DEPARTMENT OF ENERGY'S FISCAL YEAR 2006 BUDGET PROPOSAL AND THE ENERGY POLICY ACT OF 2005: ENSURING JOBS FOR OUR FUTURE WITH SECURE AND RELIABLE ENERGY

HEARING

BEFORE THE

COMMITTEE ON ENERGY AND COMMERCE
HOUSE OF REPRESENTATIVES

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(II)

CONTENTS

DEPARTMENT OF ENERGY'S FISCAL YEAR 2006 BUDGET PROPOSAL AND THE ENERGY POLICY ACT OF 2005: ENSURING JOBS FOR OUR FUTURE WITH SECURE AND RELIABLE ENERGY

WEDNESDAY, FEBRUARY 9, 2005

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The committee met, pursuant to notice, at 2:09 p.m., in room 2123 of the Rayburn House Office Building, Hon. Joe Barton (chairman) presiding.

Members present: Representatives Barton, Hall, Upton, Gillmor, Deal, Whitfield, Norwood, Cubin, Shimkus, Shadegg, Pickering, Buyer, Radanovich, Bass, Pitts, Bono, Walden, Terry, Otter, Myrick, Sullivan, Murphy, Burgess, Blackburn, Dingell, Markey, Rush, Engel, Wynn, Green, Strickland, Capps, Doyle, Allen, Solis, Inslee, Baldwin, and Ross.

Staff present: Mark Menezes, chief counsel for energy and the environment; Margaret Caravelli, majority counsel; Kurt Bilas, majority counsel; Maryam Sabbaghian, majority counsel; Tom Hassenboehler, majority counsel; Jerry Couri, policy coordinator; Peter Kielty, legislative clerk; Sue Sheridan, minority senior counsel; Michael Goo, minority counsel; and Bruce Harris, minority professional staff.

Chairman BARTON. The committee will come to order. As soon as our audience finds their seats, the Secretary of Energy is here, and we want members to find their seats on the dais and our audience find its seat, and we will begin. Okay. If our audience could find their seats as expeditiously as possible so we can begin the hearing.

The Committee of Energy and Commerce will come to order. The purpose of today's hearing is to welcome the Secretary of Energy to the House Energy and Commerce Committee and hear his views on the Department of Energy fiscal year 2006 budget and also on the proposed Energy Policy Act of 2005.

We want to welcome Secretary Samuel Bodman to the Committee. By my calculation, Secretary Bodman is the tenth Secretary of Energy to serve as the Secretary of Energy. He comes from a distinguished career in the private sector. After that, he served as the Deputy Secretary of Commerce and most recently as the Deputy Secretary of Treasury. He was overwhelmingly confirmed to be the

tenth Secretary of Energy by the full Senate not too long ago, and I believe today is his 8th day on the job as Secretary of Energy.

We look forward, Mr. Secretary, to a very productive relationship with you, and we welcome you.

We are here to review the fiscal year 2006 budget request for the Department of Energy. The Department performs many tasks critical to the security, health, and safety of all Americans. The Department has greatly improved its performance over the last several years, and we would like to see that trend continue. The Secretary, as you know, provides the leadership for the Department of Energy and the vision to that Department, so that it can achieve its important goals. As chairman of the full committee, I look forward to working with you and to help on the budget and on the policy plans that you hope to implement at the Department of Energy.

We also want you to speak to our pending energy bill as we get ready to begin to move on the Energy Policy Act of 2005. This legislation is essentially the conference report from the last Congress's H.R. 6, which passed the House with bipartisan support and was within two votes of at least being considered by the full Senate. But those two votes never materialized, and we only received 58, so the bill never had a vote before the full Senate.

As the energy bill has been a long time coming, I personally think that it is time that we finally get the job done in this Congress. We have a world where there is a growing global energy demand, and also, unfortunately, we still have global energy instability. I think it is time that the United States of America take control of its own fundamentals for our energy future. Securing reliable energy means more jobs, more economic security, and national security for ourselves and our children, and I look forward to hearing your views on the energy bill.

I also want to say that as we begin this hearing with the Secretary of Energy, we have had a very spirited debate in the committee about whether to markup the energy bill in committee or whether to take the bill straight to the floor. And last week, when we had that debate, I was under orders to move the bill as expeditiously as possible to try to have it on the floor in the next 2 weeks, have it on the floor before the President's Day recess.

Since that time, it has been decided that there is going to be more time. And one of the reasons that we were given more time is that I asked for more time so that we possibly could have a full markup. We are going to have 2 days of hearings on the bill, beginning tomorrow. At that time, I am going to sit down with all members on both sides of the aisle, and if I see that a markup would be productive, I am very open to having a markup the following weeks, and it would be a full markup. It would not be a sham, run-through markup. So today's meeting with the Secretary of Energy and the next 2 days of hearings that Mr. Hall is going to chair, I would encourage all members to think strongly about what amendments they would like to see and whether it would be possible to work in a very cooperative and bipartisan basis to mark the complete energy bill up.

With that, I am going to, again, welcome the Secretary. I am going to yield to Mr. Dingell for 5 minutes and then to any other

member that wishes to make an opening statement of 1 minute, and then we will hear from the Secretary of Energy.

[The prepared statement of Hon. Joe Barton follows:]

PREPARED STATEMENT OF HON. JOE BARTON, CHAIRMAN, COMMITTEE ON ENERGY AND COMMERCE

The hearing will come to order. There are several reasons for this hearing. First, I would like to welcome Secretary Bodman and congratulate him on his confirmation as the Secretary of Energy. We look forward to a productive relationship with you, Mr. Secretary. The Secretary was sworn in just last week so we appreciate the fact that he is here today to address us on two important matters.

We are here to review the FY 2006 budget request of the Department of Energy. The Department performs many tasks critical to the security, health and safety of all Americans. The Department has greatly improved its performance over the last several years and we would like to see that trend continue. The Secretary provides the leadership and vision to the Department so that it can achieve its important goals. I look forward to the new Secretary's comments on the DOE budget and his plans for the Department.

We also have asked the Secretary to provide us with his thoughts and comments on the Energy Policy Act of 2005. This legislation is essentially the conference report for HR 6 from the last Congress, which passed the House with bipartisan support and was within two votes of being passed by the Senate, with date changes and spending limits. An energy bill has been a long time coming. In a world of growing global energy demand and global instability, we must take control of the fundamentals of our future. Secure and reliable energy means more jobs, economic security, and national security for ourselves and our children. I am sure the Secretary shares these goals. As the new Secretary of Energy, Dr. Bodman can bring a new perspective to this debate, and I welcome his comments on the DOE budget, his plans for the Department and the energy bill.

Since our last full Committee meeting, in which we discussed the process for our consideration of the energy bill, there have been a number of developments, and I am continuing my conversations with the House leadership and my fellow committee chairmen. After today's hearing, we will hold three more—one tomorrow and two next week. After the recess, we will have an opportunity to survey the situation and decide where we go. I want to make clear, though, that I have not ruled out a full Committee markup on a comprehensive bill.

Mr. Secretary, again, welcome. I look forward to working with you, and listening to your testimony today.

Chairman BARTON. Mr. Dingell.

Mr. DINGELL. Mr. Chairman, first, thank you for this meeting. It is prompt, and I believe it is useful. I join in welcoming Secretary Bodman, and I congratulate you, Mr. Secretary, on your confirmation.

In addition, these topics of this hearing will include Mr. Barton's discussion draft entitled "Energy Policy Act of 2005." The draft has not only been available, but available since last night, which seems to be a little more time than we usually have on these matters, for which I would express to you my appreciation, Mr. Chairman. I am pleased that the Secretary is here to answer questions about this matter, and I am hopeful that he has a better acquaintance with this legislation than do I.

With respect to several important matters, Mr. Secretary, I want your particular and close attention to the Yucca Mountain program.

First, let us address the question, which we will later on, DOE's $651 million request for 2006. Is it adequate to meet the program's near-term needs? Second, will the administration support legislative efforts to ensure long-term program funding by insulating the $16 billion balance of the Nuclear Waste Fund from competing budget pressures? What I mean here, Mr. Chairman, as you well

know, is raids by our distinguished on the Budget Committee and the Appropriations Committee and our friends at OMB, who have sought to divert this money into totally different uses. And I would note that the situation is so bad that we are being sued, the Federal Government, to have the Federal Government make whole the electrical utility industry for something which was done clearly in violation of law.

I have to observe that we are going to confront, in addition to this, some problems which have to be done and addressed. There will, of course, be questions with regard to fuel efficiency, and questions relative to the automobile industry. There will be questions about a wide array of other matters to be addressed. And there will, of course, be the question of reliability. Are we going to proceed toward getting a reliability bill, or are we going to risk getting ourselves bogged down, as we did last year? As you will recall, Mr. Chairman, in the last Congress, we wound up bogged down to our ears in trying to get a piece of legislation through, which would not move through the Senate, and we failed to move forward with the reliability bill, which could have addressed a matter of great concern to this Nation—the continuing unreliability of our electrical power system.

Having said this, there are questions about limitations on the expenditures for electric reliability. One of my concerns is that a limitation on appropriations is that a limitation on the expenditures which will be made by the company or companies with regard to achieving reliability. This is a matter of significant concern to me and it is important that we should define what it is we are doing here with rather more clarity than I am comfortable we have today.

Having said these things, I note that I am returning to the Chair 1 minute and 28 seconds in order to afford the chairman and my colleagues the full opportunity to read the splendid whole statement, which I have for the availability of the members and for the audience.

Thank you, Mr. Chairman.

Chairman BARTON. We thank the gentleman from Michigan. And the Chair will point out, before he recognizes other members, that as the minority's eagle-eyed staff looks through the draft, they are going to find an amazing similarity to the H.R. 6 conference report, which was released on November 18, 2003. In fact, as they get into it, they will find that the only changes are the change from 2003 to 2005 and the deletion of the Alaskan natural gas line section, which passed in the omnibus bill. Other than that, they are going to be able to report to you, Mr. Dingell, that it is the identical language that has been out there for almost 1½ years. So there will be some changes, date changes. Other than that, it is going to have an amazing similarity to what we have already worked on.

The Chair would recognize the distinguished chairman of the Energy and Air Quality Subcommittee, Mr. Hall, for 1 minute.

Mr. HALL. Mr. Chairman, I will waive my rights to—in order to get to this very important——

Chairman BARTON. The Chair will the recognize Mr. Markey for 1 minute as soon as he gets situated.

Mr. HALL. Thirty seconds are gone.

Chairman BARTON. No. No, no. We won't start the clock until he has cleared his throat.

Mr. MARKEY. Mr. Secretary, you come to us from the Cabot Corporation, a company founded by the Cabot family of Boston. It used to be said that Boston was the land of the bean and the cod where the Lowells talk only to the Cabots and the Cabots talk only to God. So we appreciate you coming before us here today, because we do need that level of inspiration.

As I understand that—and I consider where the Republicans in Congress are heading with their energy bill, I can only conclude that they have been infected with Captain Ahab's syndrome. Take the arctic refuge, for example. You might recall that in Moby Dick, the Picard was supposedly searching for whale oil, but that turned out to be just a cover story for Captain Ahab, who was obsessed with going after the great white whale, even though there were plenty of other whales around that would have provided more oil at less cost.

So, too, the oil companies have made it clear that they intend to drill elsewhere other than the arctic refuge where the oil is more certain and less costly to produce. Chevron Texaco, Conoco, BP have all pulled out, but this does not stop the Republicans on this committee. As one prominent Republican said, whether the oil companies are interested or not, what we are trying to do is produce the national energy policy, and that is the focus we put on it.

Mr. Chairman, our guest from Boston has an incredible reputation as a hardheaded businessman. I hope you look at the facts and come to the right conclusions.

Chairman BARTON. Thank you. It should come as no surprise that the very first member to go beyond the limit that we all just unanimously agreed to is the distinguished gentleman from Massachusetts. I am sure as we go on through the year, he will become adept at getting his 1 minutes down to a science. His first effort was really about a 2½ minute effort, I could tell. Well, you had a whole page you didn't read.

The gentleman from Georgia is recognized for 1 minute.

Mr. NORWOOD. Thank you very much, Mr. Chairman. And Mr. Secretary, congratulations on your new posting. We are very appreciative of you being here today and look forward to working with you. I join with the Chairman in hopes that you will help us get this energy bill taken care of this year.

But I only have a few seconds, and I would like to talk to you very briefly about my constituents at the Savannah River Site. They have done a great job down there in cleaning up the site. They have done it—done a great service to the Nation. The problem is, they have done a great disservice to their personal finances by cleaning the site up ahead of schedule. As anyone probably that served in the military knows, no good deed goes unpunished, and now hundreds of my constituents are being laid off. These are precisely, though, the kind of skilled workers we don't need to lose, in my view. We have new missions, potential new missions at SRS, such as the Mix Oxide Fuel Plant, the modern pit facility, and I look forward to working with you in trying to get these on board as quickly as we can so these highly skilled technicians don't scatter out all across the country and leave our sight.

Thank you, Mr. Chairman.

Chairman BARTON. I thank the gentleman.

Does the gentleman from New York, Mr. Engel, wish to make an opening statement?

Mr. ENGEL. Yes, thank you, Mr. Chairman, and I will try to speak fast and do it in the minute.

Mr. Secretary, thank you for testifying today, and we welcome you to Congress and congratulate you on your new position. When you were sworn in last month, you stated your commitment, and I am quoting you, to "advancing our international nuclear proliferation efforts and ensuring reliable, secure, affordable, and environmentally responsible supplies of energy for our growing economy." I believe that the old, recycled energy bill from 2003 that we are voting on again fails to achieve your goals. I believe the bill is bad policy. I want to congratulate—commend the Chairman for giving us the markup. I was happy to hear what he had to say before.

There is a laundry list of problems in this bill. There is nothing in the bill that reduces our consumption of oil. The bill does not create a market for renewables. It mandates a fixed market for ethanol, which will drive up the price of gas while providing liability relief to manufacturers of MTBE, ETB, and ethanol. I don't believe there is consumer justice there at all. Our energy policy is intricately tied to our national security and our economic well being, and we need to ensure that our energy policy is diversified, reduce our dependence on oil, and create skilled jobs while reducing energy costs.

So Mr. Secretary, in conclusion, I urge you to encourage members of the administration and Congress to support sound, real bipartisan energy policies to meet the changing needs of our Nation, and I thank you.

Chairman BARTON. I thank the gentleman from New York.

I didn't guarantee a markup. I appreciate the praise. I said I am thinking about it, so——

Mr. ENGEL. I have faith in you, Mr. Chairman.

Chairman BARTON. Okay.

Does the gentleman from California, Mr. Radanovich, wish to make an opening statement? Does the gentleman, Mr. Bass, wish to make an opening statement? Does Mr. Pitts wish to make an opening statement?

Mr. PITTS. I will submit mine for the record.

[The prepared statement of Hon. Joseph Pitts follows:]

PREPARED STATEMENT OF HON. JOSEPH R. PITTS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Chairman, thank you for convening this important hearing this morning.

Often, when we discuss issues regarding our national security, we focus on defeating terrorism, promoting democracy, and preventing the proliferation of weapons of mass destruction.

As well we should.

However, we cannot afford to overlook, more specifically, our energy policy during these discussions.

Whether it's reducing our dependence on foreign sources of oil, protecting our nuclear energy facilities, or promoting renewable energy sources and technologies, we must pursue a comprehensive energy policy that secures America and advances economic growth and opportunity for future generations.

If America is to remain a world leader, we must be strong, prosperous, and safe at home and I believe a comprehensive and creative energy policy is key to this goal.

This debate is not new. We have been in need of an energy policy for many years. We had a comprehensive bill complete back in 2003. It passed the House, but fell victim to politics in the Senate.

We can't afford to let this happen again. We have to get the job done now.

I thank Secretary Bodman for testifying before this Committee today. I look forward to working with him on our energy policy.

I am specifically interested in hearing his thoughts on what the Administration is doing to promote fuel cell technology to make it more affordable and available to average Americans.

Fuel cell technology will significantly reduce our dependence on foreign sources of energy, limit our consumption of fossil fuels, and decrease pollution and greenhouse gases.

We need to preserve our natural resources and protect our environment. Fuel cell technology can help in this effort.

Again, thank you, Mr. Chairman, for convening this hearing. I yield back the balance of my time.

Chairman BARTON. Does Mr. Walden wish to make an opening statement?

Mr. WALDEN. I will wait until questions.

Chairman BARTON. Okay. Does Mr. Otter?

Mr. OTTER. Mr. Chairman, first, I want to thank the Secretary for appearing before the committee today.

Mr. Secretary, as you come to the Department of Energy at a time of great challenges, you know that the crises and energy supplies and prices must be addressed now. Delays are continuing America's dangerous dependence on foreign energy sources and putting our homeland security at risk and threatening our economic future.

However, there is some good news. As you know, Idaho is the home of the Idaho National Laboratory, a premier Department of Energy facility and a keystone of America's energy future. Idaho's entire congressional delegation is proud to report that exciting things are happening at INL. Researchers there are making tremendous advances in the new nuclear reactor technologies, nuclear fuels, and working on cutting-edge hydrogen technology research and helping NASA power its space missions. They are involved with international efforts to secure nuclear materials and developing significant capabilities for America's defense and national security energy.

When you visit INL, I am confident that you will be impressed with the capabilities there and the tremendous work being done, and I look forward to joining you on your tour of Idaho's, and the Nation's, premier National Laboratory.

Thank you, Mr. Chairman.

Chairman BARTON. The gentleman's time has expired.

Does the gentleman from Ohio wish to make an opening statement?

Mr. STRICKLAND. Yes, Mr. Chairman; I will talk rapidly.

Mr. Secretary, briefly, I have serious concerns about the Department's decision as reflected in the President's budget to cease cold standby operations at the Portsmouth, Ohio Gaseous Diffusion Plant in fiscal year 2006. In addition, as you know, the Department of Energy recently issued its second draft rule on worker health and safety provisions passed in the 2003 Defense Authorization Act. The first proposed rule issued in December of 2003 was wholly unacceptable as it put DOE contractors in charge of picking and choosing which safety standards would apply. The second rule

seems better, but I still have reservations about the manner in which exemptions to the regulations will be considered.

And finally, Mr. Secretary, I wrote to you last week about the issue of protecting the pensions and the benefits of workers at the Portsmouth, Ohio site as the transition is made to a new environmental cleanup contractor.

Again, thank you for being here. I will have more detailed questions to submit, and I yield back my time.

Chairman BARTON. I thank the gentleman from Ohio.

Does the gentleman from Oklahoma wish to make an opening statement?

Does the gentlelady from California wish to make an opening statement?

The gentleman from Pennsylvania?

Mr. DOYLE. Thank you, Mr. Chairman.

Mr. Secretary, I want to offer my congratulations on your recent confirmation, and I look forward to hearing your comments on the Department's budget.

As one of the few Democrats on the committee who supported last year's energy bill, I think it is critical that our Nation be guided by a comprehensive energy policy, which looks not just to the resources we have today, but to the power that new and innovative technology will help us harness in the future.

With that in mind, your Department's cuts to research and development trouble me deeply. Technological innovations with distributed generation, such as the advancement in fuel cells, have the potential in the long run to produce more energy and more forms of energy than shorter-sighted approaches, such as drilling in the ANWR. Simply stated, I believe that these near-term financial decisions jeopardize our Nation's goal of achieving energy independence. Cutting a few dollars in research today can result in energy costs in the future that will rise at a faster rate than our national debt has risen over the past 4 years.

I urge you to reinstate and support these critical research and development programs. It is through advancing technology that America has charted our path of freedom, and it is only through continued advances that we will achieve energy independence.

Thank you, Mr. Chairman. I yield back.

[The prepared statement of Hon. Mike Doyle follows:]

PREPARED STATEMENT OF HON. MIKE DOYLE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Thank you Chairman Barton.

Mr. Secretary, I would like to offer my congratulations on your recent confirmation and I look forward to hearing your comments on your Department's budget.

As one of the few democrats on this committee who supported last year's energy bill, I think it is critical that our nation be guided by a comprehensive energy policy which looks not just to the resources we have today but to the power that new and innovative technology will help us harness in the future. With that in mind I must tell you that I am extremely concerned with the state of your department's budget proposal, specifically in regard to research and development.

Technological innovations with distributed generation, such as the advancement in fuel cells, have the potential, in the long run, to produce more energy and more forms of energy than the shorter sighted approaches such as drilling in the Artic Wildlife Refuge.

In the long range, your department's R & D advances have the potential to lead our nation towards the path of energy independence, yet the cuts of the past few years greatly undermine that potential.

I believe the government must play a role in encouraging the development of technologies that can create a tremendous public benefit but which are too risky to take on alone. Yet, I am still seeing dramatic cuts in places that should be priorities such as distributed generation, clean coal research and other core R & D programs.

In this budget we see total fossil fuel R & D cut by over $160 million from the last calendar year, over 12 million in cuts of distributed generation systems, a total zeroing out of advanced hybrid combustion, ultra clean fuels and advanced fuels research, and fuel cell systems development.

Simply stated, I believe that these are short sighted financial decisions that jeopardize our nation's goal of achieving energy independence. Cutting a few dollars in research today can result in energy costs in the future that will rise at a faster rate than our national debt has risen over the past 4 years.

I urge you to reinstate and support these critical research and development programs. It is through advancing technology that America has charted our path of freedom and it is only through continued advances that we will achieve energy independence.

Chairman BARTON. We thank the gentleman from Pennsylvania.

Does Mr. Murphy wish to make an opening statement?

Mr. MURPHY. I will submit something for the record.

Chairman BARTON. Okay.

Does Mr. Burgess?

Does Mr. Allen wish to make an opening statement?

Does Ms. Solis?

Ms. SOLIS. Yes, thank you, Mr. Chairman.

I would also request unanimous consent to submit a letter that was sent to Mr. Gillmor, our chairman of the Subcommittee on Environment and Hazardous Materials, dated February 7.

Chairman BARTON. Without objection, so ordered.

Ms. SOLIS. Thank you, Mr. Chairman.

Just quickly, I would like to hear in the testimony, and welcome, Mr. Secretary, regarding why proposed cuts are being offered, 7 percent in programs that provide energy efficiency, 20 percent in energy reliability, and 3.5 percent in weatherization programs. Many of these programs help to benefit Californians. We have been rated by the California—Association of Governments in California with a D-plus. We are not doing well in terms of energy conservation. And of course, we have a large population. It is very needy. I represent a very poor District, so I am very, very encouraged to hear what you have to say about these programs.

Thank you.

Chairman BARTON. Does the gentlelady from Wisconsin wish to make an opening statement? The gentlelady is recognized.

Ms. BALDWIN. Thank you, Mr. Chairman.

Welcome, Mr. Secretary.

Over the course of his campaign, and as recently as the State of the Union Address, the President has said that we must be committed to making substantial investments in research and technology to make certain that good jobs and a strong economy are available for Americans well into the 21st century. Unfortunately, a close look at the President's budget, and specifically the science programs in the Department of Energy's budget, shows that the numbers don't match the administration's words nor fulfill its commitments.

I represent a major research institution, the University of Wisconsin Madison, which has made numerous scientific breakthroughs and trained thousands of engineers and scientists, thanks, in part, to DOE funding.

I look forward to hearing the administration's justifications for cuts to science programs in DOE's budget at a time when we are seeking to reduce our dependence on foreign oil, strengthen our economy, and produce the world's best scientists.

Thank you.

Chairman BARTON. We thank the gentlelady.

Does the gentleman from Arkansas wish to make an opening statement? The gentleman is recognized.

Mr. ROSS. Thank you, Mr. Chairman, Ranking Member Dingell. And Mr. Secretary, congratulations on your confirmation and thanks for joining us here today.

I have got 49 seconds left, so let me just get to the point. With the increasing cost of natural gas, volatility in the energy markets, and rising gas prices, I believe it is imperative that we discuss methods to increase domestic production and to make it more affordable. One of the ways to do this is to increase the production and use of cleaner renewable agricultural-based energy. I believe that the incentives that have been provided at both the Federal and State levels to encourage this form of production should be expanded, while the production of ethanol, the primary biofuel produced by the agricultural sector, has risen from about 175 million gallons in 1980 to 3.3 billion gallons in 2004. It is only accounting for .3 of 1 percent of the total U.S. energy consumption in 2003.

I look forward to your comments and insight into how we can increase farm-based production as an alternative source for energy.

Thank you very much. I yield back the balance of my time, and I ask unanimous consent to enter my entire statement into the record.

Chairman BARTON. Without objection, so ordered.

[The prepared statement of Hon. Mike Ross follows:]

PREPARED STATEMENT OF HON. MIKE ROSS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ARKANSAS

Thank you Chairman Barton and Ranking Member Dingell for having this important hearing today to discuss the Administration's Fiscal Year 2006 Budget Proposal for the Department of Energy. I appreciate Secretary Bodman taking time to be here with us to discuss the priorities of the Administration and to answer questions related to energy policy.

With the increasing costs of natural gas, volatility in the energy markets, and rising gas prices, I believe it is imperative that we discuss methods to increase domestic production and to make it more affordable. One of the ways to do this is to increase the production and use of cleaner, renewable agriculture-based energy. I believe that the incentives that have been provided at both the federal and state levels to encourage this form of production should be expanded. While the production of ethanol, the primary biofuel produced by the agricultural sector, has risen from about 175 million gallons in 1980 to 3.3 billion gallons in 2004, it only accounted for about 0.8% of U.S. petroleum consumption and 0.3% of total U.S. energy consumption in 2003. I am looking forward to the Secretary's thoughts on how we can increase the use of farm-based production as an alternative source for energy.

A concern that I have is in reference to the Administration's budget to reduce funding for Power Marketing Administrations (PMAs) and proposed rate increases. The budget request for FY06 is $57 million, a decrease of $152 million, or a reduction of 72.6%. The Southwestern Power Administration that serves over 200,000 constituents in my district would be adversely impacted by this proposal. It is my understanding that the cost of the electricity sold from federal dams would increase

at 20% per year until the rates are at an undetermined market level. The power that is received from the Southwestern Power Administration is what is known as "peaking power", which means my constituents receive it when it is most needed, to heat or cool their homes when temperatures increase or decrease substantially. As a result of this proposal, the power rates in many areas in Arkansas that have not benefited from the economic recovery would increase. I am deeply concerned about this and would like to discuss it in more detail at the appropriate time.

Again, thank you for convening this hearing and I look forward to the testimony from Secretary Bodman.

Chairman BARTON. Is there any member present who has not had an opportunity to give a brief opening statement?

If not, the Chair would ask that all members who are not here that wish to put their statements in the record have unanimous consent to do so. Without objection, so ordered.

[Additional statements submitted for the record follow:]

PREPARED STATEMENT OF HON. RALPH HALL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Thank you, Chairman Barton for having this hearing. I want to welcome you again Mr. Secretary and congratulate you on your recent appointment. I look forward to your testimony.

As our President said in his State of the Union address to the Congress last week, "four years of debate is enough." I favor a practical policy of putting first things first. Our nation and our way of life has been built on a foundation of affordable and reliable energy. From this foundation comes national and economic security, jobs, personal freedom, and comfort. I look forward to working with you to bring comprehensive energy legislation to the people of this country.

I also commend you on presenting a budget representing what I understand to be an overall 2.0% decease from the Department's budget. However, I see many cuts in your Department's programs including: the Hydropower program, the Department's Fossil Energy Oil and Gas Technologies programs, and Electric Transmission and Distribution program. And I also noticed the reallocation of the Clean Coal Technology program funds and the reorganization of your Global Environmental Change Institute. The Department of Energy has outlined a very broad mission for itself to advance the national, economic and energy security of the United States and to promote scientific and technological innovation in support of that mission. I look forward to gaining a better understanding of how these changes fit within the Department's mission.

PREPARED STATEMENT OF HON. PAUL E. GILLMOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Thank you, Mr. Chairman, for yet another opportunity to iron-out a comprehensive energy bill to meet our country's critical and growing energy needs. I applaud your relentless commitment over the past two Congresses to this issue.

