RSC Republican Study Committee

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Legislative Bulletin……………………………..………July 28, 2005

Contents:

Summary of the Bill Under Consideration Today:

Total Number of New Government Programs: Dozens

Total Cost of Discretionary Authorizations: Tens of billions of dollars over five years

Effect on Revenue: Reduces revenues by a net $11.53 billion over 11 years

Total Change in Mandatory Spending: Unknown.

Total New State & Local Government Mandates: Dozens

Total New Private Sector Mandates: Dozens

H.R. 6—Energy Policy Act—Conference Report (Barton)

Order of Business: The conference report is scheduled to be considered on Thursday, July 28th, subject to a closed rule. To view the RSC Legislative Bulletin for H.R. 6 as it came to the House in April 2005, visit this webpage: http://johnshadegg.house.gov/rsc/LB%2004-20-05--Energy%20Policy%20Act.pdf

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Possible Conservative Concerns: Conservatives might be concerned by the overall high level of authorizations in the bill and by the creation of dozens of new federal programs. Furthermore, items in red below might be of interest to conservatives. Additionally, conservatives might be concerned about such things as:

- the 155% increase over current law in funding for LIHEAP—the low-income heating program focused mainly in the northeastern United States;
- the ability of funds collected from offshore oil and gas leases (up to $2 billion over ten years) to be spent on ultra-deepwater and unconventional natural gas and other petroleum activities without any additional action from Congress;
- programs for activities that the private sector could (and perhaps should) handle itself; and
- various private-sector mandates.

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 2006 (a 2% reduction) through 2015 (a 20% reduction). Certain federal buildings may be excluded for several listed reasons (such as national security). Requires all federal buildings to be metered for their energy use by the start of fiscal year 2012. Establishes reporting requirements and efforts to bring the U.S. Capitol complex up to federal building energy performance requirements (eliminates the $10 million authorized for this in the House-passed bill).
- **Testbed Program:** Authorizes $18 million to be appropriated over FY2006-2008 (same funding level as House passed) to establish an Advanced Building Efficiency Testbed program for the development of efficiency innovations in building technologies. The program is to be led by one university, whose qualifications are described in detail (and who the committee report, if it were available, might name).
- **Solid Waste Products in Federal Concrete Projects:** The bill creates a requirement for each agency to try and include "recovered mineral components" in cement or concrete projects, such as roads that lead to federal buildings. These components include blast furnace slag, fly ash, and possibly products diverted from solid waste.
- **Daylight Savings:** Extends daylight savings time by three additional weeks in the spring and one additional week in the fall. It will begin on the second Sunday of March (instead of first Sunday of April) and end on the first Sunday of November (instead of the last Sunday of October), effective a year from enactment (so 2006 daylight savings will be from April until November 2006, because it will take effect only for the "fall back" timeline in 2006). The bill requires the Secretary of Energy to report to Congress on this change's impact on energy consumption and retains the

right of Congress to revert back to the 2005 Daylight Savings Time schedule after the study comes out.

- **LIHEAP**: Increases the authorization for the Low-Income Home Energy Assistance Program (LIHEAP) from $2 billion to $5.1 billion for each of fiscal years 2005 through 2007, a 155% annual increase or $9.3 billion increase over three years from current law (same as House-passed levels).
- **Weatherization Assistance:** Authorizes appropriations for the Weatherization Assistance Program (grants to states for the improvement of low income individuals' homes) as follows: $500 million for FY2006, $600 million for FY2006, and $700 million for FY2007 (same as House-passed levels). It *expands* eligibility by changing the definition of low income from 125% of poverty to 150% of poverty.
- **State Energy Programs:** Authorizes appropriations for State energy programs (federal funds to help states develop and implement state energy conservation plans) as follows: $100 million for fiscal years 2006 and 2007, and $125 million for FY08 ($375 million total).
- **Rebate Program**: Authorizes $50 million for each of fiscal years 2006-2010 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.
- **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 2006 through 2010 ($150 million total, same as House-passed level).
- **Low-Income Community Pilot Program**: Establishes a new pilot program for grants to local governments, private and non-profit community development organizations, and Indian tribes to improve energy efficiency, identify and develop alternative renewable energy supplies, and increase energy conservation in low-income rural and urban communities, with not more than 10% of the funds for administrative expenses. Authorizes $20 million for each of fiscal years 2006-2008 ($60 million total and same as House-passed level though new eligible entities added).
- **State Technologies Advancement Collaborative:** Authorizes such sums to establish collaboratives for research, development and deployment of technologies.
- **State Building Energy Efficiency Codes Incentive Program:** Authorizes $25 million a year for FY06-FY10 ($250 million total) to help states develop and implement statewide plans for residential and building energy efficient codes.
- **At least a $450 million Public Education Campaign**: Directs the Secretary of Energy to initiate a public education campaign (with the EPA) on the energy savings of properly conducted maintenance of air conditioners, heating, and ventilating systems. A national program, including a media campaign, is also authorized at $90 million a year for 5 years (total of $450 million) to encourage America to lower energy usage, weatherize homes, maintain tires properly, etc.
- **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. The bill does not specify authorization levels.
- **New Energy Conservation Standards**: Sets new standards (or in some cases, requires a new rulemaking process to set new standards) for battery charger, ceiling

fans, vending machines, refrigerated beverage machines, illuminated exit signs, commercial clothes washers, torchieres (portable electric lamps), and unit heaters.

- **Ceiling Fans:** The bill states that all ceiling fans made after January 1, 2007 shall have certain functions like adjustable speed controls, speed controls separate from the lighting, reversible fan rotation options, etc.
- **Rule on Freezers:** The bill requires the Secretary by January 1, 2009 to issue a rule for stand levels for "ice-cream freezers, self-contained commercial refrigerators, freezers, ad refrigerator-freezers without doors, and remote controlled freezers," for equipment manufactured on or after January 1, 2012.
- **Intermittent Escalator Study:** Authorizes the GSA to do a study on employing "intermittent escalators" in the United States, which is defined as an escalator that remains stationary until it starts with the approach of a passenger.
- **$25 million Energy Efficiency Pilot Program:** At least three but not more than five states eligible for a pilot to "encourage energy efficiency" and reduction in natural gas consumption. Authorizes $5 million a year for FY06-FY10.
- **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 with Star products or "FEMP designated products." The term "FEMP designated product" means a product that is designated under the Federal Energy Management Program of the Department of Energy as being among the highest 25 percent of equivalent products.
- Extends energy savings performance contracts from FY06 until FY2016.

