RSC Republican Study Committee

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Legislative Bulletin……………………………….………April 10, 2003

Contents:

H.R. 6—Energy Policy Act of 2003 (Tauzin)

Order of Business: The bill is scheduled to be considered on Thursday, April 10th, subject to a structured rule (H.Res. 189).

Summary by Division and Title:

Division A—Title I—Federal Leadership in Energy Conservation

- Provisions related to 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.

- **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.

- **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.
- **State Energy Programs:** Authorizes appropriations for State energy programs as follows: $100 million for fiscal years 2004 and 2005, and $125 million for FY2006.
- **Weatherization Assistance:** Authorizes appropriations for the Weatherization Assistance Program as follows: $325 million for FY2004, $400 million for FY2005, and $500 million for FY2006.
- **LIHEAP**: Authorizes appropriations for the Low-Income Home Energy Assistance Program (LIHEAP) of $3.4 billion for each of fiscal years 2004 through 2006. Mandates an HHS report on how LIHEAP could be used more effectively to prevent the loss of life from extreme temperatures.
- **State & Local Government Buildings:** Establishes a High Performance Public Buildings Program in the Department of Energy to distribute grants to state and local governments to improve energy efficiency in public buildings. "Such sums as may be necessary" are authorized to be appropriated through fiscal year 2013.
- **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. "Such sums as may be necessary" are authorized to be appropriated through fiscal year 2006.
- **Household Appliance Standards**: Sets new standards for household appliances when in "standby mode."
- **Public Education:** Authorizes $5 million ("in addition to amounts otherwise appropriated") for 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.

Division A -- Title II – Oil and Gas

- **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.
- **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.

- **Strategic Petroleum Reserve**: Directs the president to fill the Strategic Petroleum Reserve "as soon as practicable" and plan to expand to Reserve to 1 billion barrels. Authorizes $1.5 billion for these purposes.
- **Reserves Program**: Creates a new $100 million program (through fiscal year 2010) for demonstrating new technologies for the recovery of oil and natural gas reserves from certain reservoirs.

Division A -- Title III – Hydroelectric Energy

- **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.
- **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. 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.

Division A -- Title IV – Nuclear Energy

- **Indemnification**: Extends and vastly increases (through 2017) the federal indemnification of Department of Energy (nuclear) contractors, Nuclear Regulatory Commission (NRC) licensees, and nonprofit educational institutions (that do nuclear energy work). In some cases, the liability limit is raised from $100 million to $500 million.
- **Threat Studies**: Directs the President and the NRC to study the security threats to nuclear installations.
- **Training Program**: Authorizes $1 million for each of fiscal years 2004 through 2007 for an NRC training program.
- **Firearms**: Authorizes NRC licensees to carry firearms.
- **Sabotage**: Sets at $1 million and/or life imprisonment the maximum penalty for sabotaging nuclear facilities or fuel.
- **Uranium Mining:** Authorizes $10 million a year (FY04-06) for cooperative research on uranium mining
- **Uranium Diversion Threat Report**: Directs the Energy Secretary to report recommendations on reducing the threat resulting from the theft or diversion of highly enriched uranium.
- **Whistleblower Protection**: Extends whistleblower protection to employees of the Energy Department and the NRC.

Division A -- Title V – Vehicles and Fuels

- **Pilot Program**: Authorizes $200 million for a competitive grant pilot program to provide no more than ten 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.
- **Railroads**: Authorizes appropriations for a public-private initiative to develop and demonstrate railroad technologies that increase fuel economy and reduce emissions: $25 million for FY2004, $30 million for FY2005, and $35 million for FY2006.
- **Federal Automobile Fleet:** The bill contains several provisions related to fuel economy in government vehicles and the purchase of alternative fuel vehicles.