Mr. Secretary, I congratulate you, welcome you here today, and wish you much success in your endeavors at the Department of Energy. While I am eager to hear your perspective concerning the President's DOE budget requests, the Energy Policy Act of 2005, and the direction of our nation's energy policy, I would like to briefly add my further support to the energy package before us.

In particular, I am glad to see a strong renewable fuels standard, important to Ohio's farmers and the environment, as well as the measure's clean coal section, which is crucial to my state's natural resources, economy, and public health. I also believe this legislation will help stabilize natural gas markets, vital to manufacturers and farmers alike, who remain dependent on natural gas as the primary feedstock in the production of commercial fertilizers. Just last week, a corn-grower in my district informed me that the price of fertilizer has increased by 10 percent in each of the past several years. He expects a 20 percent spike in 2005.

Furthermore, I am proud to see the incorporation of a bill that I re-introduced, H.R. 381, which permits states to provide tax credits for the production of electricity using clean coal and other renewable sources.

I look forward to debate and remain optimistic that we will soon produce a meaningful energy bill for further consideration. Again, I thank the Chairman and yield back the remainder of my time.

PREPARED STATEMENT OF HON. BARBARA CUBIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Thank you, Mr. Chairman.

I represent one of the few states in our great nation which is currently operating under the enviable flexibility of a budget surplus B a surplus achieved through years of fiscal discipline and the profits made through a healthy dose of responsible energy development. I am hopeful that during this hearing today, we will have an opportunity to promote both of these principles on a federal level.

On a macro-level, the Department of Energy's budget request appropriately reflects our government's need to curtail wasteful spending and use those dollars we do spend more effectively. For that, Mr. Secretary, you should be credited.

However, on a more programmatic level, your Department's budget request does contain certain policy changes and reduced funding levels for programs that have a great impact on the economies of the west and specifically, the livelihood of my constituency in Wyoming. I hope that through this hearing today, we are able to drill down on a few of those items and get more information on your reasoning behind these recommendations.

Another way to ensure effective and appropriate spending is by establishing policy guidelines that produce the best results possible. This committee and the majority of us in the House have been trying to set such policy standards in the arena of energy development for over four years, but have been unable to send a final bill to the President's desk. In the times we are living in, a responsible national energy policy will have significant effects on the safety and prosperity of our nation and I look forward to hearing the Secretary's thoughts on how necessary this bill is to the work of his Department.

I thank the Chairman for holding this important and timely hearing today and I yield back the balance of my time.

PREPARED STATEMENT OF HON. C.L. "BUTCH" OTTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Thank you, Mr. Chairman.

First, I want to thank Secretary Bodman for appearing before the Committee today.

Secretary Bodman, you come to the Department of Energy at a time of great challenge. The crisis in energy supplies and prices must be addressed now. Delays are continuing America's dangerous dependence on foreign energy sources, putting our homeland security at risk and threatening our economic future.

However, there is some good news. As you know, Idaho is home to the Idaho National Laboratory—a premier DOE facility and a keystone of America's energy future.

Idaho's entire Congressional Delegation is proud to report that exciting things are happening at the INL. Researchers there are making tremendous advances in new nuclear reactor technologies and nuclear fuels, working on cutting-edge hydrogen research and helping NASA power its space missions. They're involved with international efforts to secure nuclear materials and developing significant capabilities for America's defense and national security agencies.

In short, the INL is playing a critical role in ensuring America's energy independence.

When you visit the INL, I'm confident you'll be impressed with the capabilities there, and the tremendous importance of the work.

Meanwhile, I look forward to working with you to help meet the energy challenges facing your Department and this Congress.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF HON. GENE GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Chairman Barton and Ranking Member Dingell, thank you for holding this hearing today, and thank you Secretary Bodman for joining us.

The future energy security of our country is of extreme importance to me, my constituents, and every American.

Because these issues are so important, I want to voice my support for a comprehensive set of hearings and a mark-up of energy legislation in this Committee.

What is the purpose of being a member of the full Committee and particularly the Subcommittee on Energy and Air Quality if we do not get to consider legislation

in our jurisdiction? Otherwise the Senate will get to write the bill, and priorities of the House will be left behind.

My priorities may be different than many on my side of the aisle on this particular issue, but we all represent the same number of people, and deserve the same rights as legislators.

For my part, I believe that one of the most important energy issues today is ensuring reasonable natural gas prices to protect American manufacturing jobs.

Although it used to be heresy coming from a Texan, we also need more natural gas imports through LNG. The House energy bill does not contain any proposals addressing regulatory disputes over liquefied natural gas infrastructure.

This just one example of many why we should consider this legislation in our Committee in 2005. We can promise to work fast, but don't leave us out.

Chairman BARTON. Mr. Secretary, welcome to the committee. We are going to put your entire statement in the record, and we are going to recognize you for such time as you may consume to elaborate on it. Welcome to the committee.

STATEMENT OF HON. SAMUEL W. BODMAN, SECRETARY, U.S. DEPARTMENT OF ENERGY

Secretary BODMAN. Chairman Barton, Ranking Member Dingell, and members of the committee, I am very honored to be here representing this President and this administration to talk to you about the 2006 budget proposal from the President to the Congress.

As the members of this committee know very well, this Department, my Department, is charged with a very broad set of missions that are vital to our Nation's defense and our national and economic security. This Department is the steward of our Nation's nuclear weapons, with the responsibility of ensuring that our nuclear deterrent, which was so crucial in winning the cold war, continues to be viable and effective in today's changing world. This Department also leads America's international nuclear nonproliferation efforts.

Closely related to our nuclear defense mission is the clean up of sites around the country that have been contaminated through the development of our nuclear capability. We have revamped this massive cleanup process, reducing the timetable by 35 years and the cost by an estimated $50 billion.

The Department of Energy also is the primary Federal agency charged with maintaining our country's world leadership in science, particularly the physical sciences. Our National Laboratories include some of the most sophisticated science facilities in the world, and their work has led to some of the most important scientific advances of our age. We produced in these labs some 80 Nobel Prizes.

And the Department also, of course, has the mission of ensuring a stable, reliable, secure, and affordable supply of energy for our Nation's growing economy while doing so in an environmentally responsible way.

Our energy challenges today are greater than ever before. We face rapid growth in the demand for oil and natural gas at a time when domestic production is hard-pressed to keep up, and world energy markets are increasingly characterized by price volatility and political uncertainty.

Our policy efforts must, therefore, focus on safeguarding our energy security by ensuring access to adequate supplies of affordable and clean energy. Promoting efficiency and conservation and the

modernization and expanding of our energy infrastructure are additional focuses.

Over the longer term, meeting these challenges will require fundamental changes in the way we produce and use energy and the development of advanced energy technologies that can transform our economy.

Since President Bush unveiled his National Energy Policy in May of 2001, this administration has implemented or is taking action on all of the NEP recommendations that could be implemented without legislation by Congress. Congress has acted upon a number of other recommendations that are part of that report, including the Alaskan Natural Gas Pipeline and the Pipeline Safety Act, as well as certain tax measures and funding increases.

Legislation considered by previous Congresses has contained numerous provisions to address many critical energy issues. Energy legislation, in my view, is among the most important matters to come before this Congress.

I very much look forward to working with the Congress, and particularly with this committee, as an enthusiastic and active advocate for the passage of energy legislation this year.

I would now like to take just a minute to give you some highlights of DOE's fiscal year 2006 budget request, which supports this policy agenda.

The 2006 budget request totals $23.4 billion. It is an investment formulated to deliver results in four strategic areas: defense, energy, science, and the environment. Our 2006 budget is $492 million below the fiscal year 2005 appropriation. That represents a 2-percent reduction from 2005, and it, I believe, shows the Department's commitment to improve management, to streamlined operations, and to results-driven performance.

We are requesting $2.6 billion in 2006 in the energy area. Research funded by the Department has produced some very significant advances. For example, the high-volume cost of automobile fuel cells has been reduced from $275 per kilowatt in 2002 to $200 per kilowatt in 2004 using innovative processes developed by the National Laboratories and fuel cell developers. Achieving a cost of $50 per kilowatt is a technological advance required to help make fuel cell vehicles cost competitive with today's vehicle. So we still have a long way to go.

In addition, the budget continues to support the Weatherization Assistance Program to reduce utility bills for low-income families while conserving energy.

The budget request of $3.5 billion in fiscal year 2006 for the Office of Science supports the continued operation of world-class, state-of-the-art scientific facilities and the design and construction of new science facilities.

Our request for the defense program is $9.4 billion to support the nuclear deterrent and to fund nonproliferation programs, such as Megaports, which is aimed at stopping the illicit shipment of nuclear and other radioactive material.

The fiscal year 2006 budget requests $7.3 billion for the activities of the Offices of Environmental Management, the Waste Management Office, and the Office of Legacy Management. This amount is considerably less than last year's allocation, because the Depart-

ment is on track to meet the goals in a number of areas, including the cleanup of contaminated DOE sites and the commitment to complete the license application process and construction of a nuclear waste depository at Yucca Mountain.

I very much look forward to working with the members of this committee on the many issues that I have discussed, and I would be happy, Mr. Chairman, to answer any questions.

Thank you very much.

[The prepared statement of Hon. Samuel Bodman follows:]

PREPARED STATEMENT OF SAMUEL W. BODMAN, U.S. DEPARTMENT OF ENERGY

Chairman Barton, Congressman Dingell and members of the Committee, I am honored to be here today to discuss the President's fiscal year 2006 budget proposal for the Department of Energy. As the members of the Committee know, the Department is charged with a broad mission that is vital to our national and economic security.

The Department of Energy is the steward of our nation's nuclear weapons stockpile, with the responsibility of ensuring that our nuclear deterrent—which was so crucial in winning the Cold War—continues to be viable and effective in today's changing world. This Department also leads America's international nuclear nonproliferation efforts. Few things are more critical in the post-9/11 era than keeping weapons-usable nuclear material from falling into the wrong hands.

In addition, the Department of Energy is the primary federal agency charged with the stewardship of our country's physical sciences research enterprise. Our Department's network of National Laboratories includes some of the most sophisticated science facilities in the world, which each year host thousands of researchers whose work has led to some of the most important scientific advances, breakthroughs and discoveries of our age.

And of course the Department of Energy has the mission of supporting a reliable, secure, and affordable supply of energy for our nation's growing economy, while doing so in an environmentally responsible way.

Our energy challenges today are greater than ever before. We face rapid global and national growth in the demand for oil, natural gas, electricity and other forms of energy, at a time when our domestic production is hard-pressed to keep up and world energy markets are increasingly characterized by price volatility and political uncertainty in key energy-producing regions.

Our policy efforts must therefore focus on safeguarding our energy security by ensuring access to adequate supplies of affordable and clean energy; promoting efficiency and conservation; and modernizing and expanding our energy infrastructure.

Over the longer term, meeting these challenges will require fundamental changes in the way we produce and use energy, and the development of advanced energy technologies that could transform our economy. Today's energy situation has been long in the making, and the solutions will require a determined, sustained and balanced approach.

This Administration has undertaken a bold energy policy agenda, which I intend to diligently support and advance during my tenure as Secretary. We will build upon the tremendous progress made in the last four years in implementing the President's National Energy Policy, yet we still need the Congress to enact important aspects of it. We will continue to improve our energy security through diversification of energy sources and suppliers; through efficiency gains; and through research, development, and deployment of alternative energy sources and technologies to make better use of our traditional energy resources.

Energy efficiency and conservation will remain an important part of our strategy. The United States, through DOE, invests far more than any other nation in energy efficiency research and development—an investment we intend to continue. By balancing our efforts in efficiency and conservation with our focus on developing alternative energy sources, we can maximize our progress in addressing the growth of energy demand.

We will pursue diversity and balance in terms of our supply sources. High oil prices remain a real concern for global economic growth. We will continue to foster relationships with a diverse set of energy suppliers and maintain and enhance our relationships with oil and gas producing nations around the world.

We will work diligently for the passage of legislation to open a very small area of the coastal plain in the Arctic National Wildlife Refuge (ANWR) to environmentally responsible oil and gas exploration. In its peak year of production, ANWR

could provide up to 1 million barrels per day of new domestic supply—increasing domestic production by nearly 20% and offsetting nearly 6 percent of our daily crude imports—in the context of an increasingly volatile and less secure global oil market.

In addition to oil prices, natural gas prices also have risen sharply. In years past, the market response to escalating natural gas prices has been to increase domestic production. But accelerated depletion of existing natural gas fields and constraints on access to new supplies are making that traditional response more difficult. Over the next 20 years, EIA projects that we will increasingly supplement North American gas production with imports of liquefied natural gas (LNG)—which requires the constructionof new LNG infrastructure, with a paramount focus on safety.

Our policy also seeks to improve the way we produce and use our conventional fossil energy resources. Coal remains the dominant source of energy in this country, producing more than half of our electricity. We will continue to place high priority on the development of clean coal technologies and their application in the marketplace—to allow us to continue using our 250-year supply of coal with fewer environmental impacts.

In addition, our National Energy Policy looks to such sources as nuclear power, hydropower and other renewable sources such as wind, solar, geothermal and biomass to give us a broad mix of energy resources to meet our future needs. And we are keenly focused on developing transformational new sources of energy such as hydrogen and nuclear fusion. As we confront the energy challenges before us, we will simply be unable to find and employ the energy we need in an environmentally acceptable manner without aggressive investments that lead to breakthroughs in science and technology.

We also face challenges in delivering energy to consumers. We have a complex nationwide grid system for the transmission of electricity that has multiple owners and that was designed and built for a power market much different from today's. This has led to reliability concerns, exacerbated by inadequate and outdated equipment and processes—problems that, in many cases, will require extremely large private-sector investments to correct.

In addition, the cost and availability of certain fuels—along with differing local and regional regulatory structures—make electricity much more expensive in some parts of the country, and much less expensive in others. We need an approach to our electricity policy that takes this diversity into account yet stimulates the needed investment in the electric power grid.

Central to many of our energy strategies are public-private partnerships, which as a veteran of the private sector, I wholeheartedly support. Because most of our energy production and delivery is carried out by private enterprise, I believe public-private partnerships are essential to DOE's role in helping ensure reliable supplies of fuels and electricity, upgrading energy infrastructure, and driving research and development of new energy technologies.

Fostering technology research and development to ensure America's energy security is just one of the many aspects of the Department of Energy's wide-ranging activities. Under President Bush, we have invested more in science, technology, and basic research than at any time in history. DOE's national laboratories lead the world in research in fields including high energy physics, nuclear physics, plasma science, and the material and chemical sciences.

In the critically important area of national defense, the Energy Department's National Nuclear Security Administration has made significant progress in upgrading the capabilities of the nuclear weapons complex and the facilities that support it. I look forward to continuing that progress.

I also believe that we must build upon the Department's impressive achievements in the area of nuclear non-proliferation. Nuclear material around the world must be made more physically secure to make certain that it is never acquired for use in weapons, either in nuclear devices or in radiological dispersion devices, or so-called dirty bombs.

Closely related to the Department's nuclear defense mission is the cleanup of various sites around the country that have been contaminated through the years as a result of the development of our nuclear defense capability. Over the past four years, the Department has reva mped the massive cleanup process for these sites, reducing the timetable by 35 years, moving the projected completion date to 2035 from 2070, and reducing the estimated cost by about $50 billion in the process.

Since President Bush unveiled the National Energy Policy (NEP) in May 2001, this Administration has implemented or is in the process of taking action on nearly all of the NEP recommendations that could be implemented without legislation by Congress. And you have acted upon a number of the NEP recommendations, including the Alaska Natural Gas Pipeline, the Pipeline Safety Act, certain tax measures, and recommended funding increases.

However, energy legislation still awaits final congressional action. Legislation considered by previous Congresses has contained numerous provisions to expand our domestic energy production, modernize our energy infrastructure and electricity laws, expand our use of renewable energy sources, promote energy efficiency, and develop new energy sources to help reduce pollution and lessen America's dependence on foreign oil.

Energy legislation, in my view, is among the most important matters to come before this Congress. I look forward to working with each of you, and with others in Congress, as an enthusiastic advocate for the passage of energy legislation this year.

I would now like to take a few moments to give you some highlights of DOE's FY06 budget request which supports the policy agenda I have just outlined. The fiscal year 2006 budget request, totaling $23.4 billion, is an investment formulated to deliver results in four strategic areas: Defense, Energy, Science, and the Environment. The Department's 2006 budget is $492 million below the FY 2005 appropriation. Overall, the 2006 budget represents a two percent reduction from 2005. This shows DOE's commitment to improved management, streamlined operations and results-driven performance.

Energy

We are requesting $2.6 billion in FY 2006 to meet the Department's Energy goals. Research funded by the Department has produced some significant advances. For example, the high-volume cost of automotive fuel cells has been reduced from $275/kW in 2002 to $200/kW in 2004 using innovative processes developed by the national laboratories and fuel cell developers. Achie ving a cost of $50/kW is one technological advance required to help make fuel cell vehicles cost competitive with today's internal engine vehicles. To support our energy goals, the FY 2006 Budget continues major initiatives such as the President's Hydrogen Fuel Initiative, as well as the research and development associated with the Advanced Fuel Cycle Initiative and carbon sequestration.

In addition, the budget continues to support the Weatherization Assistance Program, which reduces utility bills for low-income families while conserving energy.

Science

The budget request of $3.5 billion in FY 2006 for the Office of Science supports the continued operation of world-class, state-of-the-art scientific facilities and the design and construction of new science facilities. By providing support for key scientific disciplines, critical tools, and the scientific workforce of today and tomorrow, we help to provide a long-term basic research foundation for our high-tech economy. The Science program at DOE will continue to identify emerging opportunities and push the limits of today's technology to meet our goals.

Defense

The FY 2006 budget request for DOE's defense programs is $9.4 billion. The return to the American taxpayers on this investment is wide-ranging. For example, in FY 2004, the United States signed five major international agreements to prevent the trafficking of nuclear material. The agreements are part of DOE's Megaports Initiative aimed at stopping illicit shipments of nuclear and other radioactive material through the use of specialized detection technology developed by the Department's national laboratories. The program also continues to extend the utility of three weapon types in the nation's nuclear weapon stockpile, and to invest across the United States to recapitalize the nation's national security infrastructure.

Environment

Even as we look to the future, the Department is also exercising responsible stewardship of the past. The 2006 budget reflects our commitment to protecting the environment by providing a responsible resolution to the environmental legacy of the Cold War and by providing for the permanent disposal of the nation's high-level radioactive waste.

The FY 2006 budget requests $7.3 billion for activities within the Offices of Environmental Management (EM), Civilian Radioactive Waste Management, and Legacy Management. This amount is considerably less than last year's allocation due to increases for Yucca Mountain and legacy activities, which are offset by reductions to the EM program. The Department is on its way to meeting its goals in these areas:

- By meeting clear, identified target dates, we are completing cleanup of contaminated DOE sites. Indeed, we expect to complete closure of Rocky Flatsin FY 2006.
- With the creation of the Legacy Management Office we are conducting long-term surveillance and maintenance of remediated sites, and overseeing the continuity

of pension and benefits for former DOE contract workers once cleanup is complete.
- And we are following through on the commitment to complete the license application process and construction of the waste repository at Yucca Mountain.

I look forward to working with the members of this Committee on the many issues I have discussed, and would be happy to take any questions.

Chairman BARTON. Thank you, Mr. Secretary. Let me reset the clock here.

Okay. The Chair is going to recognize himself for 5 minutes. The Chair would also announce those members that deferred their opening statements, if they were actually here to defer, will be given an additional minute. So there will be some of you that get 6 minutes, some get 5, but those that weren't here that didn't give an opening statement will just get 5. You won't get 6. So if that makes sense to you.

The Chair would now recognize himself.

Mr. Secretary, my first question to you deals with Yucca Mountain. Yucca Mountain is the repository for high-level civilian nuclear waste. The budget submissions from prior Congresses have indicated that to actually construct the repository on a timetable that will allow it to accept waste by 2010, we, in the very near future, need to be spending a little over $1 billion a year. Yet the President's budget that was put forward this week, I believe only funded it at $650 million. As you know, we have put over, I believe, $20 billion into the fund. Every time a kilowatt of electricity is generated by a nuclear power plant, a small fee, I think 1 mil per kilowatt, goes into this fund. What are your views on freeing the Nuclear Waste Fund to actually be used for construction and operation of Yucca Mountain?

Secretary BODMAN. Well, first, Mr. Chairman, I share your enthusiasm, or at least the enthusiasm I detect from the—your tone of your question about Yucca Mountain and the need for Yucca Mountain in order to further the U.S. nuclear industry's prospects.

It is clear that this Administration is very focused and very committed to this program. What this budget does is to propose an amount of money that we think can be reasonably spent during fiscal year 2006, given the constraints under which we are operating. As you are aware, we have encountered problems with respect to the licensing network that is required to be put in place prior to the consideration of a license. We also have been challenged with respect to the standards that EPA is going to set, which we must meet in order to accomplish the licensing process. And these are going to serve to delay us and have—and that delay, sir, is reflected in the number that has been proposed in this budget. But that does not suggest that there is anything less than great enthusiasm for moving forward as aggressively as we know how.

Chairman BARTON. Well, as the executive agent of the President responsible for Yucca Mountain, are you willing to work with this committee and, hopefully committees in the Senate, to come up with a long-term solution to funding Yucca Mountain?

Secretary BODMAN. I——

Chairman BARTON. Every year of the Bush Administration and, prior to that, every year of the Clinton Administration, each year we were told yes, we need to solve this problem, but not this year. Well, we are actually trying to construct the repository, and as you

pointed out, there are some legal issues outstanding and some environmental issues outstanding, but we have a goal of having it operable by 2010, and I have seen no study that shows, if you keep spending $500 to $600 million a year, you are going to have it ready for operations in receiving the high-level waste by 2010.

So my question really is, as the executive administrator responsible for Yucca Mountain, will you work with us to try to find a long-term solution?

Secretary BODMAN. Yes, sir; I would be very eager to work with this committee to find a long-term solution to the problem. I would observe that this Department and the administration ran into some difficulties last year, and the tone of the proposals have attempted to reflect that. We want to make sure that we are properly respectful of the role of the appropriation process of this Congress. And I certainly need to pay attention to that. And in so doing, the goal is to have a piece of legislation that we could propose that would accomplish the goal that you suggest that would be in effect for fiscal year 2007——

Chairman BARTON. Okay.

Secretary BODMAN. [continuing] and that this money has been proposed for 2006 in order to give us the time to accomplish that.

Chairman BARTON. Okay. My time is about to expire, so I am going to yield back and recognize the ranking member from Michigan, Mr. Dingell, for 5 minutes.

Mr. DINGELL. Thank you, Mr. Chairman.

Again, Mr. Secretary, welcome.

You are familiar, I am sure, with the Nuclear Waste Fund and the fees that support it, are you not?

Secretary BODMAN. Yes, sir.

Mr. DINGELL. Now that Nuclear Waste Fund is now subject to litigation in the Court of Claims, is it not?

Secretary BODMAN. I——

Mr. DINGELL. Which the issue is not liability of the Federal Government's diversion of those funds, but rather the amount of the liability to the electrical utilities, which have contributed to that fund. Is that not——

Secretary BODMAN. That is my understanding; yes, sir.

Mr. DINGELL. Would you support an effort to set this as a separate fund off budget in order to prevent budgeteers, the appropriators and the budget folks, from diverting this money for purposes other than Yucca Mountain, which is the reason for this lawsuit?

Secretary BODMAN. As I said before, sir, this administration and I, on behalf of this Department, will come forth with legislation that would accomplish that end for fiscal year 2007.

Mr. DINGELL. When will you—when would you do that, Mr. Secretary? I have been waiting around here for about 10 years for that.

Secretary BODMAN. I can't speak——

Mr. DINGELL. And we get—by the way, we get this promise periodically.

Secretary BODMAN. I can't speak to——

Mr. DINGELL. Every Secretary gives that—gives us that promise.

Secretary BODMAN. Sir, I would observe, as Mr. Markey observed, I do have a record of some accomplishment in the private sector——

Mr. DINGELL. But Secretary, you haven't gotten your chair warmed yet but I want you to understand this is a matter of deep feeling by us on this committee.

Secretary BODMAN. Thank you.

Mr. DINGELL. Now having said this, the—there is something in the bill that we have before us to reclassify this, and what does that mean? In what way is that going to be reclassified and to do what?

Secretary BODMAN. I am unclear of your question, sir. Reclassify——

Mr. DINGELL. I will let you—since time is limited, I will let you have time to come forward with an answer to that for the record, because I think it is important that we know what this means.

Now I would note, Mr. Secretary, that today's "Energy Daily," Wednesday, February 9, says in a study, U.S. blackouts cost $80 billion according to a study released by researchers with the Energy Department's Lawrence Berkley National Laboratory. A similar estimate was made in a document, which is entitled "Final Report of the August 14, 2003 Blackout in the United States and Canada," in which they say estimates for total cost to the United States ranged between $4 billion and $10 billion. And then they go on to say in Canada, the gross domestic product was down .7 of a percent while there was a loss of 18.9 million work hours as a result of this particular event.

Mr. Secretary, why is it that we should wait around to enact legislation upon which there is broad agreement that would address this problem of reliability forthwith, on which bipartisan legislation depends? Why should we wait for a great big energy bill, which may or may not come during your lifetime and mine?

Secretary BODMAN. Mr. Dingell, it is my view that all of the aspects that are considered in the energy bill are pretty interrelated.

Mr. DINGELL. I recognize they are interrelated, but the shutdown of electric utilities is something which is, I think, freestanding. It will occur whether we drill in the arctic refuge or not. It will occur whether or not we have fuel efficiency standards on automobiles. It will occur whether or not we have clean coal technology. It is something which is quite capable of being addressed alone legislatively and administered alone by the administrative agencies. Why should we wait around with our tongue in our cheek for some kind of action by some—by the Senate and the House while we battle out an energy bill when we are at risk of having the kind of loss from the failure to have reliability standards properly set forth?

I note, for the benefit of both of us, Mr. Secretary, that pending that, the standards will be voluntary and will be almost assuredly as workable as they were in 2003 at about 3:15, just before the power went out. Now why can't we have—why can't we proceed to move on this bill alone without further dawdling?

Secretary BODMAN. Mr. Dingell, I would not want to tell you how to propose legislation. I would only tell you that on behalf of the administration, we view this as an integrated problem.

Mr. DINGELL. You are telling me the administration wishes to dawdle?

Secretary BODMAN. No, sir; that is not what I said.

Mr. DINGELL. The administration doesn't feel the urgent need to move hastily to enact legislation by which there is bipartisan agreement, is that correct?

Secretary BODMAN. No, sir; that is not correct. I do——

Mr. DINGELL. Well, what is correct?

Secretary BODMAN. I feel the need to move forward with legislation that, hopefully, on a bipartisan basis, will include all aspects of our energy challenges.

Mr. DINGELL. I pray, Mr. Secretary, that you are alive when we finally pass that bill.

Secretary BODMAN. I would certainly concur in that wish, sir.

Mr. DINGELL. Thank you. Thank you, Mr. Chairman.

Chairman BARTON. I think we do need to point out the Secretary is correct. The House and the Senate have to pass the legislation. The President can be supportive or non-supportive, but only those up here on the dais get to vote on it, and that is not the fault of the Secretary or the President. The Senate didn't bring our bill up last year.

The Chair would recognize the distinguished chairman of Energy and Air Quality Subcommittee, Mr. Hall, for 6 minutes, since he didn't give an opening statement.

Mr. HALL. Dr. Bodman, I strongly support the President's call for comprehensive energy legislation, as you know, legislation that will help us reduce our alarming increasing dependence on foreign oil. And as you are well aware, most of the oil we consume here at home is in the form of motor vehicle fuels.

It is very important to me. And I think it is important to Chairman Barton. It is important to the State I represent and to other members of this committee that we increase domestic use of alternative motor fuels, especially natural gas.