Title II—Renewable Energy

- **Renewable Energy Assessment**: Authorizes $50 million over fiscal years 2006 through 2010 for 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 2026), and expands the current renewable energy incentive program (authorized at "such sums"), 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 2007 through 2009.
    (2) Not less than 5 percent in fiscal years 2010 through 2012.
    (3) Not less than 7.5 percent in fiscal year 2013 and each fiscal year thereafter.
- **Photovoltaic Energy in Public Buildings**: Authorizes $300 million over the FY2006-FY2010 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:** Authorizes the Secretary of Agriculture and the Secretary of the Interior to 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 $550 million over FY2006-2016 for these programs, and requires a report to Congress by 2010.
- **Weatherization Assistance**: Caps the level of weatherization assistance at $3,000 per dwelling unit (up from $2,500 in current law).
- **Rebate Program**: Directs the Secretary of Energy to establish a program providing rebates for consumers for expenditures made for the installation of a renewable energy system in a dwelling unit or small business. Authorizes appropriations for the new rebate program as follows: $150 million for FY2006, $150 million for FY2007, and $200 million for FY2008, $250 million for FY2009, and $250 million for FY2010. the amount of each individual rebate could not exceed 25% of the qualifying expenditures or $3,000, whichever is lower.
- **Sugar Cane Ethanol Program**: Authorizes $36 million to establish within the EPA a multistate Sugar Cane Ethanol Program to study the production of ethanol from sugar, sugarcane, and sugarcane byproducts.
- **Rural Electrification Grant Program**: Establishes a new program for grants to local governments and private organizations to improve energy efficiency, siting, or upgrading transmission and distribution lines serving rural communities or providing or modernizing electric generation facilities serving such areas. Authorizes $140 over fiscal years 2006-2012.
- **Geothermal Development Leasing**: Opens public lands within the National Forest System to geothermal energy development leasing under a competitive bidding process. Allows fees for direct use of geothermal resources for purposes other than the commercial generation of electricity.
- **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, reimbursement for costs of environmental analyses, lease duration and work commitment requirements, and conversion of geothermal leases to mineral leases.
- **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 $100 million over fiscal years 2006 through 2015 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 $100 million over fiscal years 2006 through 2015 for incentive payments to hydroelectric facilities to make capital improvements to improve

efficiency by at least 3% at existing dams. No facility could receive more than $750,000 in a calendar year.

- **<u>Insular Areas Energy Security</u>**: Indefinitely authorizes $6 million in grants per fiscal year to governments of the U.S. territories to protect electric power transmission and distribution lines from hurricanes and typhoons. The federal cost for a project is capped at 75%. Also authorizes $4.5 million per year indefinitely for feasibility studies and the resulting insular energy independence projects.

<u>Title III—Oil and Gas</u>

- **<u>Strategic Petroleum Reserve</u>**: 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 expeditiously as practicable" and to plan to expand the Reserve to one billion barrels. Directs the Secretary to suspend deliveries of royalty-in-kind oil to the Strategic Reserve until the price of oil falls below $40 per barrel for 2 consecutive weeks on the New York Mercantile Exchange. Also directs the Secretary to complete, within one year of enactment, a proceeding to select sites (from sites the Secretary previously studied) necessary to enable acquisition of the one billion barrels of oil for the Strategic Petroleum Reserve.
- **<u>Production Incentives</u>**: Authorizes the construction, expansion, or operation of an LNG (liquefied natural gas facility), upon the approval of the Federal Power Commission. Requires a notice and hearings upon filing of any application to construct, expand or operate a natural gas facility, to be facilitated by the Commission.
- **<u>Natural Gas Market Report</u>**: Directs the Federal Energy Regulatory Commission to issue, within 180 days of enactment of this Act, rules directing all entities under the Federal Power Commission's jurisdiction to report information to the Commission on the availability and prices of natural gas sold at wholesale in interstate commerce.
- **<u>Judicial Review</u>**: Provides that the U.S. Court of Appeals for the circuit in which a facility is being constructed, expanded, or operated, shall have original and exclusive jurisdiction over any civil action for the review of an order or action of a federal agency.
- **<u>Criminal & Civil Penalties</u>**: Provides for increased criminal penalties for violations of the Act relating to natural gas facilities by increasing the maximum monetary penalty for violations from $5,000 to $1 million and increasing the maximum time of imprisonment from 2 to five years. Provides for increased civil penalties of not more than $1 million per day per violation for as long as the violation continues.
- **<u>LNG Forums</u>**: Requires the Secretary of Energy to convene at least three forums on liquefied natural gas, in cooperation with the Secretary of Transportation, Homeland Security, and the Federal Energy Regulatory Commission, and the governors of the coastal states. Requires the forums to be located in areas where LNG facilities are under construction, among other considerations and requirements. Identifies the purpose of these forums is to "identify and develop best practices for addressing issues and challenges associated with LNG imports. Authorized at such sums as necessary.
- **<u>Royalties</u>**: 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.