Division A -- Title VI – Electricity

- **Interstate Electrical Transmission Facilities**:
  - 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.
  - 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.
- **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.
- **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.
- **Canada and Mexico**: Urges the President to negotiate international agreements with the governments of Canada and Mexico to provide for effective compliance with reliability standards and the effectiveness of the ERO in the U.S., Canada, and Mexico.
- **Regional Advisory Bodies**: Directs FERC to establish a regional advisory body upon petition from at least two-thirds of the states within a region that have more than one-half of their electric load served within the region. An advisory board could give advice on standards and other such matters to the ERO, a regional entity, or FERC.

- **Alaska and Hawaii**: The above provisions in this title would not apply to Alaska or Hawaii.
- **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 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.
- **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.
- **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.
- **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).
- **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.
- **Slamming**: 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.
- **Cramming**: Directs the FTC to issue rules prohibiting the sale of anything to an electricity consumer without his or the law's express authorization.

Division A -- Title VII – 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.
- **MTBE Conversion:** Authorizes $250 million for each of fiscal years 2004 through 2006 for grants to merchant producers of methyl tertiary butyl ether (MTBE) in the U.S. to assist the producers in converting production facilities to the production of iso-octane and alkylates.
- **MTBE Contamination:** Authorizes $850 million from the Leaking Underground Storage Trust Fund for the EPA to undertake actions related to MTBE contamination resulting from underground storage tanks.
- **Reformulated Gasoline**: Eliminates the oxygen content requirement for reformulated gasoline, but maintains the toxic air pollutant emissions reductions from reformulated gasoline.
- **Pollution Regulations**: Directs the FDA to promulgate final regulations by July 1, 2004, to control hazardous air pollutants from motor vehicles and motor vehicle fuels.
- **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.

Division A -- Title VIII – Automobile Efficiency

- **Fuel Economy Standards**: Authorizes an additional $5 million for each of fiscal years 2004 through 2006 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.

Division B—Title I—Subtitle A—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

From the above amounts, allocates the following:

- **Next Generation Lighting Initiative:** $50 million each year for FY04-07, with an extended authorization of appropriations for FY08-12, for activities related to advanced lighting technologies.
- **Electric Motor Control Technology:** $2 million each year for FY04-07 for programs to improve energy efficiency of electric motors in heating, ventilations, and air conditioning systems.
- **Secondary Electric Vehicle Battery Use:** $4 million for FY04 and $7 million for FY05-07 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, and $35 million for FY07 for grants for research related to energy efficiency.

Subtitle A also authorizes 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."

***Division B—Title I—Subtitle B—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

From the above amounts, allocates the following:

- **Micro-Cogeneration Energy Technology:** FY04 $5 million, FY05 $5.5 million, FY06 $6 million, and FY07 $6.5 million for research and development into the use of small-scale combined heat and power in residential heating appliances.

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.

***Division B—Title I—Subtitle C—Renewable Energy*:**

- Authorizes the following amounts for renewable energy activities:
  - FY04—$380 million
  - FY05—$420 million
  - FY06—$460 million
  - FY07—$499 million

From the above amounts, allocates the following:

- **Bioenergy:** FY04 $135.4 million, FY05 $155.6 million, FY06 $167.7 million, and FY07 $180 million for research and development into bioenergy.
- **Public Buildings:** $30 million for FY04-07 to research and develop innovative technology for solar and other renewable energy sources in state and local government buildings.

Authorizes other programs for research, development, demonstration, and commercial application into biopower, biofuels, and ocean energy.

***<u>Division B—Title I—Subtitle D—Nuclear Energy</u>*:**

- Authorizes the following amounts for nuclear energy activities:
  - FY04—$388 million
  - FY05—$416 million
  - FY06—$445 million
  - FY07—$474 million

From the above amounts, allocates the following:

- **Nuclear Infrastructure Support:** FY04 $125 million, FY05 $130 million, FY06 $135 million, and FY07 $140 million for facilities maintenance, upgrades, and construction within the Office of Nuclear Energy, Science, and Technology.
- **Advanced Fuel Recycling:** FY04 $80 million, FY05 $93 million, FY06 $106 million, and FY07 $120 million for research and development into recycling of advanced fuels.
- **University Programs:** FY04 $35.2 million, FY05 $44.3 million, FY06 $49.2 million, FY07 $54.9 million for programs to encourage students to student the nuclear sciences and related fields.