With great success, countries all over the world have embraced the natural gas vehicle option, especially for transit buses, school buses, trash trucks, and other vehicles that use a lot of fuel. Garland independent school district, just across the county line has used them to run their school buses for the last 15 or 20 years, saving about ⅓ of the cost that they normally expect. We need to do more here at home to take real-time advantage of this cleaner, cheaper, and proven domestic fuel. While I know you are new on the job, and I hope can—you will look at and hope we can count on you to give this your personal support and your personal attention or give it your personal attention and then your personal support, if you have it. I look forward to working closely with you on this very critical matter in the future.

I just presume that you are going to do that, and is my presumption correct?

Secretary BODMAN. Yes, sir; I will certainly give it my personal attention. All of these matters of the mix of fuels that we have available are a real challenge. And clearly, the place of natural gas as a fuel for motor vehicles is an important and growing fuel, certainly in major metropolitan areas used here and in Washington, for example. And so I certainly would encourage that. But we also

want to look at all of the other fuels that are available and find ways of stimulating their use, especially those that are environmentally sound.

Mr. HALL. And Mr. Secretary, my second question is kind of a complicated question, and I am going to ask you the question and then probably ask you to take some time with your staff to answer it, because there are a lot of twists and turns in it.

According to the Department of Energy's Office of Fossil Fuel—of Fossil Energy, 70 percent of the oil and natural gas technology programs have been oriented toward exploration and production activities associated with the smaller independent producers: 15 percent has been geared toward the large independent with 15 percent geared toward the major integrated oil and gas companies. In comments attributed to you, the administration has concluded that the R&D activities underway by the Department can be better done by the private sector. While this assessment may have some merit regarding the portion of the research done by major oil companies, clearly such research would be proprietary property of those who did it. For independent producers who currently drill 90 percent of all oil and gas wells in the U.S., producing 85 percent of gas and 50 percent of oil produced in the U.S., it seems unlikely that they will have the resources to devote to R&D programs, particularly what they call "over-the-horizon programs." Currently, domestic production is benefiting from technologies like 3D and 4D seismic and horizontal drilling that were research efforts from the 1980's.

My question will be how does the administration believe that the next generation of research will develop without the R&D program, and how will that research get to the producers who develop domestic production? I don't mind taking a letter or something from you in writing on that, unless you want to take a shot at answering.

[The following was received for the record:]

The Administration believes that the next generation of petroleum supply research will continue at only a moderately diminished pace with the close out of the Department's oil and natural gas research and development program.

Much of the Department's oil and natural gas research and development is jointly funded by industry and the government. We expect that the industry component will continue, especially in light of the current strong economic performance of the industry. In addition, several companies are currently supporting research at major universities, which will be available to the petroleum community.

Secretary BODMAN. Well, if I may, Mr. Hall, I would say first we will avail ourselves of the opportunity of sending a letter and giving you a more complete answer. I would tell you and make the general observation, because I am sure there will be other questions, they have already been asked and posed in some of the preliminary statements.

This year is a very difficult year from a budgetary standpoint, and so we have been faced with the prospect of making difficult choices. And it is not that this effort does not produce value. It is a question of how we allocate the value, how we judge the value of it vis-á-vis other matters. And so that is the ultimate issue that we get down to. It is not that it doesn't have value. We have been spending money on it for some time. But we will give you a more complete answer in the full.

Mr. HALL. I thank you. And I just throw in that I hope and I believe you are committed, as someone has asked you here before, to giving the Yucca Mountain program your priority attention so that licensing process can move forward and Federal costs from undue delay be minimized.

Thank you, and I yield back my time.

Secretary BODMAN. Thank you, sir.

Chairman BARTON. We are so glad Ralph asked too many questions.

We are now going to recognize the gentleman from Massachusetts, home of the world-champion New England Patriot football team, for questions for 5 minutes.

Mr. MARKEY. Thank you, Mr. Chairman, very much.

Mr. Secretary, the Energy Information Administration, a part of the Department of Energy, in analyzing H.R. 6, determined that there would be, over the next 20 years, if that bill passed, the bill that was passing in the House and the Senate last year, that there would be an 85 percent increase in our oil dependency on overseas of—taking us up to 80 percent total dependency upon imported oil.

Now the reality, Mr. Secretary, is that we put 70 percent of all of the oil which we consume in the United States into gasoline tanks. And what we are seeing is a dramatic decrease in the energy efficiency of the vehicles, which are being sold in our country, making us more and more dependent upon imported oil and bringing us deeper and deeper into the problems of the Middle East and the disease, which is caused by the pollution, which goes into the atmosphere.

Mr. Secretary, if you accept that premise of your own analytical subgroup, the Energy Information Administration, doesn't it make sense for us, Mr. Secretary, to begin the process of putting in place a set of regulations that require that vehicles that are sold in the United States become more efficient, not less efficient for the sake of succeeding generations to the one that lives today?

Secretary BODMAN. First, Mr. Markey, it is nice to see you again, sir.

Mr. MARKEY. Good to see you, sir.

Secretary BODMAN. Second, I would not challenge, although I am not familiar with the details of the EIA report. I would suggest to you that this administration has taken a number of steps that will start us on the path of lessening the dependency on foreign oil. We have made significant investments in hydrogen, significant investments in the nuclear area, significant investments in other novel programs, coal advancements, that would help us remove the pressure on oil, the pressures caused by our increasing dependency on oil.

As to the CAFE requirements, which is what I think you are suggesting, those are not my province. Those are the province of the Department of Transportation, and I would note that in passing. I will comment on it, but I want to make it clear that I have a lot of things to do here, but that is not one of them.

Mr. MARKEY. Well, let me just—let me then move over to something that you do have jurisdiction over.

Secretary BODMAN. Okay.

Mr. MARKEY. And that is the legally mandated Energy Efficiency Standards. There are 22 rulemakings that are not moving forward at Department of Energy on air conditioners, on furnaces, on 22 different areas——

Secretary BODMAN. Right.

Mr. MARKEY. [continuing] that could save our country the need to build 100 large coal or nuclear-fired power plants over the next 10 or 15 years.

Secretary BODMAN. Right.

Mr. MARKEY. What are you going to do, Mr. Secretary, to help our country work smarter, not harder, so that we improve our technology and not have the Department of Energy sit on legally mandated rulemakings that this committee produced in 1987 as part of my Energy Efficiency Act and the 1992 Energy Act? What are you going to do?

Secretary BODMAN. I have actually queried the staff that are working on that particular matter, in part in preparation for this hearing, and in part because I was interested in having read the long article in the Washington Post on this exact subject, which you probably have seen yourself, sir.

Mr. MARKEY. I was quoted in it, yes, thank you.

Secretary BODMAN. I had forgotten that. Forgive me.

In any event, I have become convinced, one, that significant effort is underway, two, that there were changes that were made de facto in the late 1990's in terms of what the approach to setting efficiency standards would and should be. And these were decided by both the manufacturers on the one hand and the efficiency advocates on the other hand as to what approach it would be. And the decision was that it would be a transparent process. It would be very rigorous, but alas, unfortunately, very time consuming. And it does take a long time to go back and forth if everybody is going to have a look at it and understand it. I am informed that we are in the late stages of being able to propose tentative rules for commercial air conditioning, for residential furnaces, and I have forgotten the third——

Mr. MARKEY. Over what time period?

Secretary BODMAN. I would think over the next few months, I would think. I don't have a fixed timeframe. Sir, I have been there 7 days, and so you know, I would ask for your indulgence.

Mr. MARKEY. We have 3 percent of the world's energy reserves. That is our weakness. We are America's and the world's technology leader.

Secretary BODMAN. That is true, sir.

Mr. MARKEY. That is your background——

Secretary BODMAN. That is right.

Mr. MARKEY. [continuing] and I hope that you impress us upon an Energy Department that has ignored that for a generation.

Secretary BODMAN. Would you say that again? I didn't understand that.

Mr. MARKEY. I hope that you impress it upon this agency——

Secretary BODMAN. Oh.

Mr. MARKEY. [continuing] that has ignored technology improvement for a generation.

Secretary BODMAN. We will. We are going to work very hard, if I may say so, sir, in terms of technology and what its impact can be, but I also, sir, hope that I am not sitting here explaining to you a year from now that we have a lot of promises that we have not kept. And so I will do my very best to be able to come in here and tell you that we have said we would do whatever it is we have said we would do and that we have done it.

Mr. MARKEY. Good luck, Mr. Secretary.

Secretary BODMAN. Thank you, sir.

Chairman BARTON. Mr. Markey, you are slipping a little bit. When you said you had only been there 7 days, in the old days, he would have said, "Well, God created the world in 7 days." But you know, he is basking in the glow of his Patriots' victory, not on the very——

Secretary BODMAN. Mr. Barton, I have to admit, sir, so am I.

Chairman BARTON. Oh, no. Well, I am basking in the Cowboys' 6-10 season myself.

The gentleman from Michigan is recognized for 6 minutes.

Mr. UPTON. Thank you, Mr. Chairman. And Mr. Secretary, welcome.

Secretary BODMAN. Thank you, sir.

Mr. UPTON. We all appreciate your honesty, your integrity, your good faith, and your good will. I know that you will be a successful Secretary of Energy, and I look forward to working with you during the years of service that you are going to provide our great country.

For lots of reasons, I support a comprehensive energy bill, and they would take me beyond the 6 minutes that the chairman has allowed me, so I am going to talk just about three priorities that I have, and I would welcome your thoughts.

First of all, I co-chair the auto caucus. Alternative fuel cell vehicles are very important to the future of this country for many, many reasons, and it is exciting to see those wheels of change begin to come to the marketplace. This last summer, I drove a couple of the vehicles that are produced now by the Big Three, and I am glad to see that some of them are on the showrooms. In fact, my staff actually bought one 2 weeks ago, a new Ford Escape, so I am excited to see that. But obviously, incentives for the industry, I think, will be of tremendous importance to all of America and the rest of the world.

Second, I want to echo the chairman's comments about Yucca Mountain. For me, I have two nuclear plants in my District on the shores of Lake Michigan. I help lead the effort on Yucca Mountain to have one safe place for this high-spent nuclear waste. And of course, today, we have it along the shores of the Great Lakes, the Chesapeake Bay, virtually every important river and lake in the country, and we need one safe place. And so your energy devoted to seeing Yucca Mountain open on somewhat of a timely basis, knowing that we are already delayed, is very important.

And third is the safety of our nuclear labs. Mr. Engel and I, on a bipartisan basis, just returned from North Korea to try and get the Korean Peninsula to be a nuclear-free zone and working with the other countries in the region, many of them our allies, to try and see that accomplished. Nothing scares me more than the transfer of our nuclear secrets to those that will abuse them and per-

haps use them in a very evil way. And as chairman of the Oversight and Investigation Subcommittee several years ago, I helped, again, with the effort to expose the problems at our nuclear labs. We saw that a culture change was really needed. I am not sure that we have actually accomplished that yet, but your work, your message, your suggestions to us to make sure that we clamp down on that security is very, very important and maybe, perhaps, the most important thing you do as Secretary.

So I would appreciate your thoughts on that in the remaining 3 minutes that I have.

Secretary BODMAN. Well, I will take them in reverse order. I have not been to the labs, as you know, but I have strong feelings, both on the safety of our workers who work in the labs, as well as the security and the responsibilities that the staff who manage these labs, who work in the labs, have to the care of our nationally important information, that any classified information has got to be handled carefully and thoughtfully. I am led to believe that there have been some substantial improvements made. I will reserve judgment on that until I get there myself, which I intend to do at an early date. So I can't do anything but agree with you on that.

With respect to the Yucca Mountain, I have stated that this President and I and all people that I know of in this administration are very enthusiastic about proceeding. We need Yucca Mountain to be in place for exactly the reasons you mentioned. It will facilitate the operation of our nuclear industry. This is an industry that has had major problems, and it is something that I think will be a very high priority on my list.

And then last, we have done a lot with respect to fuel cell development. I eluded to it in my opening remarks. We have reduced the cost here over the last couple of years, and we are now down within gunshot of having something that is potentially commercially possible. I have yet to personally get into looking at, in some detail, back to Mr. Markey's point, to put some of the technical background that we have available—I have available to me in terms of looking at is this possible and is it likely that this is going to happen. We have a lot of aspirations and goals that our staff is very enthusiastic about. I am enthusiastic about it. I just want to make sure that we are being as realistic as we should be, and I will be looking hard at that myself.

Mr. UPTON. Well, just—let me just follow up on that and two things. One, Michigan, you know, is known as the auto State, but beyond Michigan, one in seven jobs across the country is auto-related. And as you told a number of us yesterday, you intend to travel the country, looking at ways to be a better steward of our energy supplies. I would invite you and welcome you to join with me, and other members of the caucus, Mr. Dingell is a very important member as well as Mr. Barton, to come to Michigan to look at some of the advancements that we are making in that technology.

And even during this last break, I was out at one of my companies called Eaton making truck axles. They have got some new engineering ready to go into place that is going to improve the efficiency of truck axles by as much as 20 percent. When you think of all of the trucks on the highways, you think of these develop-

ments, and they are doing that without incentives. So you can imagine where we would be without it. So I welcome the Secretary to come to Michigan. We will have some good times.

Secretary BODMAN. Thank you, sir.

Mr. UPTON. I yield back.

Chairman BARTON. I thank the gentleman.

And we would recognize the gentleman from New York for 5 minutes.

Mr. ENGEL. Thank you, Mr. Chairman. And welcome, Mr. Secretary.

I am very frustrated, very much, over the energy bill. I wasn't a supporter of it in the last Congress, and I was hoping that, in this Congress, we would perhaps be able to really truly craft a bipartisan bill that I could support. I don't understand why we have such a rush to pass this legislation when we should take more time to get it right.

Oil is $50 a barrel, and we still haven't passed reliability standards to address the electricity blackout that assaulted the Northeast and Midwest in 2003. And I believe that rather than stay mired in this same, tired gridlock of partisan politics, we have to make the choice to move forward, even if it involves some hard and bold choices.

Mr. Secretary, I am very intrigued by the bipartisan National Commission on Energy Policy's Report titled "Ending the Energy Stalemate." Their report was released in December, this past December 2004, and is the product of 16 members with diverse expertise and affiliations representing business, government, academia, and the non-profit community. The Commission's work is designed to ensure affordable and reliable supplies of energy while responding to growing concerns about energy security. Not every member of the Commission supported every idea, but the ideas, as a package, won broad consensus among the group. With debate over 3 years, the Commission attempted to break the deadlock by compromising on issues including enhancing oil security, increasing energy efficiency, and developing energy technologies for the future. And I very strongly believe we can learn from their example.

So Mr. Secretary, I plan to introduce legislation implementing the National Commission on Energy Policy's recommendations so that Congress can consider "a more comprehensive and balanced approach to providing," and again I am quoting you, as I did in my opening statement, "reliable, secure, affordable, and environmentally responsible supplies of energy for our growing community."

Mr. Chairman, I ask for unanimous consent to submit the summary of the Commission's report into the record.

Chairman BARTON. Without objection, so ordered.

[The report is available at www.energycommission.org.]

Chairman BARTON. And the Chair would note that he has read the report himself.

Mr. ENGEL. Thank you, Mr. Chairman.

And Mr. Secretary, my first question is I want to ask you if you are familiar with the National Commission on Energy Policy's report. And hope—I want to ask you if I can count on your willing-

ness to work with me and others on the recommendations made by the National Commission on Energy. That is my first question.

My second question involves the fiscal year 2006 budget submitted by the administration. I wanted to address my concerns about the Weatherization Assistance Program, which has been flat-funded in the budget, and LIHEAP, which has been cut in the budget. The Department of Energy's corps program, the Weatherization Assistance Program, reduces energy costs for low-income families through increased home energy efficiency, and this is a solid investment in lowering these families' heating bills. New York has the largest weatherization LIHEAP program in the Nation and gets the most funding in the country from DOE. And the Bronx, which is part of my constituency, gets 10 percent of New York's funding, so I am very, very upset with that.

I am wondering if you can address both issues that I mentioned. And again, I welcome you and wish you success in your new endeavors.

Secretary BODMAN. Well, first, Congressman, thank you for your good wishes.

Second, I can't tell you I have read all of that report, but I have certainly looked through it and spent some time looking at the recommendations. And there is a lot in there that I find very attractive. I am not sure I can support each and every one, and I didn't come prepared to dissect that with you, but I would certainly be anxious to work with this committee in terms of looking at which parts of that seem, at least to me, to make sense and to the administration to make sense. And so I agree with you. I thought that the process that they undertook was useful and produced a very interesting product.

Second, with respect to the budget on weatherization, you are right. This is something that, at least as I have looked at it, has been an important part of what this administration has offered up over the past 4 years. I guess I would view it as that we have kind of learned our lesson. Whatever number we seem to put in, we seem to get back $230 million. So we decided this time, especially during difficult times, we would ask for $230 million. I think last year we asked for $280 million and we got $230 million, and I think there were similar results from the year before. And so that is why we asked for what it was that we got last year.

Mr. ENGEL. So I thank you, and in the 10 seconds I have left, I just would hope that you would work with me and others and the chairman on the National Commission on Energy's Policy report. I really—there is not everything in there that—to which I agree, but I believe that it is a solid effort to really put together a policy that I think would benefit this country a great deal.

Secretary BODMAN. All right, sir. Thank you.

Mr. ENGEL. And that is why I am going to introduce this legislation. I thank you and thank you, Mr. Chairman.

Chairman BARTON. I thank the gentleman.

The Chair would point out that the—in the energy bill last year, LIHEAP was increased to $3.4 billion.

Secretary BODMAN. Thank you.

Chairman BARTON. The gentleman from Kentucky is recognized for 5 minutes.

Mr. DEAL. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for joining us here today. We appreciate your being here and wish you the very best in your new challenge. And we know that there will be a lot of challenges.

As I had mentioned yesterday in a meeting that we had an opportunity to visit with you, I represent Paducah, which has the Gaseous Diffusion Plant, the only one in which the—uranium is being enriched today. And there are two major cleanup efforts going on there. Of course, the contract that the Department of Energy has with Becto Jacobs expired in September of 2003. And that has now been extend four times, as you have sought to decide on a new contractor. And that decision was made, and now I think three companies are challenging that decision. And so it has placed—it has delayed the entire process of the cleanup, and it has been pretty frustrating for a lot of interested people.

In addition to that, I had mentioned the DUF-6 plant yesterday, and Congress has authorized the DUF-6 plant. Congress has appropriated money for the DUF-6 plant. Originally, we had a goal of starting that plant in 2007, and we are already 16 months behind in the plant and the construction process. And I just wanted to urge you, as you take on these new responsibilities, to do everything that you can to expedite both of those situations. And if there is anything that we need to do here in the Congress to help or facilitate that, I just wanted to commit to you that we certainly would be willing to try to do that.

So that is the first point I would like to make.

The second point is our most abundant resource is coal. Our most economical power source is coal. The demand for electricity is projected to increase by 50 percent by the year 2025. We have technology, clean coal technology that is available that would meet all of the clean air standards, and I certainly hope that you would be a real proponent of the coal industry, because I think it is best available for the people in our country. Low-cost electricity can help an economic expansion, an economic growth and create more jobs. And I certainly hope that you would support that.

And I want to just touch on one other thing, and I would like to give you an opportunity to respond. Yesterday, Mr. Walden had mentioned that he was very much concerned about the administration's proposal to allow the Power Marketing Administrations to increase the cost of power that they sold to the regional co-ops and other entities. And many of those, the Southeastern Marketing Power and the Bonneville Power and so forth, are—there are some relatively large areas of unemployment and low economic growth in those areas. And if you increase the cost of power in those areas, I think it will have a dramatic impact on opportunities for further economic growth.

So many of us are concerned about that proposal, but I would appreciate maybe your brief comments on those three areas.

Thank you.

Secretary BODMAN. First, with respect to the DUF-6 or Uranium Hexafluoride plant, I did inquire about that, following my discussion with you, sir. And in terms of the—what I have been told by those at the Energy Department, they are moving—we broke ground last summer on schedule, and I am surprised that your

comment that we are that far behind that you say that is inconsistent with what I have been told. You may be right. I may be wrong. But we will certainly get you the facts on that. Page 64, Line 1294

[The following was received for the record:]

Today, site preparation work is almost complete and construction of the administration and warehouse facilities at each site is about to commence. However, we are fourteen months behind the original contract estimate of 2006, but expect to start operation in 2007. The Department has not been satisfied with contractor's performance and is holding the contractor accountable. Additionally, DOE has stepped up oversight and interfaces to ensure expectations are being met.

Secretary BODMAN. All I can tell you is that from the Energy Department's standpoint, this is a matter of law, and we are going to do this. It has been passed by the Congress. It has been signed by the President. And we have been instructed to do it, and we are doing it, as best I know. And so we will continue with that, and you may be assured that we will continue to maintain our focus there.

With respect to coal technology, I think I eluded to that before, but I would just reiterate it. I guess I have heard us described as the Saudi Arabia of coal and at least we have a disproportionate share of coal reserves compared to other countries. It is certainly in our interest. We have coal of a wide variety of quality and potential environmental problems. And this Department has, over the years and in this budget, proposed increases in various approaches to improving the coal technology, including a commitment on moving forward on the FutureGen project, which is an important part of coal.

The third question you asked I lost track, sir. Is this on PMAs?

Mr. DEAL. Yes, sir.

Secretary BODMAN. This was on the PMAs and the Power Marketing Association. This is strictly an effort that the administration has made during stringent economic times to try to bring more effective business practices to these organizations and to allow them to modify their rates, the prices they charge to their customers more in keeping with independence of the management. Now these organizations are kind of strange birds. On the one hand, they compete against the private sector. On the other hand, they are nonprofit organizations, and so they have aspects of both. But the administration feels that this proposal will help bring about greater efficiencies in the management of these and hence the idea of allowing them to gradually increase rates and also to clarify just what they categorize as debt. A lot of these organizations have gotten very creative in terms of different financing techniques, and so this was a matter that our—that those changes in financing techniques were not necessarily covered in the laws setting these up, and if you will, I view it as sort of modernizing just what is debt, what isn't debt, and how to clarify it.

So those are the efforts, and that is the reason for it.

Chairman BARTON. The gentleman's time has expired.

The gentleman from Maryland, Mr. Wynn, is recognized for 5 minutes.

Mr. WYNN. Thank you, Mr. Chairman. Thank you, Mr. Secretary.

Just a couple of quick questions, and I know that you are new to the job. But in 2002, the President recommended Yucca Mountain as a site for the repository for nuclear waste. Unfortunately, we haven't moved to the next step, which was the submission of a licensed—construction license application to the NRC. Now we were supposed to do that in December of this year, but that didn't happen. That was according to the schedule. And these delays are costing us, as much as, perhaps, $1 billion a year, based on previous DOE testimony for costs associated with defense waste alone in Washington and States like Washington and South Carolina because of our delay and because of our delays in moving the civilian fuel, which was supposed to begin in 1998.

I would just like to get your comments on what you intend to do to make sure that this application goes in as soon as possible.

Secretary BODMAN. Mr. Wynn, first, it is nice to see you again, sir.

Second, I intend to work very actively with those members of our staff who are responsible for repairing the material that needs to be made available on the Internet as a part of the licensing process that the NRC has. The Nuclear Regulatory Commission has a procedure that 6 months in advance of any licensee application, the applicant has to have a full data base, if you will, available. We provided that last summer. We were sued and were found wanting in that regard, and we are trying to make good on that. So we now have roughly twice as many documents and materials. I asked the folks when they were going to be done. I don't have a clear answer, but they did say they were starting to run out of things that they could conceivably put on there. So that is point one.

Mr. WYNN. Can I ask—can I interject just a quick question——

Secretary BODMAN. Yes, sir.

Mr. WYNN. [continuing] on that score?

Can you advise the committee as to how soon you think that you can get that documentation up on the Web for public consumption?

Secretary BODMAN. I can't give you any more than I have just told you, sir.

Mr. WYNN. Okay. All right.

Secretary BODMAN. But I have only been there 7 days and nights.

Mr. WYNN. Okay. That is okay. That is certainly fair.

I would like to follow up with you on that.

Secretary BODMAN. Sure.

Mr. WYNN. Let me say that I am very pleased that the budget did include an increase for hydrogen fuel development. I think that is very positive.

I am concerned, however, that we don't seem to be making near as much progress in terms of our nuclear portfolio. And I would like to get your thoughts on how we can improve at a time when most of Europe and Japan and other countries are significantly increasing their use of new generation nuclear fuel. Where are we going, because right now we seem to be pretty stagnant?

Secretary BODMAN. That is a very good question, sir.

I guess there are two components to this. The first is this initiative called 2010, and that one is geared to an improvement in the capability of our private sector to go through the licensing process,

to go through the siting process. We have almost a self-fulfilling prophecy in our country. We have been 20 years without a new nuclear plant that have been objected to in various forums when I was much younger, and we are now in a situation where I think there seems to be a greater interest in this field. I can tell you from having spent many years in and around MIT, the MIT Nuclear Engineering Department almost has fallen into disuse, and there are just very few students interested in that field because it is hard to get jobs. And so they tend to move off elsewhere. And so our effort in the Department is to provide funding, to provide some new approaches to seek out regulatory approvals, licenses, siting decisions and so forth earlier, and so that is one big piece.

The second piece is more technical and that is the so-called NGNP, the Next-Generation Nuclear Plant, and that one we have money in the budget to continue that. We will be continuing our work in terms of deciding just what the process should be. It is probably a little too detailed to go into detail here, but suffice it to say, it is a very high-temperature process, and there are still choices that remain to be made, and we will continue to work on that this next year.

Chairman BARTON. The gentleman's time has expired.

Mr. WYNN. Thank you very much, Mr. Secretary. Thank you, Mr. Chairman.

Secretary BODMAN. Yes, sir.

Chairman BARTON. The distinguished gentleman from Georgia, Mr. Norwood.

Mr. NORWOOD. Thank you very much, Mr. Chairman.

Mr. Secretary, it seems to me that this would be a very exciting time to be the new Secretary. I think you have got some real possibilities to do some great things for this country in the next couple of years, and——

Secretary BODMAN. I hope you are right, sir.

Mr. NORWOOD. Well, we are counting on it. We all wish you well. We are all very interested in many things. I associate myself with Ed Whitfield on the PMAs. I associate myself with the chairman on Yucca Mountain. I—and the—I mean, there are just so many things to ask, we are going to ask a lot of it in writing and give you a fair time to respond and answer——

Secretary BODMAN. Thank you.

Mr. NORWOOD. [continuing] because I understand, being there just 7 days.

But if you will permit me, I would like to focus just a little bit on personal things.

I am a big believer in Mox Fuel. I have had the opportunity to spend a great deal of time in the plants in Britain and in France, and Lord knows, if they can do it, we certainly ought to be able to do it, and should do it. And I am also a big believer in modern facilities. I think that is absolutely essential to the security of this country. And I guess selfishly, I am very happy that those—perhaps both will end up at the Savannah River Site.

The problem is, as we speak, I have very loyal, talented, smart people being shown the door today, as we talk. And they are being shown the door because they did a great job. They actually got that environmental cleanup done early and did it very well, and we are

proud of them, but on the same hand, these are the types of people that we are going to need when finally we do get a mix oxide fuel plant.

I was discouraged a little bit, not a lot, but a little bit, that it seemed to be a reduction in the budget for that. I have talked to Secretary Abraham about this, what was holding the darn thing up, and of course, last year, he said, and truthfully so, that the Russians were dragging their feet.

Now it has been a year, and I know you can't answer precisely, but I would like to get a little feel for what is holding this thing up now. And again, I know you can't answer exactly, but what is your best guess when we might start construction on that thing so we can utilize these people that have devoted their lives working at SRS?

Secretary BODMAN. Well, first, sir, I would empathize with you and with you and with the people who are facing being laid off. It is a terrible thing. It is a hard thing for anybody. And so I understand that and have some sense of it.