- **Federal Low-Income Energy Assistance Programs**: In disposing of royalty oil or gas taken in-kind, allows the Secretary of the Interior to grant a preference to any person (including a federal or state agency) for the purpose of providing additional resources to any federal low-income energy assistance program.
- **Conditions for Reduction of Royalty Rate**: Stipulates conditions in which the Secretary will reduce the royalty rate paid on oil and gas, and specifies (when those conditions are met) the amount of the royalty rate reduction to be as defined in other statutes, or 5 percent if other applicable statutes do not exist.
- **Natural Gas Production Incentives**: Requires the Secretary of the Interior to issue regulations granting specified royalty relief suspension volumes on the production of natural gas from ultra deep wells on leases issued in shallow water within certain coordinates in the Gulf of Mexico, with certain limitations.
- **North Slope Science Initiative**: Requires the Secretary of the Interior to establish "a long-term initiative known as the North Slope Science Initiative," to coordinate the collection of scientific data on terrestrial, aquatic, and marine ecosystems of the North Slope of Alaska. As part of the initiative, creates a science technical advisory panel and specifies various other objectives. Authorizes such sums as necessary.
- **New Idled Wells Reclamation Pilot Program**: Establishes a new program to remediate, reclaim, or close abandoned or idled oil and gas wells located on federal land. Authorizes $125 million over FY06-FY10.
- **State and Local Safety Concerns**: Provides for the governor of a state in which an LNG facility is proposed to be located to designate the appropriate state agency for the purposes of consulting with the Commission regarding an application for a facility. Requires the Commission to consult with the state agency regarding state and local safety considerations prior to issuing an order for a facility.
- **New Preservation of Geological and Geophysical Data**: Establishes a program to preserve geological and geophysical data. This program will archive geologic, geophysical, and engineering data, maps, well logs, and samples, and create a national catalog and archival system for the data. Authorizes $150 million over FY06-FY10.
- **Gas Hydrate Production Incentives**: Allows the Secretary of the Interior to grant royalty relief for natural gas produced from gas hydrate resources under an eligible lease, with the purpose of promotion natural gas production.
- **Promoting Enhanced Oil and Natural Gas Production**: Provides production incentives to promote the capturing, transportation, and injection of produced carbon dioxide and other gases for sequestration into oil and gas fields. Also provides production and royalty incentives to promote oil and natural gas production from the outer Continental Shelf and on-shore federal lands. Also creates a demonstration program to provide competitive grants to producers of oil and gas to carry out projects to inject carbon dioxide to enhance recovery of oil and natural gas. Authorizes sums as necessary."
- **Assessment of the Dependence of the State of Hawaii on Oil**: Directs the Secretary of Energy to asses the economic implications of the dependence of the state of Hawaii

on oil as the principal source of energy for the state. Authorizes such sums as necessary.

- **Denali Commission**: Authorizes the Denali Commission (an Alaskan Commission) to carry out various energy programs, including energy generation and development, alternative energy sources, and replacement and cleanup of fuel tanks. Authorizes $550 million over FY06-FY15.
- **Increased Coordination on Federal Land Leases**: Directs the Secretary of the Interior and the Secretary of Agriculture to perform an internal review of current federal onshore oil and gas leasing and permitting practices, and establish procedures and best management practices to ensure timely processing of oil and gas lease applications. Authorizes $350 million for FY06-FY10.
- **Refinery Revitalization**: At the request of a governor of a state, allows the Administrator to enter into a refinery permitting cooperative agreement with a state, under which both parties agree to certain steps to streamline the consideration of federal and state permits for a new refinery. The Administrator is authorized to provide financial assistance to state governments to facilitate the hiring of additional personnel with expertise in fields relevant to consideration of refinery permits.

Title IV—Coal

- **Clean Coal Power Initiative:** Authorizes $1.8 billion over FY2006-2014 for projects that advance efficiency, environmental performance, and cost competitiveness of coal power.
- **Centers of Excellence**: From the above amount, the Secretary is required to award grants to universities to establish Clean Coal Centers of Excellence for Energy Systems of the Future.
- **Clean Coal Projects**: Authorizes such sums as necessary to provide a loan to the owner of an experimental clean coal power plant (near Healy, Alaska) and authorizes loan guarantees for one coal gasification project and at least five petroleum coke gasification projects.
- **Transportation Fuels**: Authorizes $85 million over five years, for a program to evaluate the commercial and technical viability of advanced technologies for the production of Fischer-Tropsch transportation fuels and other fuels manufactured from Illinois basin coal. The program is to be conducted at the Southern Illinois University, the University of Kentucky, and Purdue University.
- **Clean Air Coal Program**: Authorizes $3 billion over seven years ($1 billion more than was in last Congress' H.R. 6 conference report) to create a new Clean Air Coal Program to facilitate the production and generation of coal-based power and the installation of pollution-control equipment. Caps the federal share of any individual program at 50%.
- **Coal Leases**: Limits fees and removes deadlines with respect to coal leases. Repeals the 160-acre limit for coal leases and 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.

Title V—Indian Energy

- **Office of Indian Energy Policy and Programs**: Creates the Office of Indian Energy Policy and Programs at the Department of Energy.
- **New DOI Indian Grant Program**: Authorizes a new Indian energy resource development program in the Dept. of Interior authorized at such sums for 11 years.
- **New DOE Indian Program**: Authorizes a new program to help Indian tribes meet "energy education, research and development, planning, and management needs." The program is authorized at $220 million over 11 years.
- **New Indian Energy Loan Guarantee Program**: Authorizes such sums for a new program at the Dept. of Energy to provide loan guarantees for not more than 90% of the unpaid principal and interest due on any loan made to any Indian tribe for energy development. The aggregate outstanding loan guarantee amount under this new program shall not exceed $2 billion.
- **Preference for Indian Energy**: Creates a new preference for federal purchasing of electricity to corporations, partnerships, etc. that are owned and controlled by one or more Indian tribes.
- **Indian Assistance**: Amends current law regarding Indian energy (25 U.S.C. 3501 et seq.) and defines the terms "Indian tribe" and "tribal land" and "Native Corporation". Authorizes such sums for federal assistance for regulations, requirements and conditions on Indians for leases, business agreements, and rights-of-way involving energy development or transmission.
- **Federal Power Marketing Administrations:** Authorizes $750,000 for the administration of the encouragement of Indian tribal energy development, including the Bonneville Power Administration and the Western Area Power Administration.
- **Wind and Hydropower Feasibility Study:** Authorizes $1 million for a study on the cost and feasibility of developing a demonstration project that uses wind energy generated by Indian tribes and hydropower generated by the Army Corps of Engineers on the Missouri River to supply firming power to the Western Area Power Administration.
- **Four Corners Transmission Line Project:** Allows the Dine Power Authority, an enterprise of the Navajo Nation, to be eligible to receive grants and other assistance for the development of a transmission line from the Four Corners area to southern Nevada.

Title VI—Nuclear Matters

- **Indemnification**: Extends and increases (through the end of 2025) 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, and the Secretary is required to increase the amount of indemnification at least once during each subsequent 5-year period for inflation based on the Consumer Price Index.
- **Prohibits Government Liability Involving Terrorist Activities**: Prohibits any officer or entity of the United States from entering into any agreement that would

directly or indirectly impose liability on the U.S. for nuclear incidents occurring in connection with a facility in a country whose government has been identified by the Secretary of State as engaged in terrorist activities.