***<u>Division B—Title I—Subtitle E—Fossil Energy</u>*:**

- Authorizes the following amounts for fossil energy activities
  - FY04—$530 million
  - FY05—$556 million
  - FY06—$583 million
  - FY07—$611 million

From the above amounts, allocates the following:

- **Fuel Cell Proton Exchange Membrane Technology:** $28 million for FY04-07
- **Coal Mining Technologies:** FY04 $12 million and FY05 $15 million
- **Office of Artic Energy:** $25 million for FY04-07, with authorization for appropriations extended for FY08-11

This section also 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>Division B—Title I—Subtitle F—Science</u>*:**

- Authorizes the following amounts for science activities
  - FY04—$3.78 billion
  - FY05—$4.15 billion
  - FY06—$4.62 billion
  - FY07—$5.31 billion

From the above amounts, allocates the following:

- **Fusion Energy Sciences Program:** FY04 $276 million, FY05 $300 million, FY06 $340 million, and FY07 $350 million

- **Other Fusion Energy Science Activities:** FY04 $12 million, FY05 $20 million, FY06 $50 million, and FY07 $75 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 each year FY03-06
- **Nanotech Research and Development:** FY04 $265 million, FY05 $292 million, FY06 $322 million, and FY07 $355 million
- **Department of Energy Science and Technology Scholarship Program:** FY04 $800,000, FY05 $1.6 million, and FY06 and FY07 $2 million for scholarships to recruit students for careers at the Department of Energy
- **Research on Precious Metal Catalysis:** Such sums each year FY04-06
- **Networking and Information Technology Research and Development:** Such sums each year FY04-07

Also authorizes the Genomes to Life Program, specifically prohibiting biomedical or human subject research. Allocates $100 million for FY04 and such sums for FY05-07.

***Division B—Title I—Subtitle G—Energy and Environment*:**

- Authorizes the following amounts for energy and environment activities:
    - FY04—$5 million
    - FY05-07—$6 million each year
- **Fuel Cell Transit Bus Demonstration Program:** $10 million each year FY04-07 for the purchase of 12 fuel cell transit busses in three locations (for a total of 36 buses)

Also authorizes programs promoting energy-efficient, environmentally sound economic development along the U.S./Mexico border and researching the conversion of agriculture products (such as rice hulls, poultry fat, and barley grain) into biofuels.

***Division B—Title I—Subtitle H—Management*:**

- 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

***Division B—Title II—Department of Energy Management*:**

- Requires the Secretary of Energy to submit a report to Congress on "the assumption by the Nuclear Regulatory Commission of the Department's regulatory and enforcement responsibilities with respect to nuclear safety, and the assumption by the Occupational Safety and Health Administration of the Department's regulatory and enforcement responsibilities with respect to occupational safety and health, at any nonmilitary energy laboratory owned or operated by the Department."

***Division B—Title III—Clean School Buses*:**

- Establishes a pilot 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:
    - FY04—$90 million
    - FY05—$100 million
    - FY06—$110 million

Division C—Title I—Indian Energy

- 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 "such sums" for regulations, requirements and conditions on Indians for leases, business agreements, and rights-of-way involving energy development or transmission. This section notes that it does not affect the application of any provision of the Indian Mineral Leasing Act of 1938, the Indian Mineral Development Act of 1982, the Surface Mining Control and Reclamation Act of 1977, or "any Federal environmental law."

Division C —Title II—Oil and Gas

- **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.

- **LIHEAP**: In disposing of royalty oil or gas taken in-kind under this section, the Secretary "may grant a preference to any person, including any State or Federal agency, for the purpose of providing additional resources to any Federal low-income energy assistance program"(LIHEAP).

- **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.

