Programs or Rules?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A committee report citing constitutional authority is not available.

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