- **Nuclear Training & Fellowship Program**: Authorizes $1 million for each of fiscal years 2005 through 2009 for a Nuclear Regulatory Commission training program.
- **Whistleblower Protection**: Extends whistleblower protection to employees and sub-contractors of the Energy Department and the NRC.
- **Export Prohibition**: Prohibits the export of nuclear and any nuclear-related materials and equipment to countries that sponsor terrorism (subject to certain exceptions and waivers).
- **Fingerprinting**: Requires the fingerprinting of certain individuals who have unescorted access to nuclear facilities.
- **Firearms**: Authorizes NRC licensees to carry firearms.
- **Sabotage**: Sets $1 million and/or life imprisonment without parole as the maximum penalty for sabotaging nuclear facilities or fuel.
- **Demonstration Hydrogen Production**: Authorizes $100 million for two new projects to demonstrate the commercial production of hydrogen at existing nuclear power plants.
- **Radiation Tracking System**: Calls for establishment of a tracking system for radiation sources in the United States.
- **Radiation Source Protection**: Establishes a commission on radiation source protection and security to evaluate and provide recommendations relating to the security of radiation sources in the United States from potential terrorist threats.
- **Next Generation Nuclear Plant Program:** Creates a separate program of research, development, demonstration, and commercial application of advanced nuclear fission reactor technology, authorized as follows: $1.25 million over fiscal years FY2006-2015, and such sums as necessary for each of fiscal years 2016 through 2021.

Title VII—Vehicles and Fuels

- **Federal dual use vehicles:** Shall be operated on alternative fuels, with certain exceptions.
- **New $40 million Hybrid Commercialization Grant Program:** Authorizes a new grant program to institutions of higher education, or for- and non-profit organizations to improve technologies for the commercialization of a combination hybrid/flexible fuel vehicle or a plug-in hybrid/flexible fuel vehicle.
- **New Program for Efficient Hybrid and Advanced Diesel Vehicle**: Authorizes such sums through FY15 to encourage domestic production and sales of efficient hybrid and advanced diesel vehicles. The program shall include grants to automobile manufacturers.
- **New Review and Report on 1992 Energy Policy Act**: Authorizes a review, report, and Secretary recommendations of the effect of the alternative fuel sections in the 1992 energy bill.
- **New Pilot Program for Alternative Fuel Vehicles**: Authorizes $200 million for a new competitive grant pilot program to provide no more than 30 geographically dispersed project grants to state governments, local governments, or metro transit

authorities to acquire alternative fuel or fuel cell vehicles, including passenger vehicles ("including neighborhood electric vehicles" [perhaps golf carts]), motorized 2-wheeled bicycles or vehicle used by law enforcement [perhaps Segway], airport ground support and baggage vehicles, delivery vehicles, and school buses. Funds may also be used for the acquisition of ultra-low sulfur diesel vehicles. No one grant may be for more than $15 million and the grant must not be more than 50% of the cost for the pilot program.

- **New Hydrogen Fuel Cell Bus Awards**: Authorizes $50 million ($10 million a year for FY06-FY10) for competitive awards to 25 fuel cell transit buses and infrastructure in five geographically dispersed localities.
- **New Clean School Buses Grant Program**: Establishes a new program awarding grants for replacing and retrofitting school buses (with priority to buses manufactured before 1977) with alternative fuel and ultra-low sulfur diesel fuel school buses. Authorizes $55 million for FY06 and FY07 and "such sums as are necessary" from FY08-10.
- **$100 million+ New Diesel Retrofit Grant Program:** Establishes a new program awarding grants to public agencies and entities for the installation of retrofit technologies for diesel trucks. Preference shall be "to ports and other major hauling operations." Authorizes $20 million in FY06, $35 million FY07; $45 million FY08; such sums as are necessary for FY09-FY10.
- **New Fuel Cell School Buses Program**: Creates a $75 million program (over three years) for cooperative agreements with the private sector and then local government 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 and lower costs of operation: $15 million for FY2006, $20 million for FY2007, and $30 million for FY2008.
- **New $6.2 million "Conserve by Bicycling Program" at Transportation Department:** Creates up to 10 pilot projects designed to conserve energy resources by encouraging the use of bicycles in place of motor vehicles.
- **New Idle Reduction Deployment Program:** Establishes a new program for the deployment of "idle reduction and energy conservative technologies" (idling refers to when heavy vehicles sit idle with the engine running) grants for the installation of retrofit technologies for heavy duty vehicles. Authorizes (with 50% federal cost sharing) the following amounts: $19.5 million for FY06; $30 million for FY07; $45 million for FY08 (total of $94.5 million). The conference report added $45 million over three years for funds for idle reduction for locomotives.
- **New Biodiesel Engine Testing Program:** Establishes a new $25 million program ($5 million per year, same as House-passed bill) for the inclusion of biodiesel testing in advanced diesel engine and fuel system technology.
- **New Ultra-Efficient Engine Technology for Aircraft:** Establishes a new $250 million program ($50 million per year, $25 million more overall than House-passed bill) in conjunction with NASA to develop Ultra-Efficient Engine Technology for Aircraft.

- **Fuel Economy Standards**: Authorizes $17.5 million ($3.5 million a year, $7.5 million total over House-passed bill) 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 2014, the use of fuel for automobiles.
- **$105+ million new program for states to buy fuel-cell vehicles:** Authorizes $105 million over next three years and such sums for the following five years to work with states managing motor vehicle fleets to encourage purchase of fuel-cell vehicles.
- **Diesel Emissions Reductions:** The bill authorizes **$1 billion over five years** for Diesel Emissions Reductions (Subtitle G), including the following:
  - **$345 million+ new program for buying stationary, portable and micro fuel cells:** Requires, with certain exceptions, agencies that use electrical power from stationary, portable, or microportable devices to purchase a stationary, portable and micro fuel cells to meet energy saving goals.
  - **New Technology Transfer Program:** Authorizes a new program to inform stakeholders of the benefits of eligible technologies and develop non-financial incentives to promote the use of eligible technologies.