- **Lease Incentives**: Provides for 5-years (then sunsets) royalty relief incentives for oil and gas leases in the western and central planning area of the Gulf of Mexico, for production prior to January 1, 2001. Makes other modifications 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.

- **New Data Program**: **New $150 million 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.**

- **President's Energy Task Force**: Sense of Congress that Bush's task force on Energy (related to Executive Order 13212) should remain in existence until the President finds it is no longer needed and that the Northern Rocky Mountains pilot project started by the task force should continue and Congress should be notified of its progress no later than 3 years from enactment.

- **Facilitator for Energy Development**: Requires a new report in one year on the feasibility of creating a Facilitator for Energy Development, under the Council on Environmental Quality.

Division C —Title III—Biomass Energy

- **$550 million for New Commercial Biomass and Individual Biomass Grant 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 $100,000 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.

Division C —Title IV—Arctic Coastal Plain Domestic Energy

- **ANWR**: Allows for oil and gas leasing in the Arctic National Wildlife Refuge (ANWR), and provides that 50% of the revenues shall go to Alaska (in semiannual payments) and the balance to the U.S. Treasury as miscellaneous receipts. The Secretary shall prepare an environmental impact statement and the preferred action and analysis for the first lease sale shall be completed within 18 months of enactment. Specifies that nothing in this Act expands or limit State and local regulatory authority. The oil and gas exploration and development can result in "no significant adverse effect" on fish and wildlife, their habitat, and the environment. The Secretary of the Interior may also designate "Special Areas" for oil and gas leasing, pending consultation with state and local authorities and must designate Sadlerochit Spring as a Special Area. No "Special Area" could encompass lands with "surface occupancy." Programs and leases authorized under this title must comply with al applicable provisions of Federal and State environmental law in addition to other requirements outlined in the bill, such as limiting exploration to November 1 through May 1 and the "avoidance or reduction of air traffic-related disturbance to fish and wildlife." The title specifies terms on grants of leases, lease terms and sales conditions, and requires the lessee and its agents and contractors to obtain a "project labor agreement" for laborers and mechanics on production, maintenance, and construction.

- **Expedites Judicial Review:** of complaints regarding leases and lease applications in ANWR and limits venue to the U.S. District Court of Appeals for the District of Columbia.

- **Establishes the Coastal Plain Local Government Impact Aid Assistance Fund:** within the U.S. Treasury to help mitigate the potential effects on oil and gas exploration and development on local cultural values and municipal services. The Fund shall be replenished with revenues from lease rents and royalties. The total amount in the Fund may never exceed $11 million, and there is authorized to be appropriated to the Secretary $5 million per year to provide this assistance.

Division C —Title V—Hydropower

- **Study**: Mandates a study and report by the Secretary of the Interior on 1) the potential for increasing electric power production at existing facilities and 2) of operational methods and water scheduling techniques at all hydroelectric power plants (for plants and facilities under the administrative control of the Secretary).

- **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.

Division C —Title VI—Geothermal Energy

- **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.

Division C —Title VII—Coal

- 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

Division C —Title VIII—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%.

***Division C—Title IX—Miscellaneous Provisions*:**

- **Report**: Requires the Secretary of Energy to report to Congress on energy facility rights-of-way and corridors on federal lands and expresses the sense of the Congress that "federal agencies should enhance the use of energy efficient technologies in the management of natural resources."
- **Wind and Ocean Energy**: Requires the Secretary of Interior to permit wind energy development projects on public lands and issue a report to Congress assessing ocean thermal energy resources.

