

ENERGY

As the founder and co-chairman of the Congressional Northwest Energy Caucus, DeFazio has continued to be a visible and effective advocate for the Northwest electric ratepayers. The caucus is a bipartisan coalition of lawmakers from Oregon, Washington, Montana, and Idaho and is chaired by DeFazio and Republican Congressman George Nethercutt (WA).

DeFazio is widely regarded as one of the Northwest's experts on energy policy. In the early 1990s, he chaired a congressional Task Force on BPA and authored a widely praised report, "BPA at a Crossroads."

He has long been an opponent of energy deregulation. He was one of 60 House members to vote against the passage of the 1992 Energy Policy Act that allowed the deregulation of the wholesale energy market, and gave states the option to deregulate their retail energy markets. In the 107th Congress DeFazio introduced legislation to re-regulate the energy industry.

"Few politicians grasp the intricacies of utility law. Oregon's Congressman Peter DeFazio is the best informed member of the House on such moments. DeFazio's knowledge has been essential to defending Oregon's interests against those of California."

Daily Astorian, June 24, 2003

"Energy shortage a swindle, Senators say. DeFazio was right."

Cottage Grove Sentinel, May, 29, 2002

"The California power crisis seemed almost tailor-made for DeFazio, among the fiercest opponents of deregulation in Congress. DeFazio bashed federal regulators for failing to cap rates, wrote a bill to re-regulate the industry and, late in the year, seemed vindicated after Enron Corp., the leading advocate of unfettered energy markets, went bankrupt."

The Oregonian, January 23, 2002

"Oregon Congressman Peter DeFazio has warned against deregulation all along. Events have proved him right. He will offer legislation to fix things. Congress should do what he asks."

Democrat Herald, January 19, 2001

"DeFazio was criticized for taking a 'sky is falling' attitude on energy deregulation, but his dire predictions came true last winter when the country's largest state could no longer reliably provide enough electricity to meet the demand."

The News Review, August 10, 2001

"DeFazio battling electric deregulation: the Oregon congressman says it will cause rate increases in Western states."

Register-Guard, March 30, 1999

In the 108th Congress (2003-2004):

▶ **DeFazio worked with Northwest appropriators to secure a \$700 million increase in borrowing authority from the U.S. Treasury for the Bonneville Power Administration (BPA)** in H.J.Res.2, the Fiscal Year 2003 Consolidated Appropriations Act, which was signed into law on February 20, 2003. This increase in borrowing authority will allow BPA to upgrade and expand the Northwest transmission grid, which is critical for ensuring the reliable and affordable delivery of power.

▶ Helped to rally the Northwest delegation in opposition to proposals in the fiscal year 2004 budget proposed by President Bush. The proposal raised the possibility of overhauling BPA in a way that would be detrimental to Northwest consumers, including raising electricity rates and possibly privatizing the Agency. The Administration decided not to pursue any further.

▶ **DeFazio worked with several Republicans in the Northwest delegation, including Reps. Walden, Nethercutt, Hastings, Otter, and Senator Craig, to protect Northwest interests in the electricity title of H.R. 6, the Omnibus Energy Bill.** The original drafts of the electricity title would have harmed the reliability of the Northwest grid and raised the price of power to Northwest consumers. DeFazio worked to secure a number of protections and carve-outs for Northwest interests, such as limiting the jurisdiction of federal regulators over BPA and other public power entities, as well as blocking FERC's transmission deregulation scheme from applying to the Northwest. H.R. 6 was approved by the House on November 18, 2003. The bill remains bottled up in a conference committee with the Senate.

▶ **In response to record gas price spikes in Oregon, DeFazio introduced H.R. 1221, the Gasoline Price Stabilization Act,** on March 12, 2003. The DeFazio legislation authorizing the President to stabilize oil and gas prices by imposing price caps or other control mechanisms; authorizes the President to tap the strategic petroleum reserve (SPR), a federal reserve of 700 million barrels of oil, to ease regional and state shortages or price increases; allows the President to release oil from the SPR to combat anti-competitive practices by foreign and domestic producers, refiners, and marketers of petroleum products; directs the Secretary of Energy to establish minimum inventory levels for producers, refiners, and marketers of crude oil, which would be similar to the requirement that public utility commissions place on electric utilities to have enough reserve capacity to keep the lights on in the event of a spike in demand; and reinstates the ban on exporting oil from Alaska.