Title VIII—Hydrogen

- **New Program**: Requires the Secretary of Energy, in partnership with other federal agencies and the private sector, to conduct a research and development program on technologies relating to the production, purification, distribution, storage, and use of hydrogen energy, fuel cells, and related infrastructure. The goal of the program is to demonstrate and commercialize the use of hydrogen for transportation.
- **Hydrogen Supply**: To carry out projects and activities relating to hydrogen production, storage, distribution and dispensing, transport, and education and coordination, the bill authorizes $5.3 billion for FY06-10 and such sums as necessary for FY11-FY20.
- **Fuel Cell Technologies**: To carry out activities relating to fuel cell technologies, the bill authorizes $4.3 billion for FY06-FY10 and such sums as necessary for FY11-FY20.
- **Hydrogen and Fuel Cell Interagency Task Force and Technical Advisory Committee**: Directs the President to establish this new task force and committee, chaired by the Secretary of Energy, and requires coordination of eight other agencies.
- **Hydrogen Demonstration Program**: Directs the Secretary to fund demonstration projects that are dependent upon hydrogen power, including programs that explore the use of hydrogen blends, hybrid hydrogen, and other hydrogen related fuels in hybrid electric vehicles. Authorizes $6.55 billion for FY06-FY10 and such sums as necessary for FY11-FY20.
- **Development of Hydrogen Energy Codes and Standards**: Directs the Secretary to provide grants to, or enter into contracts with, entities to support the development of safety codes and standards relating to fuel cell vehicles, hydrogen energy systems, and other fuel cells. Authorizes $190 million for FY06-FY10 and such sums as necessary for FY11-FY20.

- **<u>Solar and Wind Energy Program</u>**: Requires the Secretary of Energy to develop a solar and wind energy technology roadmap for implementing new technologies; establishes five new projects to demonstrate the production of hydrogen at existing solar and wind energy facilities; and establishes a new research and development program for solar and wind power devices. Authorizes such sums as necessary for FY06-FY20.

<u>Title IX—Research and Development</u>

- **<u>Energy Efficiency</u>**: Authorizes the following amounts for energy research, development, demonstration, and commercial application activities:
    - FY07—$783 million
    - FY08—$865 million
    - FY09—$952 million
- From the above amounts, allocates the following:
- **Next Generation Lighting Initiative:** $50 million each year for FY2007-2013
- **Secondary Electric Vehicle Battery Use Program:** $7 million for FY2007-2009
- **Vehicles Programs:** $200 million for FY2007, $270 million for FY2008, $310 million for FY2009
- **Advanced Control Devices:** $2 million for FY2007, $2 million for FY2008

- **<u>Distributed Energy and Electric Energy Systems</u>**: Authorizes the following amounts for distributed energy and electric energy systems activities:
  FY07—$240 million
  FY08—$255 million
  FY09—$273 million
- From amounts above, allocates the following:
- **Micro-Cogeneration Energy Technology**: $20 million for FY2007, $20 million for FY2008
- **High-Voltage Transmission Lines**: $2 million for FY2007
- Also provides a separate authorization for: **Power Delivery Research Initiative**: Such sums

- **<u>Renewable Energy</u>**: Authorizes the following amounts for renewable energy activities:
  FY07—$632 million
  FY08—$743 million
  FY09—$852 million
- From the above amounts, allocates the following:
- **Solar:** FY07 $140 million, FY08 $200 million, FY09 $250 million
- **Bioenergy:** FY07 $213 million, FY08 $251 million, FY09 $274 million
- **Other programs**: Authorizes other programs for research, development, demonstration, and commercial application into ocean energy, kinetic hydro turbines, and the combined use of renewable energy technologies with one another and with other energy technologies.

- **<u>Agricultural Biomass Research and Development Programs</u>**:
  - Authorizes $200 million for each of fiscal years 2006-2015 for biomass activities:
  - Establishes a financial <u>incentive program for the production of cellulosic biofuels</u> (authorized at $250 million).
  - Authorizes $1 million in FY2006 and "such sums" for FY2007-2015 for <u>small business bioproduct marketing and certification grants</u>.
  - Authorizes $1 million in FY2006 and "such sums" for FY2007-2015 for <u>regional bioeconomy development grants</u>.
  - Authorizes $5 million for each of fiscal years FY2006-2010 for <u>preprocessing and harvesting demonstration grants</u>.
  - Authorizes $1 million for each of fiscal years FY2006-2010 for <u>a biobased fuels and products education and outreach program in the Agriculture Department</u>.

- **<u>Nuclear Energy Programs</u>**: Authorizes the following amounts for nuclear energy R&D programs:

  FY07—$330 million
  FY08—$355 million
  FY09—$495 million
- Nuclear infrastructure and facilities:

  FY07—$135 million
  FY08—$140 million
  FY09—$145 million

From the R&D amounts above, allocates the following:

- **Advanced Fuel Cycle Initiative:** FY07 $150 million, FY08 $155 million, FY09 $275 million
- **University Programs:** FY07 $43.6 million, FY08 $50.1 million, and FY09 $56.0 million, for programs to encourage students to study the nuclear sciences and related fields.
- **Alternatives to Industrial Radioactive Sources:** $6 million for each of fiscal years FY2007-2009.

- **<u>Fossil Energy</u>**: Authorizes the following amounts for fossil energy research programs:

  FY07—$611 million
  FY08—$626 million
  FY09—$641 million
- From the above amounts, allocates the following:
- **Coal and Related Technologies Program:** FY07 $367 million, FY08 $376 million, FY09 $394 million
- **R&D for Coal Mining Technologies:** FY07 $20 million, FY08 $25 million, FY09 $30 million
- **Low-Volume Oil and Gas Reservoir Research:** FY07 $1.5 million, FY08 $450,000, FY09 $450,000
- **Office of Arctic Energy:** $25 million for each of fiscal years 2007-2012
- **Carbon Dioxide Capture Research and Development:** FY06 $25 million, FY07 $30 million, FY08 $35 million

- **Provides for separate authorizations for methane hydrate research and development:** FY06 $15 million, FY07 $20 million, FY08 $30 million, FY09 $40 million, FY10 $50 million

- **<u>Science</u>**: Authorizes the following amounts for science activities:
  FY07—$4.15 billion
  FY08—$4.59 billion
  FY09—$5.20 billion
- From the above amounts, allocates the following:
- **Fusion Energy Sciences Program:** FY07 $355.5 million, FY08 $369.5 million, FY09 $384.8 million
- **Catalysis Research Program:** FY07 $36.5 million, FY08 $38.2 million, FY09 “such sums”
- **Systems Biology Program (genetics, protein science, and computational biology):** FY07-FY09 “such sums.” Prohibits any research or demonstrations in this program on human cells or human subjects (or designed to have direct application with respect to human cells or human subjects).
- **Energy and Water Supplies:** FY07-FY09 $30 million each year
- **Energy Research Fellowships:** FY07-FY09 $40 million each year
- **Advanced Scientific Computing Research:** FY07 $270 million, FY08 $350 million, FY09 $375 million
- **Science and Engineering Education Pilot Program:** FY07 $4 million, FY08 $4 million, FY09 $8 million
- <u>Additional authorizations</u>**:**
- **Integrated Bioenergy R&D**: $49 million for each of fiscal years 2005 through 2009.
- **Spallation Neutron Source Project**: $1.41 billion “for the lifetime of the Project”
- **Rare Isotope Accelerator**: $1.1 billion for development, “such sums” for operation and maintenance