Division D -- Title I – Conservation Tax Provisions

- **Solar Energy:** 15% tax credit (up to $2,000) for residential solar hot water and photovoltaic cells. $105 million over ten years (terminated in December of 2006 & 2008)
- **Electricity From Wind, Biomass, Trash Combustion and Landfill Gas Facilities:** Extends and expands credit for producing electricity from wind, biomass, trash combustion, and landfill gas facilities. $3.2 billion over ten years
- **Fuel Cells:** Credit for business and non-business installation of fuel cell power plants. $37 million over ten years (terminated in December of 2006)
- **Alternative Motor Vehicle Credits:** 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 ($500 to $3,000 depending upon fuel efficiency with up to an additional $500 credit for lifetime fuel savings). $305 million over ten years.
- **Improvements to Existing Homes:** $2,000 credit per home for energy efficiency improvements to existing homes $470 million over ten years (terminated in December of 2006).
- **Business Credit for Construction of New Homes:** $2,000 credit per home for energy efficiency improvements to new homes $743 million over ten years (terminated in December of 2006).
- **Credit for Combined Heat and Power Systems:** $98 million over ten years (terminated in December 2006).
- **AMT:** Allow non-business energy credits against the Alternative Minimum Tax (AMT). $33 million over ten years
- **Railroad and Inland Waterway Fuel Taxes:** Repeals the 1993 4.3-cent increase on motor fuel excise taxes on railroads and inland waterway transportation. $1,695 million over ten years

Division D -- Title II – Reliability Tax Provisions

- **Natural Gas Gathering Pipelines:** Treated as 7-year property. $472 million over ten years
- **Natural Gas Distribution Pipelines:** Treated as 15-year property. $1,462 million over ten years
- **Electric Transmission Property:** Treated as 15-year property. $2,172 million over ten years
- **Expensing of Costs of Complying with EPA Sulfur Regulations & Credit for Production of Low Sulfur Diesel Fuel:** Allow 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. $72 million over ten years
- **Expand Number of Refineries Excluded From Oil Depletion Reduction:** $127 million over ten years
- **Tax Relief To Implement FERC or State Electric Restructuring Policies:** Improve tax treatment for property disposed of as a result of electric utility restructuring. $403 million over ten years
- **Modify Tax Treatment of Contributions to Funds for Nuclear Decommissioning Costs:** $1,462 million over ten years
- **Modify Tax on Certain Income of Electric Cooperatives:** $258 million over ten years
- **Tax-Exempt Bond Rules for Prepayment of Natural Gas:** Exempts certain prepayments for natural gas from tax-exempt bond arbitrage rules. $31 million over ten years
- **Prepayment of Premium Liability For Coal Miner Health Benefits:**

Division D -- Title III – Production Tax Provisions

- **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:** Suspend through December 2006 the 65-percent limit based on taxable income of depletion deductions. $531 million over ten years.
- **Extend the Suspension of Caps on Depletion Recovery for Marginal Wells:** Extend through 2007 the cap on depletion allowances to 100 percent of taxable income. $106 million over ten years
- **Amortize Delay Rental Payments Related to Oil & Gas Wells:** $76 million over ten years
- **Amortize Exploration Expenditures:** Permit Geological and Geophysical expenditures to be amortized. $2,413 million over ten years
- **Non-Conventional Source Credit:** Extend and modify the current credit from producing fuel from a non-conventional source (such as landfill gas). $2,956 million over ten years

- **AMT:** Allow business related credits against the Alternative Minimum Tax (AMT), temporarily allow enhanced oil recovery credit against the AMT, and repeal intangible drilling costs. $340 million over ten years

Division D -- Title III – Corporate Expatriation:

- **Tax Treatment of Inverted Companies:** Treat companies that invert (domestic companies reincorporates overseas) as a domestic company for the purposes of taxation if the invert between March 4, 2003 and December 31, 2004
- **Sense of Congress:** States the Sense of Congress that legislation should be passed as soon as possible to eliminate the pressure caused by the U.S. tax code for companies to invert.

Division E—Clean 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.
- 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.

Division F—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**: Establishes this new committee.
- **Authorizations**: For the above activities, authorizes the following amounts:
  - FY04—$273.5 million
  - FY05—$325 million
  - FY06—$375 million
  - FY07—$400 million
  - FY08—$425 million

Division G—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.