Mr. NORWOOD. But see, we can rejoice in a job well done.

Secretary BODMAN. No, no, I understand.

Mr. NORWOOD. When you are through, you are through. But I——

Secretary BODMAN. Oh, in terms of my understanding of the situation with having said that, I can't comment anything more in terms of what and where the jobs are. I can say that there is an issue with respect to the Mox facility that we have now—the goal here was to have both U.S. as well as Russian material used simultaneously and that this was viewed as being an important part of our nonproliferation effort. And we have had a significant delay that has been caused, as Secretary Abraham mentioned to you apparently a year ago, because of the discussions over liability and where the liability would be, based on what I have been told. I am cautiously optimistic that we have started to crack that code, and there may be more reason for optimism on that subject than there has been in some time. Having said that, there is a discontinuity here in terms of when things can be started and when decisions have to be made. And there is going to be a delay on account of the way that the system works in terms of any construction there. And so I can't give you a number.

Mr. NORWOOD. Well, I sort of realize that, but if you would, keep us informed and perhaps give them a swift kick in the britches to—let us get this thing going, because it affects a lot of people's lives.

Secretary BODMAN. I understand.

Mr. NORWOOD. We also recognize that the modern pit facilities in your budget got a 9-percent increase, and I am assuming from that, that that probably is a commitment from the administration to move the modern pit facility forward at SRS. Am I reading that right?

Secretary BODMAN. To my knowledge, there has not yet been a decision made in terms of where the pit facility would go.

Mr. NORWOOD. But there is only really one location it would work well at.

Secretary BODMAN. I appreciate that would be your view, sir.

Mr. NORWOOD. I think it will be yours in another 7 days.

Secretary BODMAN. Yeah.

Chairman BARTON. It is obvious that Congressman Norwood has recovered. He is in good form.

The gentleman from Texas, Mr. Green, is recognized for 5 minutes.

Mr. GREEN. Thank you, Mr. Chairman, and I would like to welcome our good friend, Charlie Norwood, back to the committee. And I do think he has recovered.

Mr. Secretary, welcome to our committee. I am on this side of the aisle, and—but the nature of the District I represent, it is along the Gulf Coast in Houston, and so as a former chemical industry executive, I know you understand the concern we have with the sustained high natural gas prices. I tell people it seems heresy for a Texan to say we have too high natural gas prices, but it is threatening our international competitiveness with our chemical industry and in my area particularly, and I know some in Congressman Strickland's, too, along the Ohio Valley. We have a—those high-paying jobs are awfully important, but also for our own country.

First of all, and I know that you mentioned in your opening statement your support for ANWR. And again, there are some of this on this side of the aisle who support additional exploring for domestic energy, including ANWR and the pipeline. I also hope that the Department is well aware of more recent discoveries in Cuba that foreign energy companies are actually drilling closer to the State of Florida than we allow our own companies to do from our government. And it is frustrating because, particularly with the recent discoveries in the northwest part into the Gulf of Mexico, I think we need to look at the eastern Gulf that probably has some of the most lucrative potentials for natural gas. Is that something the Department will look at, not just in ANWR but other locations around our country?

Secretary BODMAN. First, let me, if I may, talk to you about natural gas prices, and then I will try to touch on the other——

Mr. GREEN. Okay.

Secretary BODMAN. [continuing] question you asked. With respect to natural gas prices, I agree with you. Most of the recently licensed electric-generating facilities are powered by natural gas, being driven by the environmental considerations. And I favored that back in the day, some years ago, when I had something to do with the natural gas industry. It is clearly driving prices, and it is affecting our chemical industry. It is affecting a lot of other industries that depend on natural gas as either a raw material or as a fuel. That is why I think the idea of dealing with this matter, the energy situation, in a balanced way, we have got to have more focus on nuclear and getting our nuclear energy going. We have to have more focus on coal in order to try to get the coal with carbon dioxide sequestration, with the potential of producing hydrogen from ultra-high——

Mr. GREEN. Mr. Secretary, I don't have a lot of time, but——

Secretary BODMAN. All right.

Mr. GREEN. So—and I agree with you. I believe we ought to expand nuclear and——

Secretary BODMAN. All right.

Mr. GREEN. [continuing] again, clean-burning coal.

Secretary BODMAN. Okay.

Mr. GREEN. But I mainly wanted to make sure that, you know, we have some other fields that are—for natural gas, and I support it, because again, not just from where I come from, but also it is clean-burning, and we see in our utility bills and with the high costs, but also for our industries that may move overseas.

I know there is another piece of legislation that I would like to see in the energy bill, as Congressman Terry, in our last Congress, introduced an LNG bill to streamline the permitting process for liquefied natural gas to bring that in the small percentage that would be available to—that would also, hopefully, Mr. Chairman, if we have a markup on the bill, we would actually see that as an amendment to the bill to expand our opportunity to have what we can with LNG and to streamlining that permitting process.

Secretary BODMAN. Anything that could be done, sir, on that front, we would be very interested in.

Mr. GREEN. Okay. I know you talked about—with my fellow Texan, Ralph Hall, earlier about improving our technologies and recovering more resources as are currently possible, and I know, if you would, whatever you provide to Congressman Hall, there is—if you would do it to all of the members of the committee, because I would like to see how we can more efficiently recover more of our resources. And again, if we don't have to drill as many holes in the ground, it is cheaper for all of us.

The last question I wanted to ask is that—and how can we use these resources more efficiently. Recently, there were proposals to more efficiently utilize our natural gas power plants through a concept called Efficient Dispatch. And I know I hear from some of the folks in the power industry and that is a new issue since we have actually drafted the energy bill last Congress, does the Department of Energy have any information or is considering that idea on the efficient dispatch for our natural gas power plants?

Secretary BODMAN. I can't tell you the specific answer to that. I can tell you that generally we have a lot of interest in all matters that will help us dispatch and manage our electric grid in a better fashion than we are now doing. We have a real problem in doing that due to the very eclectic way our electric system has been put together. And in part, the energy bill was attempting to deal with that, and we are going to continue our efforts to try to be successful there.

Mr. SHIMKUS [presiding]. The gentleman's——

Mr. GREEN. Thank you, Mr. Chairman. And hopefully, if we have a markup, we might see something that would improve our energy bill from last Congress.

Mr. SHIMKUS. I know you are a great advocate. We are glad to have you on board.

The Chair now recognizes the gentlewoman from Wyoming for 6 minutes.

Ms. CUBIN. Thank you, Mr. Chairman.

First of all, Mr. Secretary, I want to thank you for joining us. I look forward to working with you. As you know, I was instrumental in a relatively good-sized portion of the energy bill that passed through the Resources Committee, and I am very adamant that we

need to get this done. I think it is a national security issue, and others as well.

And I know you have talked a little bit about the rate increase to market value. I heard the question Mr. Whitfield had, but I would like to follow up on that a lot.

Wyoming is far, far, and away the largest Federal mineral producer. And so we have coal, gas, oil, uranium, wind, solar. We have it all. So I am really not trying to favor one energy over another. But I do want to talk about coal. Regarding the proposal to raise the power rates for the Western Area Power Administration at 20 percent per year until they reach market value, I really have serious concerns how this recommendation, if it is enacted, will affect Wyoming consumers. We call it WAPA, the Western Area Power Administration, is a very important power source for us. And they will have to increase the rates on the constituents in my State. You know, this is a non-profit organization, and I understand the difference between some non-profits and other non-profits, but there are some non-profits that really are. And so the only thing that can happen with that 20 percent increase in rates is it does go through to the consumer. And even GAO says that market rates for consumers in these areas will be about $200 more per year, even in the short term. I understand it is going to be gradual, but in the short term, it is still $200 a year anyway.

So I guess what I just would like to ask you is if you have any comments about what I have said, but also if the administration would be open to having a discussion with us about this to see if there isn't some way we can mitigate this cost to consumers.

Secretary BODMAN. First, this administration is always open to meeting and talking with any Member of Congress about anything that you have an interest in. So that is that.

Ms. CUBIN. Thank you.

Secretary BODMAN. Second, these are difficult budget times. And what you are seeing here, in my judgment, is the reflection of the enormous pressure that has been on the entire administration to try to find all sources of income that make sense.

Ms. CUBIN. Um-hum.

Secretary BODMAN. It is also an effort to try to see to it that some taxpayers are not subsidizing other taxpayers.

Ms. CUBIN. Right. Right.

Secretary BODMAN. And that is how one could view it. If you are not a participant, one is not a participate in one of these PMAs, then one could view it that I am subsidizing your constituents.

It is a tough thing for the constituents, because all of us get used to a certain way of doing things——

Ms. CUBIN. Sure.

Secretary BODMAN. [continuing] certain costs and so forth.

Ms. CUBIN. Sure.

Secretary BODMAN. So——

Ms. CUBIN. I understand. I know——

Secretary BODMAN. [continuing] we will be happy to talk to you about it, but that is why this has been done, and that is what the proposal is.

Ms. CUBIN. Well, I think at their peril, they will try to help balance our budget problems on the backs of rural America. And you

know, when you have a country like ours, that is as diverse as ours, while some things the Federal Government, or you know, like postage, and in this case, PMAs, maybe some eastern and West Coast people pay more and we pay less. On the other hand, we pay for Amtrak services that we don't get—there is no Amtrak facility at all in Wyoming—so I guess I just caution you in that regard that in rural America and Wyoming in particular, I don't want to have this balanced on their back.

I totally agree with the budget cuts. I intend to support the President. I am really glad that he had the courage to make the recommendations that he did. I would question the wisdom of one, however. While I also support development of ANWR, I think it is not the only solution to our domestic energy problem. And while your Department deserves credit along with the President for making it a good attempt at decreasing Federal spending, I have to question the phase-out of the oil and gas technology programs. This is one area where actually money could be generated through the technology that these programs have developed. In my own State, R.M.O.T.C. has developed programs—or not programs, but technologies of tertiary production and it seems that this cut is a shortsighted thing to do when an oil well is considered depleted, there is still 70 percent of the oil in the ground. And I don't want to see us hang our hat on ANWR and neglect the other oil deposits that are around the country, if you would make a comment on that.

Secretary BODMAN. I can't disagree with anything you say other than to say that this is all a matter of tradeoffs and, sort of, where does one get the best return. In theory, in this, not category of expenses that that oil and gas program falls into, the hope is that all of these will lead to getting more back, that our society will get more back than we put in. That is the goal of all of them. The question is trying to make a balance. And so that was the goal of it. And so I can't say anything more than that.

Thank you.

Mr. SHIMKUS. The gentlewoman's time has expired.

The chairman recognizes the gentleman from Ohio, Mr. Strickland, for 5 minutes.

Mr. STRICKLAND. I thank you, Mr. Chairman.

Mr. Secretary, I have a number of questions, and I realize that you are new, and we all want to get questions to you. I would like to submit questions for the record, but there are two matters that I would like to bring to your attention today and see if you would respond to them.

First of all, I represent, or I did represent, a facility that enriched uranium, and the workers there come to me with—and they describe a catch-22 situation.

Secretary BODMAN. This is the Portsmouth facility?

Mr. STRICKLAND. The Portsmouth facility.

Secretary BODMAN. Absolutely. Right.

Mr. STRICKLAND. Absolutely.

Secretary BODMAN. Right.

Mr. STRICKLAND. Workers say they want to work at the facility, subcontractors want to hire them, but they don't have clearance. And the subcontractors say they can't hire them until they have clearance, and they can't get clearance until they have a job. And

so the subcontractors are bringing people in from other facilities, other States, who have clearance when our region has incredibly high unemployment. This has been a problem that has plagued us since the 10 years that I have been in Congress. Sometimes it is less severe, and sometimes it is more. I just wanted to bring it to your attention. I realize that this kind of problem probably is not the most appropriate for the Secretary of Energy, but you are in front of me, and I just wanted to express that concern to you in case you could help us cut through that roadblock. It is—it ought to be a solvable problem, but it just seems to be a continuing frustration for the people in my region.

And the second issue I wanted to bring to your attention is you mentioned the Portsmouth facility, so it is good to know that you are aware of it. As you know, it, at one time, was the only facility that had the capacity to enrich uranium through the entire process for our nuclear fuel needs. It was put in cod standby, and the hope is, and it will happen eventually, that a new technology, more efficient, competitive technology will come on stream. The Inspector General issued an audit report raising concerns about the vulnerability of our domestic nuclear fuel supply if there is a significant time between the emergence of the new technology and the termination of the standby capability at the Portsmouth site. As far as I can find out, about 80 percent of the fuel that we use in our nuclear reactors come from foreign sources. And so this facility has been kept on standby in the event there would be an unexpected disruption of fuel from foreign sources so that we could, if we needed to, begin the processing capacity there at Portsmouth. According to the President's budget, cold standby will cease in 2006, but we really don't expect the United States Enrichment Corporation to have a commercial—a new commercial facility viable until 2011. And I am puzzled that cold standby would cease before we have the capacity to assure ourselves the ability to meet our domestic fuel needs if there was a foreign interruption. And I would just like for you to speak to that, if you would.

Secretary BODMAN. Yes, sir; I would be happy to.

First, my understanding is that first of all, that the termination of the cold standby, in shutting that down, is the proposal. That is what has been determined is the best outcome in terms of the Department and the government. I can appreciate the impact that it has on your constituents, and I am sensitive to that. Again, as I said, I am sure I won't be in here again saying that, to you and perhaps others, as we go through this process.

Mr. STRICKLAND. If I could just interrupt——

Secretary BODMAN. Sure.

Mr. STRICKLAND. [continuing] and I hate to do that, but——

Secretary BODMAN. That is all right.

Mr. STRICKLAND. [continuing] the time is short.

The—if, in fact, it was in the national security and economic security interests of our country to maintain that facility on standby until a new production facility is in place, what has changed to affect that judgment?

Secretary BODMAN. I don't believe that the judgment of the Department has changed. I haven't seen the IG report to which you referred. I would be happy to look at it.

Mr. STRICKLAND. Okay.

Secretary BODMAN. But I have not seen that. And I believe that this has been part of a program that has been in place. And these are tough times. As we are going through not only the shutdown of facilities that were very useful 40 years ago, 50 years ago as we were getting this industry up and going, but as we are now in the process of cleaning up some of the many old facilities that we have, Rocky Flats is one, for example. We are going to go through and exercise there where people who were working there won't have jobs, because there will be nothing done there. So we are in the business right now of dealing with shutting down old facilities. And that is part of the challenge of this task, I will tell you.

And so I don't think the position of this Department has changed, and I would be happy to look at the Inspector General's report.

Mr. STRICKLAND. Thank you. Thank you for your patience.

Mr. SHIMKUS. The gentleman's time has expired.

And now the Chair, recognizing myself for 5 minutes.

So Mr. Bodman, it is great to have you here, and——

Secretary BODMAN. Yes, sir.

Mr. SHIMKUS. [continuing] you have got great credentials. And your clarity and your effort I think is—I think members are really going to enjoy. And thank you for your patience for sitting through here. I am going to go through some things really quick, and then the last two will be questions that you may not have the answers to and I would like to get written comments back.

First of all, I have to echo everything on Yucca Mountain that has been said. Illinois is a high nuclear state. We have got high-level nuclear waste in downtown Chicago and the suburbs that need to move—and that really needs to be moved. So it will be our focus, after the scare we had last year, of the funding debate, which at least we have got some in the budget.

My colleague, Mr. Green, talked about the efficient dispatch critical component. We tried to do some—a little of that in the last energy bill on the economic dispatch. So I am in line with him on that issue.

The President's budget has $18 million in FutureGen. You brought that up. I talked to you about it yesterday, which I am just going to echo that. But I think what many of us are looking for is, as—my first question, which is do you have a time when you think there might be site selection on FutureGen? Although we are moving forward and we have had some funding issues, we—many of us who are watching this are in the dark as to what is the timeline, what is the process, when will decisions be made.

Secretary BODMAN. I don't have an answer, sir.

Mr. SHIMKUS. Okay.

Secretary BODMAN. I would be happy——

Mr. SHIMKUS. Great.

Secretary BODMAN. [continuing] to get you an answer.

[The following was received for the record:]

The competitive solicitation for the site selection will be issued approximately three months after the FutureGen cooperative agreement with our industry partners is signed. We anticipate that site selection will be a fair and open competitive process that would evaluate each of the proposed sites on its merits against a set of technical and environmental (National Environmental Policy Act-NEPA) criteria.

Mr. SHIMKUS. I appreciate that.

The next question is on the Energy Department's vision for high-energy physics research. This is one you will probably have to get back with me on, also. The question is what can we do to maintain our position as a world leader in high-energy research. And that is an Illinois issue that has a lot of the members of the delegation interested in. And——

Secretary BODMAN. That one I can speak to. I would be happy to try to speak to it.

Mr. SHIMKUS. Please do.

Secretary BODMAN. I just would start by going back to where I started from in the beginning. These are very tough budget times, and the Office of Science, which oversees all of these expenditures, is very well managed, very thoughtfully managed, and it has had to make some very tough tradeoffs. For example, the BTEV and Fairmy, it is our recommendation, on behalf of the President, that that not be funded, that that be terminated, and that we take advantage of a relatively new facility that is in Europe. That means that we, America, will lose because some of our good people will go over there, because people in this business tend to move to where the facilities are and that we will then leapfrog that by making investments in newer approaches.

So these are very hard decisions that have to be made. They affect things that are very dear to my heart. Faculty, students, graduate students, all of that, it is very tough. And all I can tell you is that some very thoughtful people who care a lot about this field have looked at the choices and have made them, and I think they have done a responsible job.

Mr. SHIMKUS. And we understand the challenges. I would just—you know, there will be a rebuttal by the legislative branch on these proposals, and I would just be prepared for that.

The last one, real quickly, deals with—you have expressed your support for coal, clean coal technology incentives. We have a concern that—and you have an experience with the Treasury Department, so you might need to get back, but we understand that the Treasury Department's revenue proposals released this week the tax incentives that would give confidence to clean coal technology research are not listed there. So it is connecting the dots. If there is a concern that if the treasury is not saying that research and development clean coal technology is there, then on the public policy side and the authorization side, it sends a wrong signal. So if you could maybe close the loop and get an answer as to whether we are fully committed and if the whole Federal Government agencies are behind this, that would be helpful.

Secretary BODMAN. I know a lot about the treasury budget, but I have to tell you I am embarrassed that I have no clue what that is. I will——

Mr. SHIMKUS. All right.

Secretary BODMAN. [continuing] be happy to get back to you.

[The following was received for the record:]

You are referring to a report issued by Treasury on February 7, 2005, titled, General Explanations of the Administration's Fiscal Year 2006 Revenue Proposals, and commonly referred to as "the Blue Book", because of the color of its cover. The Blue Book identifies all major initiatives supported by the Administration that will impact revenues to the U.S. Treasury. These include tax cuts, tax incentives, closing

of tax loopholes, certain excise taxes, and other revenue-related measures. The 2006 Blue Book identifies several energy-related incentives, including extensions of tax incentives for renewable energy technologies, special tax treatment for nuclear power plant decommissioning funds, tax credits for certain hybrid and fuel cell vehicles, and tax credits for energy efficient combined heat and power property. The Blue Book does not include any measure to provide incentives for clean coal technologies.

The absence of incentives for clean coal technologies from the Blue Book is largely a reflection of the fact that the Administration has not completed its deliberation regarding the most appropriate target, form, and amount of incentives for clean coal technology. As you may know, the 108th Congress considered a number of bills including incentives for clean coal technologies. Approaches introduced in the bills included investment tax credits, production tax credits, direct subsidies, federal loans and loan guarantees. Targets included existing coal-fired power plants, new coal-fired power plants employing multiple designs, and emerging air pollution control technology. But at the end of the day, nothing was enacted into law, and no funds were appropriated beyond the traditional R&D and demonstration programs already in existence. I believe this failure was due to the breath of the incentives proposed and our current budget deficit environment, an environment where many worthy federal concepts are simply unaffordable.

I support the concept of using federal financial incentives to compliment our R&D and demonstration programs, and to accelerate commercial acceptance of advanced coal technologies. But the Administration has not yet identified the specifics of an appropriate program for clean coal incentives, and made the tough choices balancing what is needed against what is affordable. I appreciate your support on this issue, and look forward to working with this Committee on clean coal incentives.

Mr. SHIMKUS. Great. Thank you. And my time has expired.

The Chair now recognizes the gentlewoman from California for 6 minutes.

Ms. CAPPS. Thank you, Mr. Chairman.

And I want to say a word to you, to the committee leadership, on favor of our—doing a reconsideration of our energy bill in regular order. I believe this would be a good mark for the new leadership, Mr. Barton, the new chairman, to have this come under his watch. And so I want to put on record that I am in favor of that. I opposed it, H.R. 6, in its original form, but I am an optimist, and I believe that if we revisit it with hearings, that there is a chance to improve this bill. And I also believe that, given the failure of its passage in the Senate and the passage of time since then, we owe it to ourselves and to the American people to bring it up to date to consider what has happened since we first introduced that. And I am saying that to you, too, and I believe, Mr. Secretary, that it would be a good reflection for your leadership to have this revisited in a thorough way on your watch.

And I want to welcome you here.

Secretary BODMAN. Thank you.

Ms. CAPPS. It is a long process to come and visit the committee, but you have made yourself available and listened carefully. And congratulations on your appointment.

Secretary BODMAN. Thank you.

Ms. CAPPS. As you know, the leadership is not—is pushing quickly to have this bill from 2003 introduced and passed quickly. And the conference—some of the people pushing the conference report on H.R. 6 seem to believe that it would be an answer to these gas prices, which are, again, creeping up. This is a view that has been espoused by the White House Press Secretary Scott McAllen, the Energy Deputy Secretary Kyle McSlarrow, and many members of this committee as well.

For those of us who worked on the energy bill, it seems to be a rather baffling position, and this thought was brought up by our mutual Massachusetts friend, Mr. Markey, that the Department's own Energy Information Administration published an analysis of the energy bill, which Mr. Markey eluded to in February 2004 and I have a copy of the statement, which says that the Republican conference report on H.R. 6, the Energy Bill, would actually increase gas prices, not reduce them. And this increase would be between 3 and 7.5 cents per gallon. In California, where I am from, the prices could increase as much as 8 cents a gallon.

And I want now to get a comment from you on this EIA analysis, and you know, what—how you tie it to the energy bill and what we should be doing about it today.

Secretary BODMAN. Well, thank you for your good wishes, first of all.

Second, I think the reconciliation of these apparently conflicting views is probably best done by thinking of timeframes. I mean, the high energy prices that we have been dealing with in our country today have been a very long time in the making. And they are going to be a very long time before they are dealt with. And I do not see, if we were to pass this energy bill tomorrow, literally, and the President signed it tomorrow, that it is going to have any short-term impact on gasoline prices that is meaningful. I think that we are looking over—this in order to deal with energy prices, in order to deal with the issues, it requires a very balanced approach, in my view, of looking at all potential sources of additional energy, be it nuclear, be it coal, be it hydrogen, and invest in new technologies in those areas, that we make every effort, also, to improve the efficiency of the way we use energy today, hence the effort in trying to improve gasoline mileage, which has been a part of what this administration has done and has been active in doing, as well as looking at improved appliance efficiencies and so forth. So it requires a balanced effort across the board, not just ANWR, not just——

Ms. CAPPS. Right.

Secretary BODMAN. [continuing] nuclear, but everything in order to deal with this. And it is going to take years to deal with all of these efforts in order to——

Ms. CAPPS. Right.

Secretary BODMAN. [continuing] that will bring us around.

Ms. CAPPS. But it—then I want a little bit of clarity. Do you disagree or agree with the EIA's assessment?

Secretary BODMAN. I haven't read the EIA report, so I can't agree or disagree with it. I can just say that I agree that if they are talking short-term, is this going to have an impact on fuel prices, the answer is I don't believe that it will have a meaningful impact on fuel prices short term.

Ms. CAPPS. Well, thank you for that.

Secretary BODMAN. It is going to take a long time to solve this problem.

Ms. CAPPS. I do have a suggestion for you, and, actually, a request——

Secretary BODMAN. Sure.

Ms. CAPPS. [continuing] that would affect gasoline prices in my State of California, and I actually hope that on your travels around looking at energy needs around the country, that you will come and visit. My District is the 23rd, and I would love to welcome you.

Last year, the EPA provided relief to both New Hampshire and Arizona from the Clean Air Act's oxygenate requirements. This is an important step that provides these States with flexibility that could reduce gas costs for consumers. However, EPA has yet to act, despite many requests from me and other people, on California's request for similar relief. And last January, Governor Schwarzenegger wrote to EPA, and this is what he said: "Simply put, the Clean Air Act oxygen mandate slows environmental improvement, raises costs, and is no longer required to ensure substantial and sustained ethanol use in California." And I would like to take this moment to ask you—for your assurance that you will revisit this issue and bring this matter up with the President. There are a lot of drivers and motorists in California suffering due to a delay and neglect, we consider it, and it could change if the President chose and could do that, with your urging, to focus upon it and create this waiver for California.

Secretary BODMAN. I can't speak to that, ma'am. I don't know the background that——

Ms. CAPPS. I will get you the information.

Secretary BODMAN. If it is an EPA matter, I would be happy to get the information and try to be responsive to you. If it is something the EPA is supposed to do and they have done it for other States——

Ms. CAPPS. They have.

Secretary BODMAN. [continuing] why they have not acted in your particular case, I can't respond. I simply don't know.

Ms. CAPPS. We could use some help.

Thank you very much.

Secretary BODMAN. You are welcome.

Chairman BARTON. The gentlelady's time has expired.

The gentleman from New Hampshire, Mr. Bass, is recognized for 5 minutes.

Mr. BASS. Thank you, Mr. Chairman.

I didn't have an opening statement. Do I get 6——

Chairman BARTON. Well, then you get 6 minutes.

Mr. BASS. Thank you very much.

Chairman BARTON. The gentleman is recognized for 6 minutes.

Mr. BASS. And Secretary Bodman, congratulations, I think. You are going to walk out of this room displaying all of the characteristics of a gumby doll. The reason for that is that, as you obviously have figured out in the short period you have been there, energy is not about Republicans or Democrats or Liberals and Conservatives. It is about regions of the country and fairness and equity and competition and so forth. And, you know, electricity prices in New Hampshire are probably double what they are in some of the Midwestern and Western States, because we get no subsidies. We don't have PMAs or anything like that. New Hampshire is 48th or 49th in the Nation per capita receipts from the Federal Government versus what is contributed. New Hampshire is an electricity exporter, and yet the only reward they get for that are tons of mer-

cury and arsenic that are sent to us by the coal-burning electricity generation facilities in the Midwest.

Nonetheless, I am cheerfully hopeful that we get a good energy bill passed in Congress. And I would like to mention that there is—there are Northeastern issues that need to be addressed in general, most notably the development—the meaningful development of renewable energy resources from biomass, wind, solar. This isn't the early 1970's anymore. Technologies are defined, they work, and we have enormous resources that could potentially be tapped if we had a bill that balanced all of the various resources, oil, gas, coal, alcohol, and so forth with these other things. So we are—so this is a work in progress.

In that respect, I know you worked in the Commerce Department, Mr. Secretary, and you are appreciative of the economic growth that renewables and the renewable industry has seen, and I would hope—or could you agree that support for this kind of growth in the form of some form of, and I am asking you for specific, and don't expect an immediate answer, of consumer credits for systems and appliances and so forth would lead to greater energy independence. In other words, the development of renewables as an alternative through appliances and so forth, boilers, and so on, would create a more reliable grid because of the distributed nature of energy—of renewable energy resources and would create a significant economic opportunity in new jobs and so forth in areas such as mine.

Secretary BODMAN. I certainly believe that this Department has supported the development of renewable energy, has been very active in it. And I am very enthusiastic about that. And I do think that that will help mitigate the impact of foreign oil sources on our country. I think that we need to also look, in a very broad way, at all of the sources of energy and what are we likely to be able to do in the biomass area or in the wind area. How much is reasonable that we think that could be contributed to the energy portfolio of this country? And I think that when one looks at what the likelihood is, on a national basis, I appreciate that you have got a regional issue that you are focusing on, but on a national basis, we are going to have to look not only at renewables, which is important, we have supported it, and we will continue to support it, but also across the board at other potential sources.