- **<u>International Cooperation:</u>**
- **Western Hemisphere Energy Cooperation**: FY07 $10 million, FY08 $13 million, FY09 $16 million
- **Israel**: Requires a report on energy cooperation with Israel.
- **International Energy Training** (in developing countries): $1.5 million for each of fiscal years 2007-2010

- **<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 biennial reports on equal opportunity practices at National Laboratories

- Directs the Secretary of Energy to implement a strategy for streamlining science and energy facilities and infrastructure
- Establishes the Arctic Engineering Research Center at a university in Fairbanks, AK ($3 million a year for six years)
- Establishes the Barrow Geophysical Research Facility in Alaska ($61 million)

- **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 (including a consortium, an advisory committee, etc.). Authorizes $100 million for each of fiscal years 2007 through 2016 for such activities. Funds collected from leases could be spent without any additional action from Congress. Authorizes $100 million for each of fiscal years 2007 through 2016 for such activities.

Title X—Department of Energy Management

- **Technology Transfer Coordinator:** Directs the Secretary to appoint a new Technology Transfer Coordinator to advise the Secretary on all matters relating to technology transfer and commercialization. Establishes a Technology Transfer Working Group to coordinate technology transfer activities at national laboratories and single-purpose research facilities. Authorizes $30 million for FY06-FY08.
- **Small Business Advocacy and Assistance**: Directs the Secretary to require the Director of each National Laboratory or single-purpose research facility to designate a small business advocate at their respective laboratory. This advocate would be directed to increase the participation of small business concerns. Establishes a Small Business Assistance Program to make the small businesses more effective and efficient subcontractors and suppliers to the national laboratories and research facilities. Authorizes $15 million for FY06-FY08.
- **Science and Technology Grand Challenge Prizes**: Allows the Secretary to create a program to award cash prizes in recognition of breakthrough achievements in research, development, demonstration, and commercial application that have the potential for application within the Department of Energy. Authorizes $15 million (no time-period specified).

Title XI—Personnel and Training

- **Workforce Trends and Grants:** Authorizes $60 million over three years for the Secretary of Energy to monitor trends in the workforce of skilled technical personnel that support energy technology industries and the workforce trends of electric power and transmission engineers, and to establish programs to provide grants to enhance training for any workforce category for which a shortage is identified.
- **Educational Programs:** Creates a science education enhancement fund to be used to encourage student interest in science and mathematics, promoting professional development for math and science teachers, and other educational endeavors.

- **Training Requirements:** Directs the Secretary of Labor to develop training guidelines for workers engaged in the construction, operation, inspection, or maintenance of non-nuclear electric generation, transmission, or distribution systems.
- **Power Plant Educational Center:** Directs the Secretary of Energy to support the establishment of a National Power Plant Operations Technology and Education Center, to "address the need for training and educating certified operators and technicians for the electric power industry."

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 designate them as interstate congestion areas.
    - 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.
- **Advanced Power System Technology Incentive Program**: Authorizes a new program to make incentive payments to owners or operators of advanced power system technologies (such as an advanced fuel cell, turbine, or hybrid power system to generate or store electric energy). The bill authorizes $70 million over the next seven years.
- **Open Access**: Authorizes FERC to require an unregulated transmitting utility to provide transmission services at its normal rates, subject to certain exceptions.
- **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.

- **<u>Time-Based Metering</u>**: Requires each electric utility to (at the request of an electric consumer) provide electric service under a time-based rate schedule, under which electric rates vary according to changes in the utility's wholesale power cost.
- **<u>Net Metering</u>**: Requires each electric utility to provide (at the request of an electric consumer) net metering service, whereby the consumer can generate electric energy from an on-site generator, deliver it to the local distribution facility, and offset the electrical energy provided by the utility.
- **<u>Removing Cogeneration Requirements</u>**: 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.
- **<u>Market Transparency</u>**: 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.
- **<u>Consumer Privacy</u>**: 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.
- **<u>Mergers Accountability</u>**: 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 Policy Tax Incentives</u>

For a complete list of and more information on any of the specific tax provisions, please see the document published by the Joint Committee on Taxation at: http://www.house.gov/jct/x-59-05.pdf. Some highlights follow:

<u>Electricity Reliability</u>

Largest revenue reducers:

- **Two-Year Extension of Renewable Electricity Production Credit**. Reduces revenues by $2.75 billion over 11 years.
- **Credit for Investment in Clean Coal Facilities.** Reduces revenues by $1.61 billion over 10 years.
- **Modifications to Special Rules for Nuclear Decommissioning Costs.** Reduces revenues by $1.29 billion over 10 years.
- **Certain Electricity Transmission Property Treated as Fifteen-Year Property** (currently assigned a 20-year recovery period). Reduces revenues by $1.24 billion over 10 years.

- **Expansion of Amortization (to 84 months) of Qualified Air Pollution Control Facilities Installed in Post-1975 Coal-Fired Electric Generation Plants.** Reduces revenues by $1.15 billion over 11 years.

Largest revenue raisers:

- **Dispositions of Transmission Property to Implement Federal Restructuring Policy**. Raises $19.0 million over 11 years.

- **Net revenue effect for this subtitle:** $9.04 billion reduction over 11 years.

Domestic Fossil Fuel Security

Largest revenue reducers:

- **Natural Gas Distribution Lines Treated as 15-Year Property** (current depreciation period is 20 years). Reduces revenues by $1.02 billion over 11 years.
- **Two-Year Amortization of Geological and Geophysical Expenditures.** Reduces revenues by $974.0 million over 11 years.
- **50% Expensing (Immediate Depreciation) for Liquid Fuel Refining Equipment**. Reduces revenues by $406.0 million over 10 years.