▶ **DeFazio also reintroduced H.Con.Res. 290, legislation that urges the President to file a complaint at the World Trade Organization against OPEC,** and other large oil producing nations that cooperate with OPEC, for violating trade rules that prohibit quantitative limitations on the import or export of resources or products. OPEC production quotas clearly violate this trade rule. **DeFazio joined Senator Frank Lautenberg in offering even tougher legislation, H.R. 4780, that would require the administration to file a WTO case against OPEC for violating free trade rules.**

▶ **DeFazio offered an amendment to H.R. 3289, a supplemental spending bill to fund the ongoing occupation of Iraq, to prohibit any money in the bill from being used to subsidize Iraq's participation in OPEC. The DeFazio amendment was adopted by voice vote in the House on October 17, 2003. Unfortunately, the prohibition was stripped from the final version of the bill that was signed into law on November 11, 2003.**

▶ DeFazio is a cosponsor of H.R. 1294, legislation to require 20 percent of our nation's electricity come from clean, renewable sources like wind and solar power by 2025. Such a mandate would create demand for renewable energy sources that would help bring down the price.

▶ DeFazio is a cosponsor of H.R. 594, legislation to extend the production tax credit for wind power for five years. This legislation is critical to ensuring the wind power potential in the Northwest is fully developed. A one year extension was included in H.R. 1308, which was approved by the House and Senate and sent to President Bush the week of September 20, 2004.

▶ Recognized by the American Council for Renewable Energy for his outstanding contribution and service as a member of the House Renewable Energy and Energy Efficiency Caucus, July 8, 2003.

In the 107th Congress (2001-2002):

▶ **Authored legislation, H.R. 3952, along with Senator Ron Wyden to create a federal energy consumer advocate** (the "Office of Consumer Advocacy") within the Department of Justice. **The DeFazio-Wyden legislation was incorporated as Section 253 of the Senate's comprehensive energy legislation.** The legislation was endorsed by the National Association of State Utility Consumer Advocates, the American Association of Retired Persons, the U.S. Public Interest Research Group, and Consumers Union.

▶ **Joined Representative Walden (R-OR) in introducing legislation, H.R. 4826 and H.R. 4827, to combat so-called "wash trades."** Wash trading involves selling energy at a fixed amount and cost and simultaneously purchasing the energy back at the same volume and price. This was one of the strategies exploited by Enron and others to manipulate electricity markets. The trading artificially boosts sales volumes by selling energy and simultaneously buying back the same amount of energy at the same price.

▶ **Introduced legislation, H.R. 264, to repeal electricity deregulation** and return the U.S. to the system that served us well for 60-plus years: a mix of public and private utilities regulated in the public interest by a mix of state and federal authorities.

▶ **Cosponsored legislation, H.R. 1468, to re-impose cost-based rates in the Western United States in response to the California deregulation fiasco.** DeFazio regularly represented the Democratic party position in press conferences, via communications with the White House and the Federal Energy Regulatory Commission (FERC), and in the national/local television, radio and print media. Under pressure from DeFazio and others in Congress, FERC eventually

intervened in June 2001 to bring down wholesale prices in the West.