Mr. BASS. But Mr. Secretary, would the—again, I don't expect a yes or no answer. But would the Energy Department be willing to embark on some sort of analysis of the resource that exists in this country in renewables, most notably in biomass: corn husker, agricultural waste, biomass, sawdust, wood chips, and so forth? I have heard estimates that this resource alone, if properly developed, could eliminate entirely, over a period of time, our dependence on imported oil. Now I don't really think I believe that. All right. But the analysis needs to be made, because there are vast biomass resources in this country that are being ignored. And do you think it would be appropriate for the Department of Energy, firstly, to analyze that kind of resource and how much of it exists and where it is? And second, to analyze the energy bill to determine—or an energy blueprint to determine the relative balance between re-

sources that are allocated to the development of traditional energy resources versus these renewables?

Secretary BODMAN. Of course.

Mr. BASS. Okay.

Secretary BODMAN. That is our job.

Mr. BASS. Fair enough.

I will yield back, Mr. Chairman.

Chairman BARTON. The gentleman yields back.

The gentleman from Pennsylvania is recognized for 5 minutes.

Mr. DOYLE. Thank you, Mr. Chairman.

Mr. Secretary, welcome.

Secretary BODMAN. Thank you.

Mr. DOYLE. And congratulations, I think. You have been very gracious to spend this much time with us. We appreciate it.

Mr. Secretary, I am one of the Democrats that voted for this energy bill. I believe there is probably nothing more important to the future of our country than energy independence, that it would change our country and it would change the world. It would change our foreign policy. We wouldn't be spending $1.5 billion a week trying to stabilize parts of the country where we worry so much about where the oil is. So it is probably—and in my mind, you know, when we talk about a mission to Mars, this should be our mission to Mars, energy independence. And the good news is, we have the brains and the technology that exists right here in our country to be energy independent.

What I am concerned about, as I look at these budgets, I don't think we are putting the resources into the research and development areas. And what I see happening in the budget, and what I want to ask you to take a hard look at, is it seems to me, in too many areas, we are robbing Peter to pay Paul. We are taking money from technologies that are proven and about to come to market and we are shifting those over to some of these programs that are yet unproved and undeveloped but that hold potential for the future. And we need to do both. We can't sacrifice one at the expense of the other. And that is what I see going on here in this budget. I understand that we are running a deficit. I understand the country is at war. But I also understand the President wants to make permanent tax cuts. But I can't think of anything more important than doing both of these. And I don't think you have the resources in this budget to do that.

Let me give an example of some of my concerns. The Clean Coal Power Initiative. Now that is a DOE risk-sharing program, and we are—we—companies seeking to commercialize promising new technologies, in 2004, we budgeted CCPI at $168 million, but then we slashed the funding by over $100 million and down to $50 million. And then that same $50 million funding level has been requested for 2006. And furthermore, we shifted $237 million in remaining advanced appropriations from CCPI to FutureGen. Now it seems that what is happening here is we are picking winners and losers. We are taking clearly proven technologies and approaches, and we are threatening them by pushing this money over to a technology that is unproved in the FutureGen program. I am not against FutureGen. I mean, I think we should fund FutureGen, but not at the expense of these other technologies that are so close to helping

us bridge the gap, the technological gap, that are short-term solutions that are going to get us where we want to get long-term.

And the question I have for you is, is DOE picking winners and losers? Have you decided that FutureGen's approach of combining integrated gasification combined cycles, along with carbon sequestration technologies, has that been picked as the winning clean coal technology for future electricity generation? And my question is, if it is, can that technology work for all major types of coal, bituminous and lignite? And how soon might we get these technologies commercialized? When will they meet EPA targets? And how much is it going to cost, if we are picking this as the winner and pushing aside this CCPI initiative?

Secretary BODMAN. Well, first of all, the goal is not to push the CCPI initiative aside. The FutureGen is one of the approaches to trying to bring about a process that would enable us to use coal. CCPI has been an active program. We expect it to continue to be an active program. And so to characterize the Department as "picking winners and losers" and that one is down and the other is up, to some degree, it may appear to be that, but we also try to fund these until it is demonstrated. Do we have interest from industry? Do we get response from industry? At some point in time, one has to be in a position to make a judgment and get feedback from the private sector as to what they think because these are not things that we can continue to fund indefinitely.

Mr. DOYLE. Mr. Secretary, let—you know, just going down that line of logic——

Secretary BODMAN. Right.

Mr. DOYLE. [continuing] you look at FutureGen and I would describe FutureGen has received the mixed and skeptical response from the same industries who are going to have to become active partners if this program is ever going to have a chance——

Secretary BODMAN. That is right.

Mr. DOYLE. [continuing] to meet its stated goals.

So it seems to me that, you know, just as we get some of these technologies close to commercialization where they can really help us in the short-term and bridge the gap to the future, we pull the rug from under them. And I am just suggesting to you, let us do both. Let us not do one at the expense of the other. And I would like to see you get more money in both of these programs, rather than seeing one die at the expense of the other.

I see I am out of time. Thank you, Mr. Chairman.

Thank you, Mr. Secretary.

Chairman BARTON. The gentleman—the Secretary can answer the question or comment on it, if he wishes to, before I go to Mr. Pitts.

Secretary BODMAN. It is my view that CCPI is going forward in a positive way and I believe that the budget reflects that.

Chairman BARTON. Okay. The Chair would now recognize another distinguished gentleman of Pennsylvania, Mr. Pitts.

Mr. PITTS. Thank you, Mr. Chairman.

Mr. Secretary, welcome. I have three questions for you.

The present budget provides for a $3.6 billion tax incentive program for fuel cell development, and it notes that the cost of fuel is about $200 per kilowatt hour, down from $250 3 years ago. But

it is still far from the competitive price of $50 per kilowatt-hour. My first couple of questions is, is this tax incentive program, which will run through 2010, enough of an incentive to bring the cost down? Is the administration looking at any other initiatives, incentive-based or otherwise, to speed the development of fuel cells? And if so, I would be interested in the positives and negatives of these other options. The basic bottom line is, is there more we could do.

My second question is, your budget calls for $84 million for fuel cell technologies. That is up from $75 million. Could you provide a breakdown, not necessarily now, but in writing to us, of how that $84 million would be allocated for this program and what you hope to accomplish with this funding, especially with the increase of $9 million?

And finally, the increase in the hydrogen technology program includes coal-based hydrogen production research funding and nuclear-based hydrogen production research funding. Why is there no renewable-based hydrogen production research funding?

If you could respond.

Secretary BODMAN. Well, let me take them in order, sir.

First, in terms of the fuel cell development, the idea is that the tax incentives would be there, at the same time that we are continuing to improve the performance in the fuel cell area, so that it is both a decrease in price and an increase in incentive. And it is hoped that both of those could combine. So there conceivably are other things, I guess, that could be done, but it was our sense that that was a good first approach to doing it.

Second, I don't have the breakdown of the $84 million of how that would be spent on fuel cells. I would be happy to provide that to you, sir. That is easily done.

[The following was received for the record:]

The following chart illustrates the budget request for the key activities within the Department's fuel cell technologies program and the Fiscal Year 2006 (FY06) planned accomplishments for each area. The two most significant increases support: stack component R&D, which focuses on reducing fuel cell costs and improving durability; and technology validation, which provides the real-world testing and operating data of hydrogen fuel cell vehicles to refocus R&D and support a successful industry commercialization decisions in 2015.

Key Activity	FY 2005 Comparable Appropriation	FY 2006 Request	What will be accomplished
Transportation Systems	7,495,000	7,600,000	Sensors, compressors and expanders, and air filtration technology for fuel cell systems will be developed.
Distributed Energy Systems	6,902,000	7,500,000	High-efficiency Polymer Electrolyte Membrane (PEM) fuel cell power systems as alternative power sources to grid-based electricity for buildings and other stationary applications will be developed.
Stack Component R&D	32,541,000	34,000,000	The increase of $1,459,000 will support research on fuel cell materials to reduce cost and increase durability as recommended by the National Research Council. Issues of survivability and start-up time at freezing temperatures will be addressed. Fuel cell component diagnostics and accelerated aging tests will be established to improve membrane durability.
Fuel Processor R&D	9,721,000	9,900,000	Fuel processors for stationary and auxiliary power applications and versatile catalysts suitable for a variety of fuel processing applications will be developed.

Key Activity	FY 2005 Comparable Appropriation	FY 2006 Request	What will be accomplished
Technology Validation	17,750,000	24,000,000	The increase of $6,250,000 will allow the program to move toward full implementation of this National Learning Demonstration which includes three geographic locations with different climates. This activity will validate fuel cell vehicle technologies under real world operating conditions, measure progress towards targets, and help guide future R&D.
Technical/Program Management Support.	535,000	6,000,000	This activity supports preparation of program and operating plans and evaluation and review of the R&D activities.
Total	74,944,000	83,600,000	

Mr. PITTS. Thank you.

Secretary BODMAN. And then your third, I have forgotten your third point. What was it?

Mr. PITTS. Why is there no renewable-based hydrogen production research funding included?

Secretary BODMAN. I don't know how you would do it. No, coal and nuclear can be used, and those processes have been devised such that good hydrogen can be produced in both. In terms of renewable production of hydrogen, I am unfamiliar with any process that would be economic, of which I am aware. There may be some, but I just don't know what they are, offhand.

[The following was received for the record:]

There are several methods of producing hydrogen using renewable energy sources. The U.S. Department of Energy is supporting research and development of six renewable hydrogen production technologies.

1. *Distributed Reforming Using Renewable Liquids*

Renewable liquids such as ethanol and bio-oils can be reformed to make hydrogen, enabling a distribution hydrogen system (i.e. at a refueling station) and avoiding the need for a hydrogen delivery infrastructure. Challenges to making the technology commercially viable are: (1) increasing the system's energy by 50%; and (2) reducing the cost of reforming. The goal is to reduce the cost of making hydrogen from renewable liquids to $2.50 per gasoline gallon equivalent by 2015.

2. *Biomass-to-Hydrogen*

Hydrogen can also be produced using heat to breakdown biomass solids, e.g., crop or forest residues, plant matter, and organic wastes. After gasifying or pyrolyzing the biomass, the resulting hydrocarbon and bio-gases are reformed to a synthesis gas mixture from which hydrogen needs to be separated and purified. New and advanced separation technologies are being researched to reduce cost and increase efficiency. Significant cost reductions can be achieved by combining hydrogen separation with chemical reaction processes thereby eliminating process steps and their associated capital costs. Research efforts are underway to develop more separation membranes. Our goal is to reduce the cost of hydrogen production and delivery using this technology from what is possible currently ($5.00 per gasoline gallon energy equivalent) to $2.60 per gasoline gallon equivalent by 2015.

3. *Water Electrolysis*

Water electrolysis uses electricity to split water into hydrogen and oxygen. Renewable electricity, e.g., from wind power, can be used in an electrolysis system to supply some or all of the power. This approach has the potential to provide a production pathway with near-zero greenhouse gas emissions. The capital costs of current electrolysis systems, along with the high cost of electricity in many regions, limit widespread adoption of electrolysis technology for hydrogen production. Capital cost reductions and energy efficiency improvements are needed, along with the design of utility-scale systems capable of integration with renewable electricity sources which have variable and intermittent power. Our goal is to develop technology that improves energy efficiency by approximately 19 percent and reduces the cost of making hydrogen to $2.75 per gasoline gallon equivalent by 2015.

4. *Solar High Temperature*

Heat from solar concentrators and chemical compounds can also be used to split water. Concentrated solar energy can generate temperatures of several hundred to over 2,000 degrees Celsius, at which point chemical reaction cycles can produce hydrogen from water. These multi-step thermochemical cycles offer potentially attractive paths for generating hydrogen. Current R&D efforts are focused on understanding the underlying mechanisms of the high-temperature reactions and optimizing solar thermal reactor designs. An increased understanding of the underlying mechanisms and advancements in technology could lead to practical direct, high temperature water-splitting using nuclear heat as the source.

5. *Photoelectrochemical*

Another potential long-term technology to split water uses sunlight and semiconductor materials in a monolithic device to produce hydrogen directly. The challenge is finding a material that can drive this one-step process. Research is underway to identify more efficient, lower cost materials and systems. Materials and systems now in development build on the technology developed by the photovoltaic industry over the last 25 years.

6. *Photobiological*

Certain photosynthetic microbes, such as green algae and cyanobacteria, produce hydrogen from water in their metabolic activities using energy from sunlight. In the microbe systems being researched, arrays of light-capturing molecules absorb sunlight, convert light into chemical energy, and disassociate water to generate hydrogen and oxygen. The hydrogen production rate is currently too low for commercial viability. Researchers are addressing this issue by screening for naturally occurring microorganisms and creating new microorganisms that can produce hydrogen at higher rates.

Mr. PITTS. Okay. Thank you, Mr. Chairman.

Chairman BARTON. I thank the gentleman.

The gentleman from Maine, Mr. Allen, is recognized. Is it 5 or 6? Did you waive your opening?

Mr. ALLEN. I waived; 6 minutes.

Chairman BARTON. So the gentleman gets 6 minutes.

Mr. ALLEN. Thank you, Mr. Chairman.

Mr. Secretary, welcome. We are——

Secretary BODMAN. Thank you, sir.

Mr. ALLEN. [continuing] very glad, on this side of the aisle, to have someone from New England.

Secretary BODMAN. Thank you, sir.

Mr. ALLEN. The reason the energy bill didn't make it through the Senate is that all five New England Senators—New England Republican Senators and all seven New England Democratic Senators were opposed. And I think 20 of the 22 New England Representatives in the House were opposed to the energy bill as well. That tells you something, and we hope that you can correct or get a better-balanced bill, help us get a better-balanced bill. And we know that all of the departments in this administration are going through, what they describe as, and difficult times.

And we understand that, but I just wanted to highlight a few things to indicate some—the frustration that some of us have with the situation, because you know, we know that this year alone, $89 billion will go to people earning over $350,000 a year, the upper 1 percent in this country, as a result of the tax cuts passed over the last 4 years. $89 billion dollars, probably more than we will spend in Iraq. And it is a vast sum of money.

When we look at your budget, I am not going to hold you responsible for a budget when you have been on the job for 7 days, but your budget increases funding for nuclear weapons by $47 million,

but it cuts funding for energy conservation programs by $21 million. The DOE budget increases funding for nuclear energy by 5.2 percent but cuts funding for the other science programs by 3.8 percent. The budget increases subsidies for oil, gas, and coal by 18.7 percent at a time when energy companies are announcing record profits, but it reduces funding for the weatherization program by 3.5 percent. And over at HHS, they are cutting funding for the LIHEAP program. So the poor are getting—losing support to pay higher energy prices. Your budget increases funding for your own office by 16.3 percent, but it cuts funding for renewable energy and energy efficiency programs by 3.9 percent. It is those priorities—it looks, to many of us, as if, you know, once again the administration sees renewable energy, basic scientific research, and help for the poor as wasteful spending and nuclear weapons, nuclear power, and oil and coal company subsidies as essential uses of taxpayer funds.

You know, I—that is a comment. I—if you have a——

Secretary BODMAN. Well, I——

Mr. ALLEN. [continuing] quick response——

Secretary BODMAN. Well, yes, the quick response would be that let us take nuclear. And I think that the efforts on nuclear power, given the challenges of the environment, which you have eluded to, and given the possibility of producing low-cost energy, is something we ought to explore. And that is what we are trying to do. And we have a, basically, debunked process and have been—have not had our universities that, in any way, have supported this field. And so, I mean, that is an example. Now you have characterized it in one sense. I would characterize it in that sense.

Mr. ALLEN. I understand. I understand.

Let me ask you more of a nuclear question, actually——

Secretary BODMAN. Okay.

Mr. ALLEN. [continuing] and one that is of great importance to me and one where I see something in your budget that is encouraging to us in Maine. The Federal Civilian Use Nuclear Fuel Disposal programs run by the Office of Civilian Radioactive Waste Management, at the site of the decommissioning main Yankee plant in Maine, the biggest impediment to the reuse of this site, which is a spectacular site, is that DOE has not met its contractual obligation to remove the spent fuel. In fact, it seems the program continues to move further behind schedule. I am concerned that the ongoing litigation has affected the Department's ability to work with contract holder utilities now managing the spent fuel. I have been urging for a long period of time the DOE to begin transporting nuclear waste away from decommissioning plants. And I see your budget increases the funding for nuclear fuel transportation activities by 52.7 percent. We regard this as a good thing.

I would ask you two things. Do you agree it is time to reinvigorate the management and focus of this program and try to restore confidence in the government's ability to meet its contractual obligations here, No. 1.

Secretary BODMAN. Yes.

Mr. ALLEN. And—thank you. And No. 2, is the increased amount of money for nuclear fuel transportation activities, is that—are you going to make a real effort to move us a little further down the

road? For all of the controversy about Yucca Mountain, it doesn't make sense to keep spent fuel rods at a—scattered all around the country, and I hope we are going to move ahead with that program.

Secretary BODMAN. Well, the answer, eventually, is going to be at Yucca Mountain. I mean, that is where the focus is. The funding for transportation is, in part, a very significant effort in beefing up the capability of this Department to move these materials around safely. And so we are going to need better security. We need better equipment, and so the focus is there. So we are getting ready to be able to do this more effectively.

The issue of a particular utility's spent fuel is a continuing aggravation that this Department, you know, will have to deal with. And we continue to struggle with the legal process that we must go through in order to put a place to put this material, which we are legally committed to do. So I find myself in a vice, you know, on this. And so we are doing our best to satisfy everyone. And I have no doubt that we will fail in some respects. All I can tell you is that we will be doing our best.

Mr. ALLEN. I thank you for that. I recognize the difficulties of being sued and trying to work with the people who are doing the suing.

Thank you very much.

Secretary BODMAN. Thank you.

Chairman BARTON. The gentleman's time has expired.

The gentleman from Oregon is recognized for—is it 5 or 6 minutes? Six minutes?

Mr. WALDEN. Six minutes, Mr. Chairman.

Chairman BARTON. Okay. You have got it.

Mr. WALDEN. Thank you, Mr. Chairman.

Mr. Secretary, it is good to see you again. I enjoyed our meeting yesterday, and I commend you for your patience today. It is a long hearing, and welcome to the committee.

Secretary BODMAN. Thank you.

Mr. WALDEN. I want to make a comment at the outset, because you took a lot of grief about the administration's position on reliability standards and not moving an independent bill. And I think it is important for the record to point out that, when my friend, and colleague, the ranking member of this committee, had an opportunity to offer an energy bill on the floor of the House when we considered this bill that we took up in 2003, his provisions struck the energy title, but did offer no reliability standards. And when we had a motion to recommit, a second opportunity to offer reliability standards on the electricity grid in this country, he offered an alternative on hydro-relicensing instead. And so it—I think there is an issue of fairness here about saying when given the opportunity, our friends on the other side of the aisle did not offer reliability standards. Only this administration and the Republicans offered reliability guarantees in our legislation, which most of—or many of our colleagues on the other side opposed. So I didn't think it was really fair to just leave you hanging out there as the new member, perhaps, without that——

Secretary BODMAN. Thank you.

Mr. WALDEN. [continuing] history.

Secretary BODMAN. I appreciate your comment.

Mr. WALDEN. Now that I have come to your—rushed to your aid and your defense, you might imagine——

Secretary BODMAN. Now we are going to even it up.

Mr. WALDEN. Yeah, now I have got to even it up.

I want to just tell you that there have been some ideas that have come out from time to time over the years regarding power marketing authorities around the country, and obviously, representing one in the Northwest, the Bonneville Power Administration, you know, as I talked to you yesterday, that I have deep concerns about this proposal. Our delegation in the Northwest is pretty spirant. You have my colleague, Mr. Inslee, on the left. He would not object to that characterization. My colleague, Mr. Otter, on the right, he would not object to that description. And me somewhere here sitting between them. There are seldom things that actually——

Secretary BODMAN. Let me say, only the Northwest seems to be still here, other than the chairman.

Mr. WALDEN. And we are not leaving until we get this fixed.

Secretary BODMAN. No, I understand.

Mr. WALDEN. Seldom there are things that actually pull us together where there is no light between our shoulders, and this is one of those issues. And with all seriousness, Mr. Secretary, the notion that this administration is going to propose taking PMAs, wherever they are, in the Northwest, Southwest, to full market rates, is a notion that would spread economic devastation in our region. We already have the second—the highest unemployment rates in the Nation in Oregon and Washington. We are not booming out there attracting jobs. We are trying to hold on to the ones that we have.

Mr. Secretary, these dams that are really at the heart of the issue here with Bonneville, are not solely to produce power. They are multiple purpose. And I think you understand that, obviously, given your background. The 1980 Northwest Power Act dealt with some of these issues. And when it comes to fish credits, it said, you know, really about 73 percent of what happens at the dams is power, 27 percent is dealing with fish. And yet, I know coming out of the Office in Management of Budget, there is an issue about whether these fish credits amount to a subsidy. Do you think they amount to a subsidy?

Secretary BODMAN. I have never thought about it, and I would not want to make a quick——

Mr. WALDEN. Okay.

Secretary BODMAN. [continuing] response, but I don't know. I am unaware of the concept of a fish subsidy.

Mr. WALDEN. Okay.

Secretary BODMAN. I do know of the importance of fish. I do know if what——

Mr. WALDEN. Well——

Secretary BODMAN. I mean, in your region, I——

Mr. WALDEN. Right.

Secretary BODMAN. Not fish generally, but fish in your region, and I understand that, having dealt with that when I worked at the Commerce Department. So I am aware of that, but I am unaware of the economic——

Mr. WALDEN. The issue——

Secretary BODMAN. [continuing] concept of a fish subsidy.

Mr. WALDEN. It is alleged—I am trying to tell you it ain't so.

Secretary BODMAN. Okay.

Mr. WALDEN. And then——

Secretary BODMAN. I understand, but I have never heard that.

Mr. WALDEN. Well, and the argument that is made against us is that we get this fish credit of 27 percent. And the other argument is elsewhere in the country, the Fish and Wildlife Service takes money out of the treasury to pay for the kinds of things that ratepayers pay for in the Northwest when it comes to managing for a fish recovery and all. So that is an issue that I think is an important one to watch.

And when you look at the bonding authority, there is another part of the administration's proposal that is deeply concerning, and that is that we will treat any private entity lending that occurs in a leaseback at—against the treasury debt that Bonneville is given. As you know, a number of years ago, we ran into constraints of bottlenecks in the Northwest in the various planes to get power across to where it is needed. It is obvious as we see renewable energy coming online, one of the biggest challenges I face with all of the wind generation that is being built in my District, and it is some 400 megawatts that are—that is planned and under construction, is being able to connect. And so our delegations have worked together with the President directly and the administration to expand the bonding authority of Bonneville to build out the grid so we don't have the bottlenecks.

And so this proposal that is buried in the budget would basically diminish that bonding authority at a time when that is the last thing we need for a reliable and sufficient grid in the Northwest. So I draw your attention to that one as well. You are going to find a fight from some of us on this committee in the notion of going to the market-based rates, because we think we are paying our fair share, and perhaps more than our fair share and reaching back into the 1940's and 1950's to pay back bonds at a different interest rate when that issue was dealt with in both 1996 and elsewhere. We think it is unfair.

And so I know you are new to the job, but my job is to help provide my little share of education.

Secretary BODMAN. Thank you. I appreciate being educated. My position on this is that these proposals are meant to give the management of all of these authorities the flexibility to run their business and to do it in a fashion that is more business-like. That is the goal.

Mr. WALDEN. Yeah.

Secretary BODMAN. And there is no doubt that it will adversely impact to varying degrees, some, frankly, not very much, but I have no doubt other individuals will be affected much more. And so I think the $200 a year that was given before, I think that is on the high side, from what I know in having looked at it.

Mr. WALDEN. 20 percent a year is the cap.

Chairman BARTON. The gentleman's time——

Mr. WALDEN. Okay.

Chairman BARTON. [continuing] has expired.

Mr. WALDEN. Thank you, Mr. Secretary.

Secretary BODMAN. You bet.

Chairman BARTON. Mr. Inslee has been here the entire time. Mr. Rush just came in. I am going to recognize Mr. Inslee and then Mr. Otter and then let Mr. Rush be the clean-up hitter.

The gentleman from Washington, Mr. Inslee.

Mr. INSLEE. Thank you, Mr. Chairman. Rare freshman privileges. I appreciate that.

I won't—I can't mince words, Mr. Secretary——

Chairman BARTON. Did you give an opening statement? Do we give you 5 minutes?

Mr. INSLEE. I did not. No, I did not.

Chairman BARTON. Were you here and deferred?

Mr. INSLEE. I will let you be the judge of that, Mr. Chair.

Chairman BARTON. He was here. He was here and deferred, so you get 6 minutes.

Mr. INSLEE. Thank you, Mr. Chairman.

Given the gravity of this issue, I really can't mince words. Normally, I would like to be friendly and gracious when we start——

Secretary BODMAN. No.

Mr. INSLEE. [continuing] but let me just get right to the heart of this thing. This budget really does take two very damaging shots at the Pacific Northwest economy and environment. And Mr. Walden indicated that your efforts to stick Washington State ratepayers with a 20-percent rate increase is not only unfair, but it is illegal. We have dealt with this issue in 1992 when we passed a law that specifically made it illegal for the executive branch, I just want to make sure I give you right language, to conduct any studies relating or leading to the possibility of changing from the currently required at-cost to a market rate for BPA power. We dealt with this. We made it illegal even for the executives to study this issue. We were so adamant in the U.S. Congress. And yet we are here. We have the executive telling us that you are studying this issue and want to roll out this. You have got to understand, this is a 20-percent increase, at least. Your documents show $100 energy tax on my consumers who are trying to make their mortgage payments and keep their small businesses alive. It is $480 million a year in Washington and $2.5 billion over 3 years. It is a major economic tsunami for the State of Washington. And the reason you notice a little bit of ire in my voice is because in the last 2 years, this same administration that wants to put this energy tax on my consumers is the one that sat there on its hands and let Enron take us to the cleaners for $1.5 billion in the West Coast. We are already fragile. We have given 2 quarts of blood because this administration let Enron do this to us, and now you are back to the table with the second low blow.

So you will note a little vigor here that is going to come out, I think, on a bipartisan basis. Now this is a situation we have dealt with many times. We pay cost-based. We are not subsidized. We don't expect the libraries to make a profit and we don't expect the PMAs to make a profit.

So I guess the question I have for you is, is your effort to put this surcharge on the citizens of the State of Washington, is that because you want to soak them to pay for your fossil fuel subsidies

in your budget or you want to soak them to protect your tax cuts for people who are over $350,000 a year? Which is your motivation?

Secretary BODMAN. Thank you, sir, for your comments.

Excuse me. I am having trouble speaking.

Mr. INSLEE. Take your time, as long as it is off the clock.

Secretary BODMAN. The goal of these proposals, as I said, was to put these businesses on a more business-like basis. Electric energy that goes to your constituents, goes at a price that is viewed as being below market and is being subsidized by other taxpayers. And so this is a goal to try to equalize, if you will, the economic requirements that are placed on different taxpayers and to make it even. That is all there is to it.

Mr. INSLEE. I appreciate your answer. Let me just note that we pay our cost. That is an economic model. Congress has decided on it. And your current studies are illegal, according to this law. I hope that you will take a look at that and talk to your counsel.