Largest revenue raisers:

- None in this subtitle.

- **Net revenue effect for this subtitle:** $2.82 billion reduction over 11 years.

Conservation and Energy Efficiency Provisions

Largest revenue reducers:

- **10% Investment Tax Credit for Energy Efficiency Improvements to Existing Homes**. Reduces revenues by $556.0 million over 10 years.
- **Energy Efficient Commercial Buildings Deduction**. Reduces revenues by $243.0 million over 10 years.
- **Credit for Business Installation of Qualified Fuel Cells and Stationary Microturbine Power Plants**. Reduces revenues by $222.0 million over 10 years.

Largest revenue raisers:

- None in this subtitle.

- **Net revenue effect for this subtitle:** $1.28 billion reduction over 11 years.

Alternative Motor Vehicles and Fuels Incentives

Largest revenue reducers:

- **Alternative Motor Vehicle Credit**. Reduces revenues by $874.0 million over 10 years.

- **Extension of Excise Tax Provisions and Income Tax Credit for Biodiesel**. Reduces revenues by $194.0 million over 10 years.
- **Establish Small Agri-Biodiesel Producer Credit and Expand Eligibility for the Small Ethanol Producer Credit**. Reduces revenues by $181.0 million over 10 years.

Largest revenue raisers:
- **One-Year Acceleration of the Sunset for the Clean-Fuel Vehicles and Certain Refueling Property Deduction**. Raises $2.0 million over 10 years.

- **Net revenue effect for this subtitle:** $1.32 billion reduction over 11 years.

Additional Energy Tax Incentives

Largest revenue reducers:
- **Expansion of the Energy Research Tax Credit**. Reduces revenues by $92.0 million over 10 years.

Largest revenue raisers:
- None in this subtitle.

- **Net revenue effect for this subtitle:** $92.0 million reduction over 10 years.

Revenue Raising Provisions

Largest revenue reducers:
- None in this subtitle.

Largest revenue raisers:
- **Reinstatement of the Oil Spill Liability Trust Fund Tax**. Raises $2.51 billion over 10 years.
- **Extension of the Leaking Underground Storage Tank Trust (LUST) Fund Tax**. Raises $349.0 million over 10 years.
- **Modification of the Recapture Rules for Section 197 Amortization**. Raises $171.0 million over 11 years.

- **Net revenue effect for this subtitle:** $3.03 billion increase over 11 years.

NOTE: The net savings to taxpayers is $6.95 billion over the FY2006-FY2010 period and $11.57 billion over the FY2006-FY2015 period.

Title XIV—Miscellaneous

- **Oxygen-Fuel Program**: Establishes a new program on oxygen-fuel systems, and authorizes $300 million for FY06-FY08.
- **Petrochemical and Oil Refinery Facility Health Assessment:** Directs the Secretary to conduct a study of direct and significant health impacts to persons resulting from

living in proximity to petrochemical and oil refinery facilities. Authorizes such sums as necessary.

- **National Priority Project Designation:** Establishes a National Priority Project Designation, which shall be evidenced by a medal bearing the inscription "National Priority Project." Directs the President to designate projects with ceremonies as the President may prescribe. Authorizes such sums as necessary for FY06-FY10.
- **"Cold Cracking" Petroleum Study:** Directs the Secretary to "conduct a study of the application of radiation to petroleum at standard temperature and pressure to refine petroleum products, whose objective shall be to increase the economic yield from each barrel of oil." Authorizes $250,000 for FY06.
- **Oxygen-Fuel:** Directs the Secretary to establish a program on oxygen-fuel systems, to include "if feasible" a program to include renovation of at least one existing large unit and one existing small unit, and construction of one new large unit and one new small unit. Authorizes $300 million for FY06-FY08.
- **Set America Free Act:** Establishes a U.S. Commission to make recommendations for a coordinated and comprehensive North American energy policy that will achieve energy self-sufficiency by 2025 within the three contiguous North American nation area of Canada, Mexico, and the United States. Establishes the U.S. Commission on North American Energy Freedom. Authorizes $10 million for FY05-FY07 and such sums to remain available until expended.

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. For more information on this provision, please see: http://www.heritage.org/Research/EnergyandEnvironment/wm713.cfm?renderforprint=1
- **Reformulated Gasoline**: Eliminates the oxygen content requirement for reformulated gasoline, but maintains the toxic air pollutant emissions reductions from reformulated gasoline.
- **MTBE Actions**: Allows claims and legal actions filed after the date of this bill's enactment related to allegations involving actual or threatened contamination of methyl tertiary butyl ether (MTBE) to be removed to federal court.
- **No MTBE Fuels Safe Harbor**: The bill does not appear to include House-passed language providing safe harbor from liability for fuels containing MTBE.
- **MTBE Substitutes Study**: Requires a study and a report to Congress on the public health effects of potential substitutes for MTBE.
- **Oxygen Content Requirements**: Eliminates the oxygen content requirement for reformulated gasoline.

- **Municipal Solid Waste**: Creates 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. The bill authorizes "such sums as necessary" for the program.
- **Renewable Fuel Production Research and Development Grants**: Directs the Environmental Protection Agency Administrator to provide grants for the research into, and development and implementation of, renewable fuel production technologies in states with low rates of ethanol production. Authorizes $125 million for FY06-FY10.
- **Cellulosic Biomass Ethanol Conversion Assistance**: Directs the Secretary to provide grants to merchant producers of cellulosic biomass ethanol in the U.S. to assist the producers in building eligible production facilities for the production of cellulosic biomass ethanol. Authorizes $650 million for FY06-FY07.
- **Conversion Assistance for Cellulosic Biomass, Waste-Derived Ethanol, Approved Renewable Fuels**: Directs the Secretary to provide grants to merchant producers of the above-named fuels in the U.S. to assist the producers in building eligible production facilities for the production of approved renewable fuels. Authorizes $750 million for FY06-FY08.
- **Advanced Biofuel Technologies Program**: Directs the Administrator to establish this program to demonstrate advanced technologies for the production of alternative transportation fuels. Authorizes $550 million for FY05-FY09.
- **Sugar Ethanol Loan Guarantee Program**: Allows the Secretary of Energy to Energy to issue loan guarantees to projects to demonstrate commercially the feasibility and viability of producing ethanol using sugarcane, sugarcane bagasse, and other sugarcane byproducts.
- **Boutique Fuels:** Allows the EPA to temporarily waive fuel additive requirements for up to 20 days in the event of supply disruption (such as result from a natural disaster or a pipeline failure). In addition, the bill caps the number of boutique fuels (or highly specialized fuels) that can be used in certain distribution regions.