- ▶ Requested that the General Accounting Office (GAO) investigate FERC's refusal to acknowledge the likelihood of market manipulation by large generators and power marketers. The GAO report concluded that FERC had no basis to reach the conclusion that manipulation did not occur. A June 2002 GAO report requested by DeFazio concluded that the California energy market was manipulated under "almost textbook conditions."
- ▶ Through his position as the co-chair of the Northwest Energy Caucus, DeFazio worked to protect the interests of Northwest residents. The Caucus met with Vice-President Cheney and FERC Chairman Pat Wood, III.
- ▶ **Raised alarm bells about the rush to establish a regional transmission organization (RTO) in the Northwest.** RTOs, which are being pushed by FERC, are intended to facilitate wholesale power markets. DeFazio raised concerns about whether the RTO model made sense in the Northwest given the unique nature of our electricity grid. **DeFazio's persistent concerns helped lead RTO officials in the Northwest to delay a final filing with FERC, to regularly consult with the Northwest delegation, including participation in a hearing called by the Northwest Energy Caucus, to hold public hearings in the Northwest, and more closely work with RTO critics in our region. DeFazio was also instrumental in getting FERC to drop its plans to mandate a west-wide RTO.**
- ▶ **DeFazio has been a leader in the Northwest and nationally, in fighting an Order issued by the Federal Energy Regulatory Commission (FERC) that would deregulate the transmission of electricity much the same as generation was deregulated.** FERC's uniform national rules (known as "standard market design"), could devastate the customers of public utilities in the Northwest, including Bonneville, by causing volatile and rising prices for transmission, which would also threaten the reliability of the Northwest grid. **DeFazio worked closely with Representatives Sonny Callahan (R-AL) and George Nethercutt (R-WA) to include language in the FY03 House Energy and Water Appropriations Bill to limit FERC's ability to implement its Order. A similar provision was included in H.J.Res. 2, the fiscal year 2003 Omnibus Appropriations Act.**
- ▶ **Issued a report exposing the profits made by direct service industries (DSIs) in the Northwest, primarily aluminum companies, and detailing the implications for average ratepayers if the DSIs received the special rate deal they were seeking from BPA. DeFazio's report helped pressure the DSIs to accept BPA's voluntary shutdown agreement which, along with load reductions by public and private utilities, kept what could have been a 250 percent BPA rate increase to 46 percent.**
- ▶ **Worked closely with Oregon Representative Robert Ackerman and State Senator Tony Corcoran to expose major flaws in Oregon's electricity deregulation plan. These efforts led the Oregon legislature to delay implementation of deregulation by five months and repeal a particularly problematic provision of the plan that would have allowed the sale of generation assets to out-of-state energy conglomerates.**

- ▶ Drafted legislation, H.R. 2731, the “School Energy Assistance Act,” along with Representative Baird to provide federal grants to schools hit hard by rising energy prices.
- ▶ DeFazio wrote to Governor Kitzhaber in May 2001 proposing that the State of Oregon consider purchasing Portland General Electric (PGE) by invoking Article XI-D, Section 2 of the Oregon Constitution. While the Governor nor the State Legislature took any action, a number of public power initiatives related to PGE were created in the wake of DeFazio's proposal. The danger confronting PGE was confirmed when Enron put the utility up for auction in September 2002.
- ▶ **Reintroduced a legislative package intended to stop OPEC from manipulating world oil markets.** H.Res. 27 urges the President to file a complaint at the World Trade Organization against OPEC, and other large oil producing nations that cooperate with OPEC, for violating trade rules that prohibit quantitative limitations on the import of export of resources or products.
- ▶ Cosponsor of H.R. 1967, the “Gas Price Spike Act of 2001,” which imposes a windfall profits tax on oil companies so they aren’t rewarded for gouging consumers.
- ▶ Cosponsor of two bills, H.R. 3274, the “Comprehensive Energy Conservation Act for the 21st Century,” and H.R. 2478, the “Comprehensive Renewable Energy and Energy Efficiency Act of 2001,” that are intended to boost production of renewable energy resources, increase conservation and efficiency, and reduce our dependence on oil.
- ▶ **DeFazio became a leading critic of President Bush’s “National Energy Policy” report.** Through his position on the Resources Committee, DeFazio helped lead efforts to reorient the House leadership’s energy plan (H.R. 4) away from fossil fuels and toward renewable energy, conservation, and increased efficiency. **DeFazio drafted two amendments that were adopted by the Resources Committee. One blocked the export of oil from Alaska. The second required a study on the impact of increased hydro production on fish, farmers, recreation, Indian tribes** etc. He was also one of the lead cosponsors of an amendment to block drilling in the Arctic National Wildlife Refuge (ANWR) and was a cosponsor of a stand-alone bill, H.R. 770, to protect ANWR. **H.R. 4 was approved by the House on August 2, 2001, with DeFazio's amendments included.**
- ▶ DeFazio also offered a number of amendments during floor consideration of H.R. 4. His amendments would have: redirected money from subsidizing nuclear energy research into research of renewable energy sources like wind and solar; restored the ability of the Forest Service to have a meaningful role in decisions on whether to allow drilling on Forest Service lands; and prohibited the shifting of compliance costs of the National Energy Policy Act (NEPA) from industry onto taxpayers.
- ▶ **DeFazio was named as a member of the House-Senate energy bill conference committee** for certain sections. Two of the sections dealt with issues of particular importance in the Northwest - hydropower re-licensing and open-access transmission (which has implications for Bonneville and public power in the Northwest). DeFazio actively used his position as a member

of the conference to fight for Northwest energy interests and block further electricity deregulation measures. The conference could not reach agreement on a final bill.