The second issue, at Hanford, we have a million gallons leakage into the Columbia River, some day, potentially. We hope that doesn't happen. We are in the midst—we are in the middle of an effort to clean up the Hanford nuclear site. And despite that fact, you want to cut over $200 million from this budget. This is a huge problem. And we are very concerned, because while you want to take over $200 million out of the Hanford site, for some reason you only take $4 million out of the South Carolina site, which is interesting because South Carolina knuckled under to your request to leave all of this high-level nuclear waste in the tanks in Washington State just by reclassifying. Like, if you change "plutonium" and you rename it "milk," then it is benign. And that is what you wanted us to do, and we would not knuckle under to that. Now we find that you don't cut the Savannah budget, but you whack the heck of about 10 or 12 percent out of the Hanford budget. And then you, as Secretary of Energy, I think, and correct me if I am wrong, recorded as saying the reason is because of some of these legal difficulties or lawsuits or language to that effect. The legal difficulties is we simply want you to follow the law, and the law is that you remove this scum from these tanks. And you went over to the Senate the other day and said you were committed to that. Now I guess what I am trying to understand is how can you say you are committed to follow the law, then you try to use, the kindest language I can find is budgetary blackmail to whack our budget when we are simply trying to get you to follow the law. I just can't reconcile that. If you could help me, I would appreciate it.

Secretary BODMAN. I would be happy to try to help you, sir.

There are reductions in the budget for Hanford and the environmental cleanup of Hanford. I am getting all choked up. Excuse me.

Mr. INSLEE. My questions have that——

Secretary BODMAN. It must.

There are reasons for it. One is, in fact, that we are trying to put our money in those areas of cleanup where we have the possibility, probability of achieving the maximum success. There are legal entanglements that we have in dealing at Hanford. You are aware of that. And there has been litigation there. We believe we are following the law. I believe I am following the law. And I would not

state otherwise. And you and I apparently have a difference of view.

There is also a situation with respect to the vitrification plant, which is being constructed there, that they have recently discovered perhaps it should have occurred before, but they at least have identified it now, during the course of construction, potential seismic problems of the substructure that would support the foundation of this plant are more problematic. I think reasonably so, they have slowed down the construction of that vitrification plant, as they go through an evaluation on a unit by unit basis to make a determination is there enough margin for error built into the calculations for the foundations that would sustain it, given the changes in what they understood to be the seismic conditions. And so therefore, we can not spend money at the same rate that we had anticipated spending money and—during 2006 on the vitrification plant. And that is a meaningful factor in the reduction.

Third, we have actually completed some things that, therefore, there was to be overall a peak in 2005 in our environmental management account and that, to a degree, the fact that we have now moved all of the material from the single-wall tanks into double-wall tanks and that we have now emptied the basins the KBs, as I think they are called, and that all of that material has now been moved further away from the river to safer ground. So we now have completed some things and, therefore, we don't have to spend the money near-term in order to deal with that.

And so this is not a matter of blackmail. This is a matter of trying to make a responsible and reasoned judgment on where we can spend money and get results during that fiscal year.

Chairman BARTON. The gentleman's time has expired.

The gentleman from Idaho, and I believe it is 5 minutes, is that not correct?

Mr. OTTER. That is right, Mr. Chairman.

Chairman BARTON. The gentleman is recognized.

Mr. OTTER. Thank you, Mr. Chairman.

And once again, Mr. Secretary, welcome to the committee. I am going to move away from our power problems in the Pacific Northwest, because I think my two colleagues that just preceded me have pretty well set the tone, but I do want you to know that I want to associate myself with not only their questions but their frustrations and their hopes that we, perhaps, can get some things worked out.

But I want to, more specifically, talk about the Idaho National Laboratory. As you are aware, February 1 we got a new contractor. I believe that transition is just going great. The community has thrown their arms around that contractor and the contractor has done very much the same thing. Good corporate citizen. We are very proud of them, and very excited, with great expectations about the folks that now have that contract.

One of the things sort of holding up progress to date and now offering some anxiety is when are we going to get the new Idaho Cleanup Project contractor in place. At one time, we felt like that was going to come simultaneously with the new contractor to operate the laboratory. Now we are concerned that it has been pushed back. And I would just like to know if you can offer us—No. 1, any

kind of a certain date that we could look to. Is it beyond just March 15? Or No. 2, what is holding it up, and how can the Idaho delegation, which is very enthusiastic about getting this decision made, how can we help you go forward with that?

Secretary BODMAN. Well, we had committed to a March 15 date, and that is what I expect to be met.

Mr. OTTER. There is no reason to believe that you are going to have to go beyond that?

Secretary BODMAN. Not that I am aware of.

Mr. OTTER. Well, that is reassuring. And I appreciate that.

I also notice in your 2006 budget request, there is very healthy increased funding for research and development by the administration on the next generation of nuclear plant, which of course, we expect to be at the INL. And I believe in your Senate confirmation hearing, you expressed a great deal of support for that process going forward. Can you sort of explain to me the championship that you, yourself, and your Department will be able to offer with the administration for going forward with this process in proceeding with this new next-generation nuclear plant?

Secretary BODMAN. Yeah. First of all, just so the record is clear, when I went through confirmation in the Senate, I had not yet been through the whole delineation of the 2006 budget. Just so that that is clear. I was dealing with my own views and what I understood to be the views of the administration.

What is in the budget is a healthy research program that is intended to help the Department reach a conclusion as to what process is the best alternative for the next-generation nuclear plant. There are alternatives. We have talked to OMB about should we be seeking out some, you know, outside view to help us make sure that we make a good decision. And so it is hard for me to give you any date on this other than we are going to be working through 2006 on helping to make a process determination.

I expect to be an energetic advocate, no pun intended, in dealing with other members of the administration, including OMB, on matters related to basic science and engineering processes. And we have got a lot of those. And we are trying to put our money in the best possible place, and I will be very eager to participate in helping make those judgments.

Mr. OTTER. Thank you, Mr. Secretary. Thank you, Mr. Chairman. I yield back.

Chairman BARTON. Thank you, Mr. Otter.

The gentleman from Chicago, Mr. Rush, is recognized for 5 minutes.

Mr. RUSH. Thank you, Mr. Chairman, and thank you, Mr. Secretary, for——

Chairman BARTON. Is it 5 or 6? I should know.

Mr. RUSH. No, you—Mr. Chairman, you make no mistakes. I noted you said 6, so I will just take the 6. Thank you so much.

Chairman BARTON. You have got it.

Mr. RUSH. Mr. Secretary, I know you have been here for quite a while, and I am going to be brief with my questions.

And I really want to readdress an issue that I understand you discussed earlier, and that was the LIHEAP budget for this fiscal year. As you know, LIHEAP is essential to my area, my District,

Illinois and Michigan, the cold weather States, and also some of the southern States, also. And Chicago, as you know, I am not sure if you have had the experience of Chicago winter——

Secretary BODMAN. I grew up there, sir.

Mr. RUSH. You grew up in Chicago? Oh, so you know exactly what I am talking about. We have got a lot in common.

The President's budget called for $182 million cut in LIHEAP for this fiscal year, and are—we are trying to determine where this cut came from, where this amount came from. We have been fighting for—since I have been here, to increase LIHEAP, and I am really disturbed that we are looking at this type of gargantuan cut in LIHEAP. And my—HHS has informed my staff that the rationale behind this cut is that DOE has advised HHS that the fuel prices will be lower this year. And I am trying to—are they passing the buck? I hope they are, especially to a fellow Chicagoan. Are they trying to pass the buck to you, or did your—did DOE actually report that to the President?

Secretary BODMAN. I can't imagine that that would be the case, sir. So I don't know what forecasts we did or didn't make, but the judgments that were made on this were ones of trying to do the best that we could given very difficult budget circumstances. I can't say anything more than that, but it was not driven by any forecast on this Department's part that energy prices were going to be lower.

Mr. RUSH. Well, how will these cuts, these projections, how are they going to affect those who—and what kind of remedies do you have for those who are dependent upon LIHEAP funds to warm themselves in the severe winter cold?

Secretary BODMAN. I don't have an answer for that, sir.

Mr. RUSH. So am I correct in stating that—or in my assessment that you are in support of the cuts for LIHEAP for this year?

Secretary BODMAN. This administration has tried to make a lot of very tough—I think you missed the first part of this, sir, and I have been queried at some length about any number of cuts that have been made. And a substantial number of cuts have been made in a variety of programs. Some have been zeroed out in their entirety, and they have been made with the focus on the war on terror, the focus on homeland security. That is where the emphasis has been. And the balance of our programs have dealt with significant reductions. And that is what I am dealing with.

Mr. RUSH. Well, how do they reconcile—or is there any reconciliation between the—what the bill calls for, it calls for $3.4 billion in LIHEAP funding, and this is $1.4 billion more than what the President's budget calls for, how do you reconcile their differences between the two budgets?

Secretary BODMAN. Well, I can't reconcile anything on LIHEAP. This isn't our program. This is the HHS program. And you know, whatever they did, they did, but I can not imagine that they were doing it because we were forecasting a 50-percent reduction in energy costs. I would like to know where the forecast came from. I don't remember seeing anything even remotely related to that that came out of this Department.

Mr. RUSH. Okay. Last, I just wanted to say that, as you are aware, I am sure you are keenly aware of this, there are literally

millions of Americans who, without LIHEAP funding, will really just be out in the cold. And I understand the demands and the strains and the stresses on the budget and the competing interests, but I would like to be comforted by the thought that the Secretary of Energy would be a strong, strong, very aggressive advocate for the LIHEAP program, because it is a program that, clearly, in a lot of instances, the difference between life and death for a significant number of the American population that—can you assure me that you will be that kind of Secretary?

Secretary BODMAN. I can certainly assure you, sir, that I would feel a great compassion for those who are dealing with cold weather and don't have enough heat. I would certainly tell you, sir, that one of my responsibilities is to work hard to find a reasonable energy program in this country that can remove our dependency on foreign sources of energy, put us in a more self-reliant position, and thereby, hopefully, over time, reduce our energy costs.

But it will be very expensive and long-term to accomplish. And we are going to work hard at it.

Mr. RUSH. Thank you very much. And thank you, Mr. Chairman, for your consideration.

Chairman BARTON. The gentleman's time has expired.

This is our last questioner, and we have 10 minutes left in the vote, so I am going to recognize Mr. Murphy. He has 6 minutes. I hope he will yield some of it back. And I would encourage the Secretary to make his answers shorter, rather than longer, and so we can adjourn this hearing and not have to come back in 30 minutes.

The gentleman from Pennsylvania is recognized for 6 minutes.

Mr. MURPHY. Thank you, Mr. Chairman. I only have two questions here, and I recognize that the Secretary has only been on the job for 7 days, and yet, if we look at the amount of experience you have gained just during this hearing, I think you have had a 5-percent increase in learning. And so I can ask you the tougher questions here.

Basically—I mean, I applaud the agency's efforts to cut down spending. I think that is a commendable goal, but I am really bothered by the cuts in coal research. By my count, in the 2006 budget, the request is 80 percent less than the 2005 budget for this program and 90 percent less for FutureGen alone. Natural gas prices have risen to over $6, which is decimating our manufacturing and chemical industry of this Nation, while coal plants also try and convert to natural gas energy. At the same time, the United States has about a 300-year supply of coal. So the answer to many of our energy problems is underneath us. Half of all electricity is produced by coal. Pennsylvania, Indiana, and Illinois tie for 23 coal-fired power plants each. At the time when we need to continue to aggressively push for developing methods to burn coal in an environmentally sensitive way, I don't understand why the Department of Energy is reducing its funding request for the Coal Research Initiative drastically and to be cutting things that might help us with clean coal technology. And if that is not something that you are equipped to answer now, I would be happy to have you submit that to the chairman for the future.

Secretary BODMAN. Yeah, I would be happy to get you a more complete answer.

[The following was received for the record:]

The President's fiscal year funding request for the overall coal budget is at $351 million which is the same as the enacted level of $351 million for fiscal year 2005. Within that fiscal year 2006 budget request the President's request for the coal research initiative is $286 million and is up from the enacted level of $272.8 million for fiscal year 2005. Within the coal research initiative, the budget request for the clean coal power initiative is $50 million, roughly the same as the enacted level for fiscal year 2005.

Secretary BODMAN. It is my view that we are not reducing our efforts in terms of coal and coal technology, and——

Mr. MURPHY. The clean coal technology?

Secretary BODMAN. The clean coal technology. I have no——

Mr. MURPHY. I would appreciate you clarifying that, because the way the budget looks, it is—the second thing is in the comprehensive energy legislation and the 2006 DOE budget, they move the country closer to energy independence in the long run, and that is what we need to be doing, but according to the EIA, natural gas demand will increase 3.3 percent in the next 2 years while domestic production will only increase 1.1 percent. What is the Department of Energy doing in the near term to try and address some of these skyrocketing energy costs with natural gas?

Secretary BODMAN. Well, first of all, fixing the energy prices of this country has taken many years to evolve, and it is going to take many years to resolve. So that is the first thing.

The second thing, and I think the thing that has the greatest likelihood in terms of natural gas, specifically, which is what I think you asked about, is the effort on clear skies. And the effort on clear skies is to basically set the ground rules such that over a period of 15 years, or 13 years from now until 2018, that we could find a way of setting a standard for the removal of NO_X, SO_X, and mercury from coal and that then the people operating these companies would know what the problems are and what the rules are. And therefore this, I think, should stimulate increased use of coal and I think would be helpful in removing the pressure on natural gas, which is now the choice of those who are building the plants.

Mr. MURPHY. I agree with that goal, and I look forward to us working together to make that happen.

And Mr. Chairman, with that, I yield back the balance of my time.

Chairman BARTON. Thank you.

The gentleman yields back the balance of his time. The Chair will keep the record open for a number of days for those members that wish to submit questions for the record to the Secretary. And the Chair would indicate that members that wish to do that have to submit the questions to the chairman so we can submit them to the Secretary.

Mr. Secretary, we appreciate your time. We appreciate your willingness to come before us on such an early date as part of your secretary-ship. And we look forward to working with you. We will have a hearing tomorrow. Chairman Hall's subcommittee will hold the first of 2 days of hearings on the Energy Policy Act of 2005.

And this hearing is adjourned.

[Whereupon, at 5:02 p.m., the committee was adjourned.]

[Additional material submitted for the record follows:]

RESPONSE FOR THE RECORD BY HON. SAMUEL W. BODMAN

QUESTIONS FROM REPRESENTATIVE WHITFIELD

Uranium

Section 630 of Chairman Barton's discussion draft allows the Federal government to sell or transfer uranium in any form to third parties. I am concerned this could include enriched uranium, which would have an adverse impact on the domestic uranium market. Also these sales or transfers appear to be exempt from the requirement that a determination must first be made that it would not have an adverse impact on the market. This would have an impact on the current domestic market, and on the funding for future enrichment technology.

Q1. What thought was given to the impact of these sales on the U.S. enrichment industry?

A1. The Department has not seen a report or justification on the aforementioned discussion draft and therefore is unable to comment on the rationale used to create it.

Q2. Why is there no requirement or a secretarial determination of no adverse market consequences in every case before the government makes such sales?

A2. Under current law, the Secretary must make a determination of no material adverse impact on sales of the Department's surplus uranium inventories unless specifically exempted. Because the Department has not seen a report or justification on the aforementioned discussion draft we are unable to comment on the rationale used to create it.

Q3. An easy way to correct this flaw is to limit the transfers to natural uranium. Is that feasible?

A3. Having not seen a report or justification on the aforementioned discussion draft, we are unable to comment on its strengths and/or weaknesses. However, the Department will continue to work closely with Congress and industry on the transfer or sales of the DOE's surplus uranium inventories to avoid or mitigate impacts to the Nation's commercial nuclear fuel industries.

QUESTIONS FROM REPRESENTATIVE WAXMAN

Q1. During your testimony, you cited your recent appointment and declined to take a position on whether you agreed with the Energy Information Administration's (EIA) analysis on the H.R. 6 conference report.[1] Please answer the following questions:

a) EIA projects a constantly increasing need for imported oil for as long as it projects into the future (2025). Do you dispute this projected trend? If so, please provide the analytic basis for your position.

b) EIA projects that if the H.R. 6 conference report were to be enacted "on a fuel-specific basis, change to production, consumption, imports and prices are negligible." Do you dispute this projection? If so, please provide the analytic basis for your position.

c) EIA found that "there were no significant impacts on future sales of hybrid or fuel cell vehicles" if the energy bill were to be enacted. Do you dispute this finding? If so, please provide the analytic basis for your position.

A1a. EIA has long projected rising oil imports as the United States is a mature oil province. U.S. oil production peaked in 1970 and has generally declined since then, while U.S. demand for petroleum products has risen fairly steadily since 1983. From the early days of 2001, this Administration has worked to offset the rise in oil imports in the short, medium and long term. In the short run, the Administration has taken action to increase domestic production and improve energy efficiency. For example, President Bush issued Executive Order 13212 on May 18, 2001, directing Federal agencies to take appropriate actions, to the extent consistent with applicable law, to expedite projects that will increase the production, transmission, or conservation of energy. In the medium term, the Administration has consistently and vigorously pressed the Congress to allow for the exploration and development of domestic resources within the Arctic National Wildlife Refuge. The volume of oil projected to be there could directly offset an equal amount of America's foreign oil imports. And in the longer term the Administration's Hydrogen Fuel Initiative has the potential to dramatically reduce our future need for oil. Hydrogen and fuel cells have the potential to solve several major challenges facing America today: dependence on petroleum imports, poor air quality, and greenhouse gas emissions. President Bush released his proposed federal budget for fiscal year 2006 on February 7th,

[1] http://www.eia.doe.gov/oiaf/servicerpt/pceb/index.html

and despite tight constraints on discretionary spending, the budget includes $260 million for the Hydrogen Fuel Initiative, an increase of $35 million over 2005 funding levels.

A1b. We do not dispute EIA's analysis of the H.R. 6 legislation. However, I would like to add that not all of the President's National Energy Policy (NEP) recommendations were included in last years' H.R. 6 conference report and therefore not included in the EIA analysis. Unfortunately, some NEP recommendations, such as opening a small portion of Alaska's coastal plain to environmentally responsible oil and gas exploration and development, were not part of the H.R. 6 conference report although we commend the House for including those provisions in the version of H.R. 6 that it passed in 2003. Foregoing environmentally responsible development of our nation's resources hampers our ability to develop America's domestic energy resources, and will only contribute to our continued reliance on insecure foreign sources of energy.

The Administration believes that the passage of energy legislation, coupled with the implementation of the recommendations of the NEP by the Executive Branch, will provide balanced long-term measures to address the domestic energy situation. We are pleased that many NEP recommendations requiring Congressional action are likely to be included in energy legislation currently being written in Congress. For instance, provisions promoting greater energy efficiency and increased emphasis on energy technologies are in the NEP and should be part of any energy bill. Implementation of such approaches would help make transportation fuels more affordable.

A1c. The EIA analysis on the H.R. 6 conference report did not show any significant impacts on the sales of hybrid or fuel cell vehicles and we do not dispute this finding. The H.R. 6 conference report in the 108th Congress included tax incentives for advanced technology vehicles, but, according to the EIA analysis, it appears these incentives would not spur increased sales of hybrid vehicles. The tax provisions would limit credits to 80,000 vehicles per manufacturer. It appears that EIA estimated that consumer demand as well as state requirements or incentives (e.g. California Zero Emission Vehicle program, Virginia's rule allowing single occupant hybrids to use HOV lanes and others) are likely to cause sales in excess of these manufacturer limits. We look forward to working with Congress to ensure that any energy efficient vehicle technology tax incentives are effective in increasing market penetration to help reduce petroleum demand and oil imports.

Q2. Texas energy investor T. Boone Pickens recently said the following in an interview with Forbes:

> "I will say this. We'll come out of Iraq with a call on that oil in some fashion or another. And we should. For what we paid in Iraq we should get a call on it. But I don't know who would contest that . . . We're entitled to come out of there with a call on that oil."

Please provide the Administration's position on this issue. Is it the Administration's position that we are "entitled" to a call on Iraqi oil?

A2. Iraq is now a sovereign nation, and it is for the Iraqis to determine the framework for their commercial interaction with other nations; the United States fully respects that sovereignty, and welcomes the people of Iraq into the global economy.

QUESTIONS FROM REPRESENTATIVE MARKEY

Energy Independence

Q1. On February 8, the President delivered a speech in Detroit in which he said, "For the sake of the economy, and for the sake of national security, Congress needs to pass an energy plan and get it to my desk as soon as possible, so we can become less reliant on foreign sources of energy." But an analysis of the 2003 H.R. 6 energy bill conference report by your Department's Energy Information Administration has concluded last year that enactment of the bill the President was talking about would have a "negligible" impact on energy imports, and that under this bill America's dependence on imported oil would actually increase by 85% between now and 2025. In testimony before this Committee last year, your predecessor, Secretary Abraham, said, "I do not dispute the EIA analyses." Do you agree with the Energy Information Administration that enactment of the H.R. 6 conference report would increase oil imports by 85%, and that the bill would have a "negligible" impact on energy imports?

a) If you agree, don't we need to go back and fix this bill so that it actually reduces our dependence on imported oil by making American cars and SUV's more energy efficient—since two-thirds of the oil we consume goes into gasoline tanks?
b) If you disagree, tell me what EIA and Secretary Abraham got wrong in their analysis of the impact of this bill on oil dependency?

c) According to your agency's Energy Information Administration, in 2025, about the time the Arctic Refuge would be peaking in production, we would be 66% dependent on foreign oil. You also claim that drilling in the Arctic would increase domestic oil production by 20%. But isn't it true that in 2002, imported oil represented only 53% of our petroleum consumption. So, even with drilling in the Arctic Refuge—as you recommend—we would still be even more dependent on imported oil than we are today—isn't that right?

A1. a, b) The National Energy Policy recommended that the Department of Transportation (DOT) review and make recommendations to increase efficiency through Corporate Average Fuel Economy (CAFE) standards, based on sound science.

In 2003 DOT promulgated a rulemaking to increase light truck fuel economy; these were the first changes in fuel economy standards in many years, and included significant increases in the light truck standard. We believe this is a good first step in addressing our Nation's increasing demand for oil. But this is not the Administration's only near term action to address petroleum consumption. DOT will soon make a rulemaking decision on possible reforms to the CAFE system that could facilitate further improvements in fuel economy without compromising safety or jobs. Additionally, DOT will issue new light truck standards for Model Year 2008 and possibly beyond by April of 2006.

In the longer term we believe our FreedomCAR, FutureGen, and Hydrogen Fuel initiatives will fundamentally change the way we look at transportation, oil use and the environment, by developing an integrated system using hydrogen from domestic sources that produces no emissions of greenhouse gases or air pollutants.

c) EIA has long projected rising oil imports as the United States is a mature oil province. U.S. oil production peaked in 1970 and has generally declined since then, while U.S. demand for petroleum products has risen fairly steadily since 1983. From the early days of 2001, this Administration has worked to offset the rise in oil imports in the short, medium and long term. In the short term, the Administration has taken action to increase domestic production and improve energy efficiency. For example, President Bush issued Executive Order 13212 on May 18, 2001, directing Federal agencies to take appropriate actions, to the extent consistent with applicable law, to expedite projects that will increase the production, transmission, or conservation of energy. In the medium term, the Administration has consistently and vigorously pressed the Congress to allow for exploration and development of domestic oil resources within the Arctic National Wildlife Refuge. The volume of oil thought to be there could directly offset an equal amount of America's foreign oil imports. And in the longer term, among other things, there is the Administration's Hydrogen Fuel Initiative has the potential to dramatically reduce our future need for oil. Hydrogen and fuel cells have the potential to solve several major challenges facing America today: dependence on petroleum imports, poor air quality, and greenhouse gas emissions. President Bush released his proposed federal budget for fiscal year 2006 on February 7th, and despite tight constraints on discretionary spending, the budget includes $260 million for the Hydrogen Fuel Initiative, an increase of $35 million over 2005 funding levels.

The Administration believes that the passage of energy legislation, coupled with the implementation of the recommendations of the President's National Energy Policy (NEP) by the Executive Branch, will provide balanced long-term measures to address the domestic energy situation. We are pleased that many NEP recommendations requiring Congressional action are likely to be included in energy legislation currently being written in Congress. For instance, provisions promoting greater energy efficiency and increased emphasis on energy technologies are in the NEP and should be part of any energy bill. Implementation of such approaches would help make transportation fuels more affordable.

Q2. A January 22, 2005 article in the Washington Post reported that the Department of Energy has been up to 13 years late in initiating or completing rulemakings on energy efficiency standards for various appliances. According to the Post article, between 17 and 22 legally mandated DOE efficiency standards are overdue. These standards reportedly would, if adopted, save enough electricity to meet the needs of 5.6 million typical U.S. households annually beginning in 2030. The annual natural gas savings from the furnace standards reportedly would be enough to heat 3.8 million typical American homes beginning in 2030. In light of those prospective energy savings, why has the Department failed to meet these deadlines? What are you going to do to get the Department's standards-setting program back on track?

A2. The delays experienced in the completion of the Department's priority efficiency standards rulemakings are of concern to me. They have been caused by a number of factors, including the many complex analyses required by the governing statutes and DOE's commitment to involve stakeholders during all stages of the standards development process. I have directed that we accelerate those parts of the

standards-setting process that are within our control. The Department takes its rulemaking responsibilities seriously, and we will work to accelerate the standards setting process.

DOE Correspondence

Q1. On May 11, 2004, then-Deputy Secretary McSlarrow testified in front of the Oversight and Investigations Subcommittee. I have yet to receive a response to the post-hearing questions I posed to him. When can I expect the response to arrive?

A1. The answers to the questions from the May 11, 2004 hearing are being prepared by DOE. We expect to provide them to the Committee by the end of June, 2005.

DOE Security

Q1. One of the initiatives recently announced by DOE was to create a disk-free computer environment to protect classified information. The Clinton Administration made this very same announcement in 1999. In fact, on May 5, 1999, then-Los Alamos lab Director John Browne testified at a hearing of the Senate Energy and Natural Resources Committee (see http://www.lanl.gov/orgs/pa/News/Browne Testimony050599.html). In his testimony, he stated that the lab was "modifying classified computer systems and procedures to prevent unauthorized or inadvertent transfer of information from classified computers to unclassified computers by the transfer of information by removable media (tapes, disks, etc)."

a) Why wasn't the Clinton Administration initiative ever implemented?
b) Why don't the same factors described in your response to factors that apparently prevented this initiative from being implemented previously apply now?
c) My understanding is that DOE is in the process of developing technology requirements and standards for moving to a disk-free environment. When will this be complete, and how long after that will procurement of the appropriate technologies take place?

A1. (a) and (b) The Clinton Administration initiative has been implemented throughout NNSA to the extent permitted by available information technology. Substantial numbers of NNSA classified computer systems have been modified to prevent unauthorized use of removable media. Unfortunately, the National Laboratories have discovered that some of the national security mission activities require very fast computing performance and input/output. These mission requirements could not be achieved with the information technologies available when the Clinton Administration initiative was being implemented.

Collaboration between the National Laboratories and information technology suppliers will be necessary to develop the high performance desktop solutions to meet the national security mission requirements while preventing unauthorized use of removable media. The current initiative will support the development and deployment of high performance classified desktops to convert the systems that could not be modified during the Clinton Administration initiative.

A1. (c) On July 21, 2004, the Deputy Secretary of Energy tasked the Department CIO as the lead for developing recommendations for resolving security problems associated with the inappropriate handling of classified removable electronic media (CREM). A "tiger team" comprised of personnel from the OCIO, NNSA, and the Office of Security and Safety Performance Assurance, was formed with the overall objective of addressing the option of diskless workstations.

On January 31, 2004, the Deputy Secretary accepted the recommendation of the tiger team and approved the establishment of an enterprise-wide CREM task force within the NNSA to be overseen by an executive steering committee chaired by the DOE Chief Information Officer.

On March 11, 2005 the Task Force Office was officially stood up. Patrick Edgerton from the National Nuclear Security Administration (NNSA) assumed responsibility as acting Task Force Manager and Carlos Segarra from the DOE Office of the Chief Information Officer (DOE CIO) as acting Task Force Deputy Manager. Both managers have extensive experience within DOE and excellent records as project managers. The task force will reside within the NNSA Office of the Chief Information Officer.