Additional Background: A similar bill, H.R. 4, passed the House on August 2, 2001, by a vote of 240-189: http://clerkweb.house.gov/cgi-bin/vote.exe?year=2001&rollnumber=320 On April 25, 2002, the Senate passed an amended version of H.R. 4 by a vote of 88-11: http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=107&session=2&vote=00094

A conference committee did not complete action on H.R. 4 by the end of the 107th Congress.

To view the RSC Policy Brief for H.R. 4, visit this webpage: http://www.house.gov/burton/RSC/EnergyPB.PDF

Committee Action: On April 7, 2003, the bill was referred to eight House committees. The Energy and Commerce Committee reported a final version.

Cost to Taxpayers: CBO estimates that enacting H.R. 6 would increase direct spending by about $235 million in 2004, $34 million over the 2004-2008 period, and $2 billion over the 2004-2013 period. In addition, CBO and the Joint Committee on Taxation (JCT) estimate that the bill would reduce revenues by about $2.3 billion in 2004, $13.3 billion over the 2004-2008 period, and $17.7 billion over the 2004-2013 period.

In total, enacting the bill would cost about **$19.7 billion in increased direct spending and reduced revenues over the 10-year period.** CBO has not completed an estimate of the bill's costs that would be subject to appropriation.

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

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

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Amendments Made in Order Under the Rule:

1. Boehlert/Markey #37 -- Requires the Department of Transportation to promulgate rules to ensure that the total amount of oil cars and light trucks will consume in the year 2010 will be 5% less than the total amount they would otherwise consume if the average fuel economy standards were to remain at 2004 levels.

2. Dingell #18 - Strikes all of the provisions of Title VI of Division A and inserts new text as follows: Provides FERC broad anti-fraud authority, for both electricity and natural gas markets. Establishes audit trail requirements to improve FERC's ability to conduct investigations and take enforcement actions. Provides for greater transparency, by requiring reporting of information about transactions or quotations involving sales or transmissions of electricity or gas. Increases penalties for civil and criminal offenses to levels in the Sarbanes-Oxley Act of 2002. Requires FERC to issue rules to prevent affiliate abuse, authorizes FERC to refund electricity overcharges back to the date they commenced, and requires FERC to reform its policy on "market-based" electricity rates. Directs SEC to review PUHCA exemptions. (NOTE: Title VI of the underlying bill is much broader than the Dingell Amendment – See summary for details.)

3. Wilson (NM) #65 Limits the surface area covered by production and support facilities on the Alaska Coastal Plain (ANWR) to 2,000 acres or less.

4. Peterson (PA) #51 Makes available, subject to future appropriations, to the Low-Income Home Energy Assistance Program $2.1 billion in bonus bids expected if the Arctic National Wildlife Refuge is made available for energy exploration.

5. Markey/Johnson (CT) #52 Strikes the entire Title related to ANWR, including the provisions to permit drilling and the provisions providing for the distribution of funds received from opening ANWR to drilling.

6. Vitter #62 Expresses the sense of Congress that the United States should reduce dependence on foreign energy sources from 58%, the percentage of oil consumed from foreign sources in 2002, to 45% within ten years.

7. Davis (VA)/Waxman #61 Clarifies that reports relating to federal procurement policy and federal contracting policy should be submitted to all relevant Congressional committees, including the Government Reform Committee of the House and Governmental Affairs Committee of the Senate. Adds a study of the energy conservation implications of the widespread adoption of telecommuting by federal employees in the United States. Adds a study to consider the merits of establishing performance measures to guide the reduction of petroleum consumption by federal fleets.

8. Oberstar/Norton #45 Authorizes the General Services Administrator to establish a photovoltaic solar energy commercialization program for the procurement and installation of photovoltaic solar energy systems for electric production in new and existing public buildings. Authorizes $262.7 million for each fiscal year from 2004 to 2008.