▶ **Successfully pressured the Bush Administration to release critical energy assistance through the low-income home energy assistance program (LIHEAP).** Beginning in November 2001, DeFazio wrote a series of letters pointing out the dire situation Oregon families faced due to skyrocketing electricity bills. The letters requested that the Administration release \$600 million in emergency LIHEAP money appropriated by Congress in 2001-2002, but not spent by the President. The Administration finally released a portion of this money in mid-August 2002. Oregon received \$1.6 million.

▶ **DeFazio drafted legislation, H.R. 5436, to extend the hydroelectric dam license granted to the City of Albany to begin renovation of a dam owned by the City. H.R. 5436 was signed into law on December 19, 2002.**

In the 106th Congress (1999-2000)

▶ Secured enactment of S. 1937, legislation giving Bonneville Power Administration the authority to sell power to Joint Operating Entities (JOEs). The bill amends the Pacific Northwest Electric Power Planning and Conservation Act to allow small utilities to consolidate into Joint Operating Entities, purchase power in bulk quantities, and in turn pass the savings on to customers. In March, 2000 DeFazio testified before the House Commerce Committee in support of the legislation. The President signed the JOE legislation into law on September 22, 2000.

▶ At DeFazio's request WRDA 2000 also continues Corps of Engineers policy prohibiting contracting out of operations and maintenance activities at hydroelectric facilities. DeFazio argued that the federal investment in these facilities is best protected by an experienced, stable work force which has a long-term commitment to the project, not a private entity which has a maintenance contract by virtue of a lowest-cost bid (see further information on this issue below in 101st Congress).

In the 105th Congress (1997-1998)

▶ Co-founded, with Rep. George Nethercutt (R-WA), the Northwest Energy Caucus dedicated to retaining the benefits of the Columbia River's hydroelectric system within the region.

In the 104th Congress (1995-1996)

▶ Author of H.R. 599, a bill refinancing the Bonneville Power Administration's appropriated Treasury debt at prevailing interest rates. The bill became law in 1996.

In the 103rd Congress (1993-1994)

- ▶ Author of H.R. 4847, the Bonneville Power Administration Appropriations Refinancing Act. This DeFazio-Hatfield proposal would refinance BPA's outstanding appropriated Treasury debt at current interest rates and provide long term protection for BPA's utility customers against future federal attempts to arbitrarily alter the terms of BPA's debt repayment. Thanks to DeFazio's efforts, the Clinton Administration endorsed the bill, which was included in the 1995 Budget Reconciliation bill.
- ▶ DeFazio chaired a congressional Task Force on the Bonneville Power Administration. The BPA Task Force held a series of hearings on the condition of the BPA and its plans for the future. The Task Force's investigation was the first extensive congressional oversight into Bonneville since the passage of the 1980 Northwest Power Act, which created the Northwest Power Planning Council, and gave Bonneville new regional energy and conservation acquisition responsibilities, as well as a mandate to protect and enhance fish and wildlife populations affected by the Columbia River hydroelectric system. A Task Force report and recommendations were completed in May 1994 and have had a significant influence in the regional debate over BPA's future course.

In the 102nd Congress (1991-1992)

- ▶ As a member of the conference committee on H.R. 776, the Comprehensive National Energy Policy Act, DeFazio played a key role in securing House support for a provision allowing the Bonneville Power Administration to contract directly with the Army Corps of Engineers and Bureau of Reclamation for generation improvements and maintenance activities at the Columbia River system dams. The BPA estimates this provision will save the region's ratepayers about \$400 million over the life of the improvements. The legislation was enacted on September 30, 1996.