The newly formed task force will have responsibility for managing, coordinating and expediting the conversion of the Department's classified computing operations to a "CREM-less" architecture. It is anticipated they will develop a diskless workstation solution for Departmental workstations used to process classified data. They will define diskless workstation standards and support acceleration of conversion to the standards across the Department of Energy (DOE) including the National Nuclear Security Administration (NNSA) with the objective to reduce or eliminate Classified Removable Electronic Media (CREM) to prevent security

incidences. The task force will also monitor and report on deployment progress. Each DOE agency is responsible for the actual deployment of the diskless workstations provided by the DWPO within their agency. The completion criteria for the project are that the diskless workstations are fully deployed throughout DOE. The conversion is to be completed by September 30, 2007.

Q2. One of the initiatives recently announced by DOE is to shut down the Sandia Pulse reactor in the next three years. My understanding is that all that is required is to move the fuel from New Mexico to Nevada, and the reactor itself is rarely used. Why will this take so long?

A2. The Sandia Pulsed Reactor (SPR) is used to test nuclear weapon components before they are certified for use in the stockpile. The reactor is operated on a campaign basis that depends on the schedule for developing replacement weapon components. A critical programmatic need for SPR testing is for the W76-1 Life Extension Program (LEP). The SPR will be used to evaluate commercially available electronics that are not specifically designed and manufactured to withstand radiation environments for potential use in the W76-1 LEP. The alternative is to use more costly radiation hardened components.

The SPR fuel is made of highly enriched uranium (HEU). Consistent with our objective of managing special nuclear materials to minimize the need for special security provisions, Sandia has disassembled the SPR HEU reactor core and placed it in special protected storage until the latest possible date to support the W76-1 LEP.

The current baseline plan calls for reassembly of SPR in June of FY 2005. This schedule is contingent upon safety documents being developed and approved. The experimental plan includes both the W76-1 stockpile testing and experiments to demonstrate the performance of the new technologies that would eliminate future needs for SPR. On this timeline, SPR operations will cease at the end of FY 2006. After a required short cool-down period, the reactor material will be returned to a secure storage condition. No final decisions regarding the ultimate disposition of the irradiated SPR fuel have been made at this time.

For the future, Sandia is developing materials and components for nuclear weapons that are less sensitive to neutron damage than those available today. If successful, the performance of future replacement components that are built with these technologies will be assessed without the need for SPR.

DOE Security (Protective Force)

Q3(a). One of the initiatives recently announced by DOE is a study of whether the guard force should be federalized. It has been 3.5 years since September 11—why hasn't this matter already been studied?

A3(a). The question has been studied periodically over the years, but never with the perspective of September 11. There was an inevitable delay after that terrorist attack while immediate concerns regarding the need for heightened security were addressed. In many cases, the extreme strain placed upon site protective forces in meeting the requirements of heightened security—including dramatic increases in protective force overtime, new protective force configurations, and immediate demands for hiring and training additional protective force members—constrained the analysis, training, and overall management assets of site protective forces to focus on those short term issues. Also, the dimensions of the threat emerged slowly over the latter part of 2001 and early 2002, due to real time demands on the nation's intelligence assets.

Beginning in December 2001 and continuing for some months, DOE conducted a number of unconstrained, highly detailed tabletop exercises to determine how well sites could protect against larger adversary threat groups. DOE sites began to implement security upgrades supported by these tabletop exercises as soon as each site's exercise was concluded. As the results of these exercises and force-on-force testing against enhanced threats became available, the form of the revised DOE Design Basis Threat also began to solidify. These early results indicated that, in addition to increasing the size of DOE protective forces, revisions in equipment, training, and doctrine would also be necessary to meet the emerging threats. In the spring of 2003, the Office of Independent Oversight and Performance Assurance began an overall review of DOE protective forces to determine exactly what changes were necessary. Final results of this review were published on July 15, 2004. Based on these results, site-specific corrective actions are in progress to address noted concerns in the areas of training, equipment, and performance testing. The results were also used as a basis for the review of the protective force that was conducted as a result of the Secretarial Security Initiative announced in May 2004 (see part b of the answer).

Q3(b). Please describe the planned study as well as the timeframe associated with it. What factors will DOE be considering? With whom will DOE be consulting?

A3(b). In May 2004, DOE called for the transformation of existing protective forces into elite units, capable of performing their national security missions at a level of effectiveness comparable to the nation's elite military units. Since then, the Department has identified a set of recommendations that, if enacted, would bring about this transformation in quality and performance. These recommendations range across every aspect of protective force performance, and include revisions to policy, increased physical standards, more rigorous training and performance testing, and improved weapons and equipment. The recommendations also include a detailed re-examination of the organizational basis for these forces, in order to allow for the kind of changes in physical performance, age restrictions (and retirement options), and related measures that are necessary to sustain "elite" performance over the long term.

DOE consulted experienced Federal and contractor protective force managers, Federal and contractor safeguards and security directors, selected members of DOE protective forces, and appropriate DOD commands to inform the final strategy recommendations.

The initial actions of defining mission requirements and standards were completed by August 15, 2004. On January 4, 2005, recommendations for an overall strategy to create an elite protective force were approved by the Administrator, NNSA and the Director, Office of Security and Safety Performance Assurance. Efforts are now in progress to implement those actions that could be initiated within the current force structure.

Q4. One of the initiatives announced is a study of whether plutonium and highly enriched uranium can be permanently removed from Lawrence Livermore National Laboratory (LLNL). Another was a plan to remove all the Category I and II nuclear materials from TA-18 at Los Alamos because it can't be secured there. It is also my understanding that DOE is conducting a survey of all the weapons-usable materials in the complex to determine whether some could be consolidated to reduce the number of sites at which the materials are located.

(a) It has been 3.5 years since September 11—why haven't this and other special nuclear material consolidation possibilities already been studied?

(b) When will the consolidation assessment be complete? How long after that will it take to complete the planned consolidation of materials?

(c) On April 9, 2004, Dr. Everet Beckner of NNSA wrote a document that stated that only 50% of the material at TA-18 would be moved during an 18-month period. Is that an accurate statement? If not, why did he make it?

(d) Some within DOE have stated that the plutonium and highly enriched uranium must remain at LLNL because scientists are using it. Couldn't both the material and experimental equipment be transported to Nevada and have the scientists travel to Nevada to conduct their experiments? If not, why not? How frequently are experiments conducted on this material? In a separate Congressional hearing, DOE/NNSA Administrator Linton Brooks stated that moving this material would "preclude our carrying out our stockpile stewardship assessments, and that's because while we can move the material someplace else, we can't move the research capabilities and processes that exist at Livermore." Do you agree with Administrator Brooks' statement? Why or why not?

A4(a). Special nuclear materials are secure today. Consolidation is under continuous study within the Department to determine whether materials could be made even more secure. Following September 11, the Combating Terrorism Task Force was formed and one topic the Task Force addressed was materials consolidation. Several of the recommendations from the Task Force were implemented by consolidating materials within sites to increase their security. Recognizing that more could be done, the former Secretary included materials consolidation as one of the 2004 Secretarial Initiatives and Management Challenges. As a result of that effort, the Nuclear Materials Disposition and Consolidation Coordination Committee was established. The Committee has the responsibility and authority to perform cross-cutting nuclear materials disposition and consolidation planning with an emphasis on increasing security for our nuclear material assets while reducing overall security costs and identifying paths for disposition, as appropriate.

In addition to the TA-18 example noted in the question, there are other significant examples of materials consolidation. A number of projects to close sites were accelerated more quickly than previously thought possible. Examples include the Rocky Flats Environmental Technology Site, Fernald, K-25, and others. There are a number of other facilities that will be de-inventoried soon in preparation for decontamination and decommissioning. These include the F canyon at Savannah River, Building 3019 at Oak Ridge National Laboratory, the 100K basins, the Fast Flux Test Facility, and the Plutonium Finishing Plant at Hanford.

The construction of the Highly Enriched Uranium Materials Facility at the Y-12 National Security Complex has been initiated. In addition to providing enhanced protection for the materials within the HEU Materials Facility, completion of this building will allow us to perform an extensive on-site consolidation of the HEU stored at Y-12.

A4(b). The Coordination Committee identified above is responsible for developing and implementing a Strategic Plan that will encompass both disposition paths and consolidation opportunities. The Strategic Plan is anticipated to be completed within six months; however, it should be noted that materials consolidation is a dynamic process and will be continually reviewed as programmatic needs for nuclear materials evolve. There is not a simple answer for the length of time required to complete the materials consolidation activities identified by the Coordination Committee. Timing will be dependent upon a myriad of challenges associated with materials consolidation. Materials consolidation requires highly specialized characterization, packaging, and transportation for the materials to their final destination. For the most part, the same characterization activities, containers, and transportation capabilities required for materials consolidation are also required for carrying out the Department's defense and naval propulsion missions. The Department needs to balance these priorities with the available resources. Those are just some of the internal challenges. There are also challenges with materials consolidation that are external to the Department. However, it is in the best interest of the Department to actively pursue materials consolidation opportunities and with the necessary infrastructure now in place, I am confident the Department will be able to continue making significant accomplishments in this area.

A4(c). The removal of nuclear materials from Technical Area (TA)-18 at Los Alamos National Laboratory (LANL) is a Secretarial Security Initiative. On March 31, 2004, NNSA announced it would accelerate movement of TA-18 programmatic nuclear material to the Device Assembly Facility (DAF) at the Nevada Test Site. The goal was to move approximately 50% of the programmatic nuclear material from TA-18 to DAF by March 2006.

In October 2004, NNSA completed a closure plan for TA-18 that projected all sensitive nuclear materials will be out of the facility by September 2005. This plan includes both moving material to DAF plus moving material into interim storage at LANL's TA-55 in order to meet this date. NNSA still maintains an interim goal to have at least 50% of the programmatic nuclear materials to DAF by March 2006 with the remaining programmatic material shipments completed by September 2007.

Surplus nuclear material shipments will continue to other sites through March 2008. Some of the nuclear materials require additional transportation container analyses, processing, or new containers for off-site shipment. These nuclear materials will go into secure, interim storage at LANL's TA-55 until certified containers are available for off-site transport. A small amount of low sensitivity nuclear material will remain at TA-18 until the site closes, now planned for the end of Fiscal Year 2008.

A4(d). Lawrence Livermore National Laboratory (LLNL) has a plutonium research facility (Building 332) where researchers work daily with plutonium to support stockpile stewardship activities. This work is essential to surveillance of the existing stockpile and also supports the development of technology that will enhance the cost-effectiveness and environmental compliance of any future pit manufacturing facility. The cost to replicate the LLNL facility capabilities at the Nevada Test Site would far exceed the benefits of such a move and separating researchers from laboratory work would be counterproductive.

Q5. One of the initiatives recently announced by DOE was an expedited schedule for constructing the Highly-Enriched Uranium Materials Facility at Y-12 at Oak Ridge, Tennessee. The current contractor, BWXT, altered its plans to build an underground bermed facility covered by earth on 3 of its sides and now wants to build an aboveground facility. The DOE Inspector General (IG) concluded in March 2004 that such a facility would be less secure and more expensive.

(a) Why was the design for this facility changed?
(b) Do you agree or disagree with the DOE IG's conclusion that the new design would be less secure and more expensive? If you agree, than why are you allowing this design to proceed? If you disagree, please explain.
(c) Has BWXT chosen contractors to construct the facility? If so please list them.

A5(a). NNSA approved replacing the original design because after careful and detailed review NNSA concluded that the current design is a better value to the government than the original design. The current design creates this value through a significantly greater ability to adapt to the evolving modern terrorist threat than the original design and through lower life cycle costs than the original design.

A5(b). NNSA agreed with the DOE IG's recommendation to update the cost and schedule assumptions and to reevaluate the decision to use the current design. The DOE IG agreed with NNSA's intended response to the recommendation, advising the Secretary on March 19, 2004, that, "A comprehensive life-cycle review, such as the one management has committed to undertake, will provide the data to resolve all questions as to the cost-benefit of the current uranium storage facility design, specifically in comparison with the original design." The NNSA's review developed information not available at the time the IG prepared its report and drew its conclusions. That new information validates NNSA's decision to use the current design.

A5(c). On August 26, 2004, BWXT Y-12 awarded the construction subcontract to Caddell/Blaine Joint Venture, a team of two well-established firms—Caddell Construction Company, Inc. of Montgomery, Alabama and Blaine Construction Corporation of Knoxville, Tennessee.

On Wackenhut Corporation

Q1. In September 2004, a disastrous force-on-force exercise was held at the Oak Ridge National Laboratory. According to press reports, a mock attack force began a security drill, only to be confronted by armed Wackenhut guards who did not know a drill was taking place. Thankfully, no one was shot at—but the outcome could have been a tragic one.

(a) How did this mix-up occur?
(b) What actions has DOE taken to ensure that nothing like this occurs again?
(c) The New York Times reported that guards involved in this incident were told they could be fired if they told anyone about it. Would DOE support the dismissal of any personnel who reported serious flaws in a force-on-force exercise?
(d) The New York Times article also reported that even after this disaster, guards at Oak Ridge were found to be using live ammunition when practicing discharging and reloading their weapons even though they were supposed to be using blanks. What has the Department done to address this problem?
(e) There was also a recent failure in a force-on-force test at the Nevada Test Site—a site Wackenhut also guards. Please describe this incident. What corrective actions have been taken to address the deficiencies highlighted by the failure?

A1(a). The September 2004 incident at Oak Ridge involved an alleged "near miss" during a force-on-force exercise. The on-duty armed protective force was alerted to a possible alarm that was thought to have occurred in the vicinity of exercise participants. Supervisors on the scene immediately determined the alarm to be false and terminated the required response. After a comprehensive inquiry into the circumstances surrounding this exercise, it was determined that no safety violations had occurred and that armed protective force personnel never confronted nor made visual contact with the exercise "players." All personnel were fully aware that an exercise was ongoing; however, as a result of the thorough review of these allegations, a number of improvements in exercise control and communication were implemented.

A1(b). Although an inquiry team determined that no safety violations had occurred, the team did identify and recommend several opportunities for improvement due to some confusion with communication and control noted by exercise controllers during the exercise. The inquiry results were integrated with the efforts of a comprehensive Firearms Training Safety Review Team (FTSRT) consisting of knowledgeable Federal and contractor officials and subject matter experts. The FTSRT concluded that while comprehensive procedures were in place to adequately control exercise activities, improvements could be made to communication and control during exercises. Actions to improve exercise communication and control have been implemented.

A1(c). The NNSA Y-12 Site Office has not received any reports or allegations of employees being threatened as a result of reporting incidents. Employees are encouraged to voice their concerns through appropriate management channels at all times.

A1(d). An accidental discharge of a handgun occurred during a classroom training exercise at the Oak Ridge Central Training Facility on September 21, 2004. The training was designed to use inert ammunition for weapons manipulation practice. During the course of the training, a live round was unknowingly introduced into a handgun and subsequently discharged. There was some property damage associated with this incident; however, there were no personnel injuries. All firearms training was immediately suspended until the conditions that led to the accident could be determined and measures implemented to prevent recurrence. The root causes were identified as inadequate administrative control of the inert ammunition, and inattention to detail by the individual who loaded the weapon. Wackenhut management directed a process and safety review of all firearms-related training involving live-

fire, blank, and inert ammunition. A series of corrective actions and process improvements were developed to preclude recurrence, including enhanced control, accountability and storage of inert rounds; distinctive color-coding of "dummy" weapons and ammunition; and improved briefings for the students. All enhancements to live-fire training, blank ammunition training, and inert training conducted on the firing range have been completed and this training has been resumed. Classroom training using inert rounds will not be resumed until receipt of distinctively marked dedicated weapons that have been disabled and rendered incapable of discharging a round.

A1(e). The August 2004 exercise at the Nevada Test Site resulted in simulated "friendly fire" casualties among the defending protective force personnel. We certainly take such deficiencies very seriously, but recognize that these exercises provide us the benefit of identifying areas of potential weakness where tactical programmatic improvements can be implemented. Evaluators identified the cause of this incident as a lack of protective force proficiency training that had not kept pace with recent dramatic changes in the Site's protective mission. Subsequent improvements in the Nevada Test Site protective forces training program have resulted in no such occurrences during similar exercises conducted by external assessment teams in November 2004 and January 2005. In addition to the measures mentioned, trained protective force personnel from throughout the DOE/NNSA community have volunteered to augment the NTS protective force while Wackenhut hires and qualifies sufficient personnel to meet the needs of the expanding site mission. Federal and contractor security personnel at the Oak Ridge complex assessed the current protective force configuration at their location and determined they could support the short term Nevada augmentation without any increase in security risk or creating an unacceptable overtime burden on the existing forces.

Q2. Do you believe that Wackenhut should be allowed to continue to provide security at DOE facilities? After all, there have been numerous reports of Wackenhut personnel cheating on security tests and retaliating against whistleblowers.

A2. Wackenhut Services Incorporated's (WSI) overall performance in providing protective force services at DOE sites has been generally satisfactory. Many of the allegations that have prompted questions regarding their reliability are either exaggerated or unsubstantiated. The instances where deficient performance has been verified through independent and factually accurate assessments, WSI has responded with effective corrective actions and process improvements. WSI performance, both good and bad, has been considered in award fee determinations. There is no justification for considering early termination of their respective contracts.

Q3. A March 2004 report by the Inspector General (IG) found that four DOE sites where Wackenhut Corporation holds the security contract (Nevada Test Site, Savannah River, Rocky Flats, Y-12) "had eliminated or modified significant portions of the training while others were not using realistic training delivery methods." For example:

- At all four sites Wackenhut did not conduct basic training in the use of shotguns.
- At the Nevada Test Site and Savannah River Site, Wackenhut excluded or modified prescribed training techniques for vehicle assaults.
- At Rocky Flats and Savannah River Wackenhut excluded or modified defensive tactics.
- At none of its sites did Wackenhut include instruction in rappelling, even though it was part of the special response team core curriculum.
- At the Nevada Test Site and Oak Ridge Wackenhut eliminated or substantially modified training in the use of batons.

According to the IG report, sites using unrealistic training methods don't meet departmental requirements because the skills acquired by the officers cannot be adequately measured and the use of anything less than realistic training techniques, "may rob the trainee of the exposure to the levels of force, panic, and confusion that usually present during an actual attack." Such deviations increase the possibility that the protective force "will not be able to safely respond to security incidents or will use excessive levels of force." Do you approve of such deviations from the Department's training curriculum? What steps have you taken and what steps will you take to ensure that these deviations are stopped?

A3. DOE has supported modification of the core protective force curriculum in those instances where training is not applicable to the performance requirements at that site. Training resources should be devoted toward the delivery and/or reinforcement of knowledge and skills that can be applied directly to the work location and the physical security needs of the facility. For instance, where the Basic Security Inspector training requires shotgun courses, sites that do not issue or employ the use of shotguns may be exempted from this part of the core curriculum. Similarly, baton training is not needed for protective force personnel from a site not

using this equipment. All sites have Training Approval Programs that create a formal, management-approved basis for individually tailored training that satisfies site-specific needs and reduces costs.

Training in tactical response scenarios must balance applicability, realism and safety. While it is widely recognized that skills such as rappelling contribute to an individual's self-confidence and tactical skills, training in rappelling techniques is not essential to meet site response requirements. Thus, this area of the core curriculum is not presented at the field locations.

For example, the NNSA has polled each of its sites where local Basic Security Police Officer Training and Special Response Team Qualification Training is conducted to determine all specific instances where the curriculum deviates from the National Training Center's (NTC) core curriculum. A recent review by a Training Transition Team, as well as changes in the Design Basis Threat Policy, are continuing to provide insights in terms of cost effective methods to provide the best training available to the Department's protective force cadre. Furthermore, the DOE Office of Independent Oversight and Performance Assurance (OA) completed a special review of the NTC's protective force training program late last year, and is completing publication of the results. Upon notification of the findings from this assessment and receipt of the final report, NNSA will support the NTC in modifications to the core curricula, and will ensure that locally-administered training programs at NNSA sites are updated accordingly.

Q4. In January 2004, the IG also found that Wackenhut supervisory personnel had been tipped off in advance during a DOE drill developed to ensure that the site's protective force can respond to potential security threats, such as a terrorist attack. Government investigators concluded that Wackenhut's actions were improper and had tainted the test results to the degree that they could not be relied upon. The IG recommended that the Manager, Y-12 Site Office, and the Manager, Oak Ridge Operations Office "Evaluate whether the information disclosed by (the) review impacts any previous analysis of the efficacy of the site's protective force, and take appropriate corrective actions."

(a) Have corrective actions been undertaken? If so, will you please identify them? If not, why not?

The IG report also recommended that the Manager, Y-12 Site Office, and the Manager, Oak Ridge Operations Office "Consider the information disclosed by our review when evaluating Wackenhut's performance, and take appropriate action with respect to determining award fee."

(b) How has the information revealed by the IG's report affected DOE's evaluation of Wackenhut's performance? What action do you intend to take with respect to Wackenhut's award fee?

A4(a). The January 2004 DOE IG report subject, "Protective Force Performance Test Improprieties", found that pre-test improprieties had the potential to adversely impact the realism of the performance test and its outcome. These improprieties did not involve "tipping off" of personnel. Analyses based on the new Design Basis Threat policy characterize the current BWXT Y-12 security posture without reliance on the performance test held in June 2003. This test did not impact the current assumptions in the BWXT Y-12 security posture. New test plans and procedures have been developed to ensure clarity of test expectations and roles and responsibilities of individuals who plan and participate in performance test exercises.

A4(b) Wackenhut's overall performance in providing protective force services at DOE sites has been generally satisfactory. Many of the allegations that have prompted questions regarding their reliability are either exaggerated or unsubstantiated. In instances where deficient performance has been verified through independent and factually accurate assessments, Wackenhut has responded with effective corrective actions and process improvements. Wackenhut performance, both satisfactory and unsatisfactory, has been considered in award fee determinations.

Q5. As you know, foreign-owned companied cannot perform on security-sensitive DOE contracts unless they take specific steps to insulate themselves from "foreign ownership control or influence" (FOCI). As you may know, Group 4 Falck controls the operations of The Wackenhut Corporation. Both companies are parties to a Proxy Agreement that negates FOCI for The Wackenhut Corporation's subsidiary Wackenhut Services, Inc. by shielding the foreign owner from any role in controlling the operations of the U.S. contractor. FOCI regulations specify that the DOE and Wackenhut shall meet at least annually to review the effectiveness of the security arrangement and specify that the proxy holders shall submit an implementation and compliance report. Please supply all departmental documents resulting from the 2002, 2003 and 2004 annual reviews for the company including: the questions DOE asked and the answers provided by the company; memos; correspondence; emails;

the proxy holders' implementation and compliance report; and the Lead Responsible Office's report.

A5. Attached are the documents requested. Those documents are:

1. Proxy Holders' implementation and compliance report for 2002.
2. Documentation of the 2002 annual meeting. NOTE: Representatives from both DOE Headquarters Office of Security and DOE Savannah River Participated in the Government's 2002 annual compliance review. Documentation of the 2002 annual meeting was prepared by DOE Headquarters. The Lead Responsible Office (i.e., Savannah River Operations Office) did not prepare documentation of this meeting.
3. Proxy Holders' implementation and compliance report for 2003.
4. Savannah River's documentation of the 2003 annual meeting.

Also attached is the Department's Guidelines, which cover discussion points that are always addressed/reviewed during the conduct of annual compliance meetings for companies cleared under a Proxy Agreement, Voting Trust, Special Security Agreement, or Security Control Agreement.

Note: This response was prepared in coordination with DOE Savannah River, who is the lead responsible office for FOCI for Wackenhut.

[The documents are retained in committee files.]

Q6. In February 2004, DOE announced it had awarded a no-bid contract worth up to $40 million a year to provide security and other services at the Idaho National Engineering and Environmental Laboratory (INEEL) to Alutiiq, LLC, an Alaskan native corporation with no prior security experience. The contract was to run for three years with two one-year extensions, for a possible total of $200 million. As you may know, Alutiiq has in the past sub-contracted its security work to the Wackenhut Corporation. After considerable criticism from Congress and others, the Department announced on April 27th that it would not contract out security services at INEEL after all.

(a) Does the Department have any current contracts with Alutiiq or any other Alaskan native corporation that were awarded non-competitively? If so, please provide a list of all such contracts the date on which they were awarded, the amount of money awarded, the terms of the work and the identities of any subcontractors utilized by the prime contractors.

(b) Has Alutiiq or any other Alaskan native corporation submitted bids, letters of interest, or any other notification to the Department with respect to other security contracts? If so, please provide a list of all such bids, letters of interest and other notifications, including the date, name of the DOE site involved, funding amount of the contract, and what decision, if any, that DOE has made.

(c) Is it Department policy to award contracts non-competitively? If not, why did you deviate from that policy in this case?

A6(a). The Department of Energy does not have any contracts with Alutiiq. With respect to Department of Energy contracts with other Alaskan native corporations, the information must be obtained from DOE field contracting offices because the Government-wide procurement data system that identifies Federal contracts does not separately identify contract awards to Alaskan native corporations. We will provide this information to you under separate cover within the next thirty days.

A6(b). The Department does not have a corporate data system or other mechanism that can produce the requested information. The requested information must be obtained from each Department of Energy field contracting office. We will provide this information to you under separate cover within the next thirty days.

A6(c). DOE's policy is to award contracts as a result of full and open competition to the maximum practicable extent, in accordance with the Competition in Contracting Act (CICA), 41 U.S.C. § 253, and the implementing Government-wide acquisition regulations. CICA identifies certain instances in which agencies may award contracts non-competitively. These instances include the noncompetitive award of a contract in accordance with other statutory authorities. Such authority exists with respect to the Small Business Administration (SBA) Section 8(a) program. DOE, like other Federal agencies, comports with this, and other small business related statutory authority, to meet its small business contract award goals. The instance identified in this question is an example of award pursuant to the SBA Section 8(a) program. Under the law and SBA's implementing regulations, Alaskan native corporations that meet the requirements for Section 8(a) status can receive a noncompetitive contract award of any dollar value. In making such awards, DOE assures that the qualifying Alaskan native corporation itself provides at least 51% of the services required under the contract.

On reimbursement of DOE Legal Fees

Q1. As you know, the Department often reimburses the legal fees of its contractors who are engaged in legal disputes with whistleblowers or individuals alleging sexual harassment, discrimination or other wrongdoing on the part of the contractors. While I understand the need for some of these costs to be reimbursed, I have long been concerned that the Department does not use any discretion in determining which costs should be reimbursed and which should not. One glaring example of such a case is that of Dee Kotla, who alleged that she was retaliated against and ultimately fired by Lawrence Livermore National Lab (LLNL) in 1997 because she testified at a sexual harassment trial involving other Livermore personnel. Livermore reportedly said it fired Ms. Kotla for misuse of her computer and her telephone. However, according to reports on the matter Ms. Kotla only had $4.30 in local telephone charges, and said that her use of her computer was minimal. Ms. Kotla has been awarded a million dollars in damages by a jury as well as reimbursement of the legal fees to the lab. Yet the lab continues to file appeal after appeal and has made no serious efforts to resolve this matter.

(a) How much has DOE been requested to pay to Livermore for its continued efforts to fight this case?

(b) Why doesn't DOE do more to pressure its contractors to settle cases such as this one?

(c) Will DOE continue to use taxpayer funds to reimburse costs of this case, no matter how many times the lab loses in court?

(d) I co-authored bipartisan language that was included in the energy bill to limit the reimbursement of legal fees to contractors—once a contractor has been ruled against once, if it continues to file appeal after appeal DOE will not be allowed to reimburse its legal fees unless it wins the case in the end. That way, contractors would have a financial incentive to resolve cases quickly. Do you support this concept? If so, will you include such a policy in all new contracts for management and operation of DOE facilities that the Department enters into?