9. Brown (OH) #1 Adds a new section authorizing a 20 million barrel Gasoline Availability Stabilization (GAS) Reserve program modeled on the Strategic Petroleum Reserve (SPR) and administered by DoE. Requires establishment of 3 GAS Reserves within 2 years of enactment: 1 in California, 1 in the Midwest, and 1 in the Northeast. Allows the Secretary to create 2 additional GAS Reserves anywhere in the country, at any time during the program's 6-year authorization. Authorizes emergency sales from a GAS Reserve only in response to a physical disruption (like a refinery fire or a pipeline outage) in the supply of gasoline to a State, and then only when the State's Governor requests assistance and the Secretary concurs, based in part on consideration of the effect of GAS Reserve sales on the region's gas market. Authorizes maintenance transactions with safeguards to prevent price inflation and ensure product freshness. Authorizes such sums to build and run the GAS Reserve.

10. Udall (NM) #40 Strikes sect. 14029, eliminating the $10 M payment for 3 years to improve leaching uranium mining techniques.

11. Nadler #63 Adds to the Highly Enriched Uranium Diversion Study Threat Report (required by section 14032), a new section on the benefits of accelerating the purchase of excess weapons grade plutonium and uranium from Russia to reduce the likelihood that such plutonium and uranium could be stolen or sold to terrorists.

12. Reynolds/Houghton #9 Requires the Secretary of Energy to develop a plan for the transfer of the Western New York Service Center in West Valley, New York (including facilities, property, and radioactive waste), to the federal government, and requires that the plan be transmitted to Congress by December 31, 2003.

13. Barrett #43 Requires the Secretary of Energy to conduct a study to determine the feasibility of developing commercial nuclear energy production facilities at existing Department of Energy sites.

14. Blumenauer #54 - Establishes within the Department of Transportation a Conserve by Bicycling pilot program, which would encourage the use of bicycles in place of motor vehicles. Instructs the Secretary of Transportation to report to Congress on the results of the pilot program within two years of implementation.

15. Ryan of Wisconsin #57 - Begins the reduction in the number of boutique fuels by establishing two fuels for states to select when writing their plans to control air pollution to be submitted for EPA approval. Establishes two preferred options for gasoline: a clean-burning gasoline (6.8 Reid Vapor Pressure) and a low Reid Vapor Pressure gasoline (7.8 RVP). Provides statutory preference to a State Implementation Plan that selects one of the identified fuels.

16. Schakowsky #42 - Expresses the sense of Congress that the Department of Energy should develop and implement more stringent inventory and procurement controls, including controls on the purchase card program.

17. Wu #46 - Requires the Secretary of Energy to make to Congress a biennial report detailing the department's equal employment opportunity practices.

18. Capps #24 - Strikes section 30220. This section requires the Secretary of the Interior, in consultation with the Secretary of Energy, key stakeholders including coastal States, and the oil and gas industry, to conduct an inventory and analysis of oil and natural gas resources for areas beneath all of the United States waters of the Outer Continental Shelf.

19. Kind #26 - Strikes Title II of Division C, provisions related to oil and gas development.

20. Rahall #4 - Strikes Title VII of Division C, the Coal Leasing Amendments Act of 2003. This title repeals the 160-acre limitation on coal leases, allows the Secretary to set longer time periods for mining plans, and eliminates the deadline for submission of coal lease operation and reclamation plans.

21. Thomas #79 - Strikes section 42011, which allows for the prepayment of premium liability for coal industry health benefits.

22. Reynolds/Rogers #28 - Finds that "the environmental dangers associated with off-shore drilling in the Great Lakes for oil and gas outweigh the potential benefits of such drilling" and encourages –

- "the States of Illinois, Michigan, New York, Pennsylvania, and Wisconsin to continue to prohibit off-shore drilling in the Great Lakes for oil and gas;
- "the States of Indiana, Minnesota, and Ohio and the Canadian Province of Ontario to enact a prohibition of such drilling; and
- "the Canadian Province of Ontario to require the cessation of any such drilling and any production resulting from such drilling."