Title XVI—Climate Change

- **Climate Advisory Committee**: Establishes a Climate Change Technology Advisory Committee to identify statutory, regulatory, economic, and other barriers to the commercialization and deployment of greenhouse gas intensity reducing technologies and practices in the United States.
- **Climate Change Technology Program**: Establishes a Climate Change Technology Program to coordinate climate change technology research, development, demonstration, and deployment to reduce greenhouse gas intensity.
- **Climate Change Technology Committee**: Establishes a Committee on Climate Change Technology to coordinate Federal climate change technology activities.
- **Technology Inventory**: Directs the Secretary of Energy to conduct and make public, an inventory and evaluation of greenhouse gas intensity reducing technologies that have been developed, or are under development, by the National Laboratories or other Federal research facilities.

- **Foreign Greenhouse Gas**: Directs the Department of State to lead the effort to integrate into United States foreign policy the goal of reducing greenhouse gas intensity in developing countries.
- **Assistance to Developing Countries**: Directs the Secretary of State to provide assistance to developing countries for projects to reduce greenhouse gas intensity.
- **Interagency Working Group**: Establishes an interagency working group to carry out a Greenhouse Gas Intensity Reducing Technology Export Initiative to, among other things, promote the export of greenhouse gas intensity reducing technologies.
- **Technology Demonstration Projects**: Directs the Secretary of State to establish demonstration projects in at least 10 eligible countries for the promotion of the adoption of technologies and practices that reduce greenhouse gas intensity in developing countries.

Title XVII—Incentives for Innovative Technologies

- Provides for loan guarantees for commercial projects that "avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases and employ new or significantly improved technologies as compared to commercial technologies in service in the United States at the time the guarantee is issued." (Authorized at "such sums")

Title XVIII—Studies

- Initiates various studies, including:
  - Inventory of petroleum and natural gas storage
  - Energy efficiency standards
  - Telecommuting
  - Effectiveness of the Low-Income Home Energy Assistance Program (LIHEAP)
  - Oil bypass filtration technology
  - Total integrated thermal systems
  - Energy integration with Latin America
  - Low-Income Gas Reservoir Study – Provides a $3.3 million grant to an organization of oil and gas producing states for an annual study of low-volume natural gas reservoirs.
  - Investigation of gas prices and any artificial manipulation
  - Alaska Natural Gas Pipeline
  - Coal bed methane
  - Backup fuel capability
  - Indian land rights-of-way
  - Mobility of scientific and technical personnel
  - Competition in the wholesale and retail markets for electric energy
  - Rapid electrical grid restoration
  - Distributed electricity generation
  - Natural gas supply shortage
  - Hydrogen Program participation

- Effects of a hydrogen economy on overall employment
- Best management practices for energy research and development programs
- Effect of electrical contaminants on reliability of energy production systems
- Potential for biodiesel to become a major fuel (authorized at "such sums")
- Potential for hythane to become a major fuel (authorized at "such sums")
- Final actions on FERC's refunds to California for excessive charges
- Passive solar technologies
- The link between energy security and increases in vehicle miles traveled
- The cumulative impacts of multiple offshore liquefied natural gas facilities
- Energy and water savings measures in congressional buildings
- Short- and long-term availability of skilled workers to meet the energy and mineral security needs of the U.S.
- The effectiveness of certain provisions of the Energy Policy Act of 1992
- The benefits of "economic dispatch" (which means "the operation of generation facilities to produce energy at the lowest cost to reliably serve consumers, recognizing any operational limits of generation and transmission facilities")
- Renewable energy on federal land
- Increased hydroelectric generation at existing federal facilities
- The management of federal subsurface oil and gas development activities and their effects on the privately owned surface
- The resolution of federal resource development conflicts in the Powder River Basin
- National security review of international energy requirements
- Used oil re-refining
- Electric transmission system monitoring
- The status of incomplete hydropower facilities

Additional Background: To see the RSC Legislative Bulletin on H.R. 6, the Energy Policy Act, as it first passed the House go to: http://johnshadegg.house.gov/RSC/LB%2004-20-05--Energy%20Policy%20Act.pdf

Committee Action: H.R. 6 passed the House on April 21, 2005 by a vote of 249-183: http://clerk.house.gov/evs/2005/roll132.xml The Senate passed H.R. 6 as amended on June 28, 2005. The Conference report was filed on July 27, 2005.

Administration Position: Although a Statement of Administration Policy (SAP) for the conference report is not yet available, click here to read the SAP for the bill reported to the Senate http://www.whitehouse.gov/omb/legislative/sap/109-1/hr6sap-s.pdf and for the bill reported to the House: http://www.whitehouse.gov/omb/legislative/sap/109-1/hr6sap-h.pdf

Cost to Taxpayers: A CBO cost estimate for the bill is unavailable. The Joint Committee on Taxation (JCT) estimates that the Conference Report would increase revenues by $40.0 million in FY2005 and reduce revenues by a net $6.95 billion over the FY2006-FY2010 period and $11.57 billion over the FY2006-FY2015 period

CBO is not likely to do an estimate of the costs that would be subject to the annual appropriations process (i.e. authorizations), but if appropriated, the programs in H.R. 6 would cost tens of billions of dollars over five years.

Does the Bill Expand the Size and Scope of the Federal Government?: Yes. The bill would create dozens of new programs and functions for the federal government.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: Yes. In an April 19, 2005 letter from CBO to House Rules Committee Chairman David Dreier, CBO reports the following:

> H.R. 6 contains numerous mandates as defined in the Unfunded Mandates Reform Act (UMRA) that would affect both intergovernmental and private-sector entities. Based on our review of the bill, CBO expects that the mandates (new requirements, limits on existing rights, and preemptions) contained in the bill's titles on motor fuels (title XV), nuclear energy (title VI), electricity (title XII) and energy efficiency (title I) would have the greatest impact on state and local governments and private-sector entities.
>
> CBO estimates that the cost of complying with intergovernmental mandates, in aggregate, could be significant and likely would exceed the threshold established in UMRA ($62 million in 2005, adjusted annually for inflation) at some point over the next five years…

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