A1(a). To date, the Laboratory has spent and submitted invoices to the Department for approximately $1,239,000 to defend this case.

A1(b). NNSA counsel has assessed the merits of this case at every stage of the litigation and agrees with the Laboratory that the action is without merit. The Laboratory has attempted mediation several times throughout the case, but Ms. Kotla's counsel has never made a reasonable settlement offer. It should be pointed out that, although the Laboratory "lost" the first trial, the California Court of Appeal reversed the jury verdict in its entirety and remanded the case to the trial court.

A1(c). Just prior to the start of the new trial in this case, the Laboratory made a very generous settlement offer ($1.75 million) which was rejected by Ms. Kotla's counsel. The Department does encourage its contractors to explore reasonable settlement options when litigation is threatened or pending but would not pressure its contractors to settle cases without careful consideration of all factors, including the merits of the case and the proposed settlement amount. The Department's decision to continue reimbursement of the contractor's costs in this case will be based on a careful assessment of the merits at each stage of the litigation. The second trial is completed and jury deliberations are underway. At this point, the Department has made no decision regarding a post-trial course of action.

A1(d). Over the past ten years, the Department has considered, and tried, a number of approaches to controlling the amount expended by its management and operating (M&O) contractors for litigation and other legal costs. Beginning in the mid-1990s, the Department included in many of its M&O contracts clauses governing the allowability of whistleblower defense costs that were similar to the approach described in your question. In 1998, the Department proposed to codify a contract clause that would make litigation, settlement and judgment costs in whistleblower actions unallowable if an adverse determination was issued in the case. As the result of a number of factors, including a review of the practices of other government agencies with respect to whistleblower litigation costs and comments received in response to the initial proposal, the Department, a year later, issued an alternate proposal to adopt a cost principle that would provide contracting officers the flexibility to make allowability determinations on a case-by-case basis, after considering certain specified factors. One of the main dilemmas the Department confronted in assessing the merits of these two approaches was determining how to minimize contractor (and, therefore, DOE) litigation costs without sending the message that all whistleblower lawsuits, regardless of merit, should be settled short of litigation. In October, 2000, the Department published a final rule adopting the cost principle approach. In January 2001, the Department also finalized a set of regulations entitled "Contractor Legal Management Requirements" at 10 CFR Part 719, which was in-

tended to facilitate control of Department and contractor legal costs, including litigation costs.

We believe the Department's approach contained in the regulations adopted during the Clinton Administration is the correct one, enabling weighing the costs of litigation against the costs and public policy impacts of compensating non-meritorious claims. Under the Government-wide Federal Acquisition Regulation, reasonable and allocable legal costs incurred by a contractor in performance of contract work are allowable contract costs and are reimbursed by the Government, whether as direct costs or as part of general and administrative costs. There appears no persuasive reason to single out the Department's M&O contractors for treatment that departs from the Government-wide norm.

On Reprocessing

Q1. According to DOE budget documents, the $70 million Advanced Fuel Cycle Initiative "develops technologies that would enable the reduction of spent nuclear fuel waster requiring geologic disposal and recovery of spent nuclear fuel's valuable energy." In other words, nuclear reprocessing. On February 11, 2004, President Bush announced new measures to counter the spread of Weapons of Mass Destruction, stating:

> "The world must create a safe, orderly system to field civilian nuclear plants without adding the danger of weapons proliferation. The world's leading nuclear exporters should ensure that states have reliable access at reasonable cost to fuel for civilian reactors, so long as those states renounce enrichment and reprocessing. Enrichment and reprocessing are not necessary for nations seeking to harness nuclear energy for peaceful purposes."
>
> Don't you think that telling other countries that they shouldn't reprocess while requesting $70 million to develop NEW reprocessing technologies is just like preaching temperance from a bar stool?

A1. The National Energy Policy recommends that the United States "consider technologies (in collaboration with international partners with highly developed fuel cycles and a record of close cooperation) to develop reprocessing and fuel treatment technologies that are cleaner, more efficient, less waste-intensive, and more proliferation resistant." The Department of Energy (DOE) believes that advanced technologies such as those being developed by DOE's Advanced Fuel Cycle Initiative (AFCI) can point the way toward meeting our long-term energy security needs while presenting the world with nuclear technologies that are safe and proliferation resistant.

As the President indicated, "Enrichment and reprocessing are not necessary for nations seeking to harness nuclear energy for peaceful purposes." It is very appropriate to encourage states that do not today have these nuclear fuel cycle infrastructures against building enrichment and reprocessing plants. The United States is already experienced in both uranium enrichment and recycling technologies and is leading the world to develop new technologies that can significantly reduce the proliferation risks posed by current, commercial reprocessing technology. International partners consistently rely on the United States for sharing our safe operational practices and where allowed under export control requirements, nuclear energy technology intended for peaceful use. If the United States is able to engage and lead the international community in the development of more proliferation-resistant technologies, the world benefits from an international nuclear fuel infrastructure that is safer and more secure than that which exists today.

General Question on Non-Proliferation

Q1. Both Senator John Kerry and President Bush said that nuclear proliferation was the greatest danger to our national security. And in the mission statement of the Office of Defense Nuclear Nonproliferation it states that in today's volatile, unpredictable, and dangerous international environment, there is no mission more important than stemming proliferation and terrorist threats. The head of the IAEA, Dr. ElBaradei, pointed our the hypocrisy of this U.S. policy in the Washington Post (January 30, 2005, p. B1). The Post asked: "The U.S. Department of Energy was interested in doing research on nuclear bunker busters and other nuclear equipment." ElBaradei answered: "That sent the wrong message—you can't tell everyone 'don't touch nuclear weapons' while continuing to build them." Why then is Congress asked to fund the Robust Nuclear Earth Penetrator, the so-called bunker buster, after we canceled it last year? How can we tell other nations like Iran or North Korea that they should not be pursuing nuclear weapons while at the same time we, the United States, is developing new weapons?

A1. The major objective of U.S. nonproliferation policy is to dissuade, prevent, or delay rogue states and terrorist groups from acquiring WMD, WMD-related mate-

rials, technology, expertise, and systems for their delivery. The RNEP study, or other exploratory research on nuclear weapons, is unlikely to increase incentives for terrorists to acquire WMD—those incentives are already high and are unrelated to U.S. nuclear (or conventional) defense capabilities. Nor is it likely to have any impact on rogue state proliferation, which marches forward independently of the U.S. nuclear program. Indeed, there is no indication at all that very significant reductions in the numbers of U.S. (and Russian) nuclear weapons, and in the alert levels of nuclear forces, over the past decade, coupled with no U.S. nuclear testing, no new warheads deployed, and very little U.S. nuclear modernization, have caused North Korea or Iran to slow down covert programs to acquire capabilities to produce nuclear weapons. On the contrary, these programs have accelerated during this period. Neither did such U.S. restraint convince India and Pakistan not to test in 1998. Rather, North Korea and Iran seek WMD in response to their own perceived security needs, in part, to deter the United States from taking steps to protect itself and allies in each of these regions. In this regard, their incentives to acquire WMD may be shaped more by U.S. advanced conventional weapons capabilities and our demonstrated will to employ them to great effect—in Bosnia, Kosovo, Afghanistan, and during both wars with Iraq—than to anything the U.S. has done, or is doing, in the nuclear weapons arena.

Q2. Similarly I would ask you to expand on the new program, the Reliable Replacement Warhead. Statements by Dr. John Harvey in a New York Times article on Monday seemed to leave open the door to testing: "Our goal is to carry out this program without the need for nuclear testing. But there's no guarantee in this business, and I can't prove to you that I can do that right now." Again, the U.S. would be saying one thing but doing another with the potential of ending the U.S. moratorium on testing. What is your position on testing nuclear weapons? Will you commit to reevaluate your Department's ability to support to support a nuclear test moratorium indefinitely and to reconsider the Administration's policy on the Comprehensive Test Ban Treaty?

A2. The intent of the Reliable Replacement Warhead program is to identify replacement warhead options that could be fielded without nuclear testing. With regard to testing nuclear weapons, our stockpile stewardship program has not yet uncovered a problem in the stockpile that would require a nuclear test. Moreover, we are confident that this program can provide the tools needed to ensure stockpile safety and reliability, absent such tests, for the foreseeable future. As a result, the President continues to support a moratorium on nuclear testing. At this time, I do not envision that the Administration will revisit its position on testing unless the Secretaries of Defense and Energy identify a problem in a warhead critical to the nation's deterrent that could not be fixed without nuclear testing.

The Department supports the Administration's current policy on the Comprehensive Test Ban Treaty.

On New Nuclear Weapons

Q1. Last year Congress created a new DOE program called the Reliable Replacement Warhead (RRW). Last year's energy and water appropriations Conference Report states that this new program is "to improve the reliability, longevity, and certifiablity of existing weapons and their components" in contrast to the purpose of the Advanced Concepts program it replaced, which was "to research new weapons and designs." In the DOE budget request, RRW is stated as a program "to demonstrate the feasibility of developing reliable replacement components that are producible and certifiable for the existing stockpile . . . [with an] initial focus on—replacement pits."

(a) What exactly is the intent of this program? Is the purpose to refurbish and increase the reliability of existing nuclear warhead types, or to replace existing warheads with new designs or warheads?

(b) If this program is intended to replace existing, well-tested and understood warhead types, how do you propose to increase the reliability of the arsenal without resorting to nuclear testing?

(c) If the program is intended to refurbish the reliability of existing warhead types, how does the program differ from the ongoing and expensive Stockpile Life Extension program and other efforts underway to increase the performance margins of existing warhead types? Will all warheads be affected?

A1(a). In order for the United States to sustain its nuclear weapons stockpile, we believe it will be necessary to have the capability to replace most of the components in the weapons in the present stockpile. Therefore, we are beginning a program to understand whether, if we relaxed some of the warhead design constraints imposed on Cold War systems (e.g., high yield to weight ratios), we could provide components for existing stockpile weapons that could be more easily manufactured and whose

safety and reliability could be certified with high confidence, without nuclear testing. We intend that such an effort will also result in reduced infrastructure costs for supporting the stockpile. The focus of the RRW program is to extend the life of the military capabilities provided by existing warheads. We expect warheads that might ultimately result from this program to meet the military capabilities of the warheads they replace and to be delivered by existing delivery systems. We need to complete the concept and feasibility studies before we can characterize specific features of feasible RRW options in detail.

A1(b). The RRW program will focus on non-nuclear and nuclear replacement components that will not require nuclear testing. The design of RRW components will be based on modern, non-nuclear experimental techniques and analytical tools to establish a replacement warhead that provides the same military capabilities as when the warheads were placed in the stockpile. These modern techniques and analytical tools have been developed under the Stockpile Stewardship Program to establish that the Nation's nuclear arsenal is safe and reliable, without a need for nuclear testing. We believe, in fact, that a successful RRW program has the potential to reduce the possibility that the Nation may need to conduct a test in the future to ensure reliability of the stockpile.

A1(c). A key objective of the RRW program is to develop replacement components that have a lower cost to manufacture, certify, and maintain. To be successful and worth pursuing, the RRW program must demonstrate a less-costly, long-term path to maintain the Nation's nuclear weapon arsenal. In the coming decades, the RRW approach to develop, certify, and maintain replacement warhead components could be used for all warheads.

Q2. Last year Congress created a new DOE program called the Reliable Replacement Warhead (RRW). Last year's energy and water appropriations Conference Report states that this new program is "to improve the reliability, longevity, and certifiability of existing weapons and their components" in contrast to the purpose of the Advanced Concepts program it replaced, which was "to research new weapons and designs." In the DOE budget request, RRW is stated as a program "to demonstrate the feasibility of developing reliable replacement components that are producible and certifiable for the existing stockpile . . . [with an] initial focus on—replacement pits."

This program appears to blur the line between upgrading current nuclear weapons and making new weapons. At what point do modifications change a weapon so much that it is in effect a new nuclear weapon in old casing that will require testing?

A2. The Reliable Replacement Warhead program is designed to demonstrate the feasibility of developing components for existing stockpile weapons that could be more easily manufactured and whose safety and reliability could be certified with assured high confidence, without nuclear testing. We intend that such an effort will also result in reduced infrastructure costs for supporting the stockpile.

Q3. Last year Congress created a new DOE program called the Reliable Replacement Warhead (RRW). Last year's energy and water appropriations Conference Report states that this new program is "to improve the reliability, longevity, and certifiablity of existing weapons and their components" in contrast to the purpose of the Advanced Concepts program it replaced, which was "to research new weapons and designs." In the DOE budget request, RRW is stated as a program "to demonstrate the feasibility of developing reliable replacement components that are producible and certifiable for the existing stockpile . . . [with an] initial focus on—replacement pits."

Would development of the Reliable Replacement Warhead program require the construction of a new, multi-billion dollar, plutonium "pit" production facility?

A3. The development of a reliable replacement warhead (RRW) does not obviate the need to establish a responsive, long-term pit manufacturing facility. The size and production capacity of that facility will be determined by, among other factors: 1) the technical conclusions on the acceptable lifetime of plutonium pits; and 2) requirements for the number of nuclear weapons in the U.S. stockpile.

Q4. The projected costs for this program till FY2010 and including the funding appropriated for FY2005 is $106 million. Exactly how will the $8.929 million appropriated for FY2005 be used? What are the projected costs for FY2006-2010? How will costs increase if the program moves beyond research to "full-scale engineering development" and to nuclear testing?

A4. The funds appropriated for the Reliable Replacement Warhead (RRW) program in Fiscal Year (FY) 2005 and the request for FY 2006 will be used to complete a feasibility study of the potential benefits of a reliable replacement warhead. The objective of the RRW study is to investigate the feasibility of replacement warheads that can be certified without nuclear testing, and can be manufactured and main-

tained more efficiently than currently stockpiled warheads resulting in a smaller, more cost-effective production complex. An initial focus of the study will be on long-lead components (e.g., plutonium pits).

If the potential benefits of reliable replacement warheads are established during the study period, a multi-year plan will be developed to define cost estimates for follow-on engineering development, if such were to be requested. For the long-term, the RRW program should provide replacement components for warheads in which we would have higher confidence to meet current military requirements without nuclear testing in comparison to replicating existing warheads. Thus, the intent of the RRW program is to identify replacement components for options that could be fielded without nuclear testing.

The Future-Years Nuclear Security Program for RRW: FY 2006: $9.351M; FY 2007: $14.775M; FY 2008: $14.413M; FY 2009: $29.553M; FY 2010: $28.964M. If the program were to move to engineering development, the requested funds would increase substantially, but at this time they cannot be determined due to the obvious uncertainties in program scope.

Q5. Last year Congress acted to meet the U.S. commitment agreed to under the Moscow Treaty so that by December 31, 2012 the aggregate number of strategic nuclear warheads does not exceed 1700-2200. Congress appropriated $65 million, a sharp increase from FY 2004 of $24.6 million and the Department's request of $35 million for FY 2005. In your budget request for FY 2006 this number is back down to $35 million.

(a) Are you committed to meet the requirements agreed to under the Moscow Treaty?

(b) Can you explain how budget request of $35 million for FY 2006 will be adequate when Congress clearly felt this was not the case last year?

A5(a) The U.S. will meet its commitment agreed to in the Moscow Treaty for 1700-2200 operationally deployed strategic nuclear weapons by December 31, 2012. While there are no provisions in the Moscow Treaty requiring warhead dismantlement, the U.S. plans to dismantle excess warheads as quickly as possible, balancing this effort with support for the enduring stockpile through refurbishment and surveillance activities.

A5(b). The budget request for dismantlement activities is essentially at the same level of effort in FY 2006 as appropriated in FY 2005. The Fiscal Year (FY) 2005 Directed Stockpile Work "Retired Warheads Stockpile Systems" budget line contained both direct and indirect costs associated with dismantlement activities. In FY 2006, the line for "Retired Warheads Stockpile Systems" contains only the direct costs of dismantlement, and the indirect costs associated with this work are budgeted in the Production Support and Research and Development Support lines. This is consistent with the treatment of other weapons work in the Life Extension Programs and Stockpile Systems lines. This approach allows NNSA to provide more visibility into these costs, consistent with Congressional guidance over the past several years. With this improved way to portray costs, the FY 2006 budget request of $35.245 million for Dismantlements is effectively the same as the FY 2005 appropriation.

On the Robust Nuclear Earth Penetrator

The fiscal 2006 DOE budget request includes $4 million for further research on the Robust Nuclear Earth Penetrator (RNEP) and apparently another $4.5 million is requested in the fiscal 2006 DoD budget for the program. The budget documents suggest that the Department seeks to complete the phase 6.2 research component of the program by the end of fiscal 2007, and then I assume it may request Congress for authorization and appropriations for phase 6.3 development of such a new nuclear weapon. I have several questions:

Q1. Did the DOE or the State Department formally evaluate how the requested funding to renew the (RNEP) program will affect U.S. nuclear nonproliferation objectives at the May 2005 NPT Review Conference? Yes or No?

A1. In March 2004 the Departments of State, Defense and Energy communicated a report to Congress—An Assessment of the Impact of PLYWD Repeal on the Ability of the United States to Achieve Its Nonproliferation Objectives—which addressed the broad issue of whether nuclear weapons exploratory research would affect the nonproliferation objectives of the United States. They concluded that while such activities will slightly complicate U.S. nonproliferation diplomacy, we anticipate no significant impact on the ability of the United States to achieve its objectives at the 2005 Nuclear Nonproliferation Treaty Review Conference. Moreover, there is no reason to believe that such activities have had or will have any practical impact on the pursuit of nuclear weapons by proliferating states, on the comprehensive diplomatic

efforts ongoing to address these threats, or on the possible modernization of nuclear weapons by China or Russia.

Q2. Did you have the opportunity to evaluate the pros and cons of the renewal of the (RNEP) program, and if you did, did you take the time to consult with persons outside the Department of Energy and Defense or the nuclear weapons labs about the nonproliferation implications of restarting this program?

A2. As I mentioned above, the nonproliferation impacts of U.S. nuclear weapons exploratory research—which includes the RNEP study—are manageable and should not affect the ability of the United States to achieve its non proliferation objectives. We have consulted with the Department of State in making this assessment.

Q3. What specific work would your fiscal year 2006 RNEP request support? Would the work continue on modifications of both the B61 and B83 gravity bombs, or just one of them? Do you propose any field testing of the mock warheads or any other activity beyond paper studies?

A3. The Fiscal Year 2006 budget request for the Robust Nuclear Earth Penetrator would support the execution of the B83 warhead "High G" non-nuclear sled-track impact test. The B61 option has been put on stand-by until the feasibility of the B83 is known, with no B61 work planned for now (the approved Phase 6.2/2A Cost and Feasibility Study included sled-track tests for each option to determine feasibility). No full system field tests (drop from aircraft with guidance kit) will be performed in Phase 6.2/2A.

Q4. Has any responsibility or funding for the RNEP program been transferred to the Pentagon? What specific activities would the $4.5 million in the DoD budget support? Would any of the work performed at the DOE national laboratories be supported with the DoD funds?

A4. In March 2004, the Nuclear Weapons Council Standing and Safety Committee approved the restructured plan for the Robust Nuclear Earth Penetrator Phase 6.2/2A Cost and Feasibility Study that assigns the responsibility of the Navigation, Guidance, and Control (NG&C) to the Air Force. The Department of Defense (DoD) budget request of $4.5 million would provide support for the integrated product teams, interface requirement development, initial aircraft integration, and NG&C preliminary design development.

Q5. Last year, the Department released a 5 year budget projection for the bunker buster that added up to nearly $500 million for research and development activities. What is your revised 5 year estimate for the total research and development cost of the current program?

A5. In its Fiscal Year (FY) 2005 budget submission, the NNSA included out-year funding for the Robust Nuclear Earth Penetrator (RNEP) as a place holder. To avoid any confusion that this study is authorized to proceed beyond the Phase 6.2/2A Cost and Feasibility Study, those budget wedges have been removed in the FY 2006 budget submission ($4 million requested in FY 2006, $14 million planned for FY 2007, no funding planned yet after FY 2007).

On Radioactive Materials

Highly Enriched Uranium

Q1. Highly enriched uranium (HEU) is currently used in research reactors both in the United States and abroad. HEU presents a proliferation threat because it could be used in a nuclear weapon.

The United States has provided HEU to other nations as fuel in their research reactors. A recent Government Accountability Office Report (GAO-05-57) reported that only 12 of 34 countries to which the United States provided HEU have formal agreements to return this fuel as spent fuel. What will your Department do to increase the number of countries with commitments to return to this fuel?

A1. Under the recently created Global Threat Reduction Initiative (GTRI), the Department of Energy (DOE) is working to ensure that no nation has a reason to continue to hold and use high-risk, vulnerable nuclear material. The Department is aggressively working with the Department of State and international partners to address any holdouts under the Foreign Research Reactor Spent Nuclear Fuel Acceptance Program through a revised, re-invigorated, and comprehensive diplomatic and operational action plan, that may include incentives. At the same time, the Department is cognizant of the fact that participation in this program is fully voluntary. If a nation chooses not to participate, or makes other arrangements to responsibly manage its spent nuclear fuel, it is free to do so. National Nuclear Security Administration Administrator Linton Brooks provided a detailed response on February 24, 2005, to Congressman Markey, regarding the Department's specific strategy for the remaining 11 countries that are currently not participating in the Foreign Research Reactor Spent Nuclear Fuel Acceptance Program. A copy of that letter is attached.

Q2. Highly enriched uranium (HEU) is currently used in research reactors both in the United States and abroad. HEU presents a proliferation threat because it could be used in a nuclear weapon.

Given the proliferation threat posed by HEU, would you oppose weakening current restrictions on exporting HEU out of the United States?

A2. Yes, the Department of Energy (DOE) would oppose weakening restrictions. Because of the proliferation threat posed by HEU, the objective of the Reduced Enrichment for Research and Test Reactors (RERTR) program that was consolidated under the Department's recently created Global Threat Reduction Initiative is to reduce, and eventually eliminate, the use of HEU in civil nuclear applications. This objective will be achieved by converting research reactors that use HEU fuel to use low-enriched uranium fuel. Of the total 105 research reactors targeted by the RERTR program, 39 reactors have already converted to LEU fuel. The Department has set an aggressive completion date of 2014 for the remaining 66 research reactors here at home and abroad.

Q3. Highly enriched uranium (HEU) is currently used in research reactors both in the United States and abroad. HEU presents a proliferation threat because it could be used in a nuclear weapon.

HEU is also used in research reactors located at U.S. universities. Would you support an assessment of the costs and benefits of continued operation of HEU-fueled research reactors at U.S. universities, looking to either shut down these reactors or pay to convert them more rapidly to LEU than in current plans? In the meantime, would you support funding to increase physical protection of these facilities?

A3. The Department is currently developing a plan to convert the remaining 66 targeted research reactors under Reduced Enrichment for Research and Test Reactors Program that continue to use HEU. This includes converting the remaining 14 domestic research reactors, 8 of which can convert using currently available LEU fuels and 6 of which will require the development of high-density LEU fuels. An assessment of the costs and benefits of continued operation of HEU-fueled research reactors at U.S. universities, looking to either shut down these reactors or pay to convert them more rapidly to LEU, would, therefore seem to be unnecessary. The reactors that remain to be converted are among those that receive the most use by the faculty, students and researchers and are vital to the Nation's scientific and educational infrastructure.

As the recent GAO report identified, DOE and NRC recognized the need to further improve security at research reactors throughout the world, including in the United States. The need for any further security measures at U.S. university research reactors is currently being examined by the NRC. Once their findings are made available to the Department, implementation of any recommended changes will be implemented as funds become available. Thus, as required, the Department would support additional funding to increase physical protection at these facilities. Under the Department of Energy's Nonproliferation and International Security program, security upgrades have been provided at research reactors in Central Europe as well as the Newly Independent States and Baltics. The Nuclear Regulatory Commission is responsible for ensuring that adequate security is in place at domestic reactors.

Q4. Highly enriched uranium (HEU) is currently used in research reactors both in U.S. and abroad. HEU presents a proliferation threat because it could be used in a crude nuclear weapon.

Another effort to reduce the dangers of HEU is to downblend HEU to low enriched uranium, LEU. While HEU is weapons usable, LEU is not. Under a 1993 U.S.-Russian agreement, Russia will convert 500 metric tons of HEU from dismantled warheads to LEU by 2013. The United States Enrichment Corporation (USEC), private U.S. company that makes LEU for reactor fuel and then sells it on the open market, is implementing the U.S.-Russian HEU blend-down agreement. Another 500 metric tons of HEU will remain in Russia after 2013. USEC does not want to speed up the downblending of Russian HEU for feat that too much LEU will glut the market and reduce profits. One solution is that the U.S. could purchase the excess LEU from USEC to preserve the market price of LEU. Would you support providing funding to increase the amount of Russian HEU that being downblended to LEU?

A4. In response to the FY 04 Defense Authorization Act Section 3123, the Department submitted a report to Congress on February 28, 2005 concerning the feasibility of purchasing additional fissile material from the former Soviet Union. The report's conclusion was that the Department's comprehensive approach of securing, eliminating, disposing and removing material in Russia and elsewhere provides a high degree of security from the U.S. perspective while being far more cost-effective than attempting a large outright purchase.

Because this is such an important nonproliferation and energy security issue and the Department has a history of purchasing HEU, we will continue to consider additional purchases of down-blended HEU from Russia. However, recent experience with the Russians on purchases after the 2002 Bush-Putin Summit Initiative suggests the Russians are asking what we consider an unreasonably high price for additional HEU.

Radioactive Sealed Sources

Q1. Radioactive sealed sources also pose serious threats to national security because they could be used in dirty bombs. I commend you on the large increase in funding for the U.S. Radiological Threat Reduction program, which includes the Off Site Recovery Program (OSR), in the FY2006, up from $5.6 million in FY2005 to $12.8 million in FY 2006.

How will these funds be used in FY2005, and what do you expect the funds to be used for in FY 2006?

A1. In FY 2005, the Department of Energy (DOE) plans to recover 1,478 U.S. excess sealed sources. The increase in FY 2006 allows DOE to recover an additional 2,250 U.S. excess sealed sources. The increase will also allow the NNSA to expand the scope of the program up to ten isotopes of concern, adding such isotopes as Cobalt-60 and Iridium-192, and the program capabilities for a broader range of Cesium-137 and Strontium-90 sources. For these isotopes, the increased funding provides for assessing recovery risks and needs and developing necessary infrastructure to recover sources.

The funding will also allow NNSA to respond to emerging critical national security recovery actions identified by other agencies, to provide technical assistance for security enhancements to in-use, high-risk sources in the United States, and to integrate domestic efforts with international efforts to ensure there are no gaps in global coverage.

Q2. Radioactive sealed sources also pose serious threats to national security because they could be used in dirty bombs. I commend you on the large increase in funding for the U.S. Radiological Threat Reduction program, which includes the Off Site Recovery Program (OSR), in the FY2006, up from $5.6 million in FY2005 to $12.8 million in FY 2006.

Can you please expand on the planned activities of the International Radiological Threat Reduction program? What sources will be collected and from what countries? Were these sources originally provided by the U.S.? In the Department's best estimation how many unsecured sources are there internationally?

A2. The Department of Energy's International Radiological Threat Reduction (IRTR) Program currently works in over 40 countries to identify, recover, secure, and facilitate the disposal of high-risk radiological materials, including Cobalt-60, Cesium-137, and Strontium-90, to reduce the threat of a radiological attack against the United States.

Sources are collected by the IRTR program as a function of in-country consolidation. Only vulnerable source suitable for a radiological dispersal device (that meet certain thresholds) are considered by the program.

By the end of FY 2004, the IRTR program had secured 69 sites around the world. In FY 2005, the Department plans on securing an additional 105 additional high-priority sites that contain vulnerable radiological materials. Thus far in FY 2005, the Department has already secured 43 sites in Bulgaria, Indonesia, Kazakhstan, Kyrgyzstan, Moldova, Poland, Russia, Tanzania, and Uzbekistan.

In FY 2006, DOE plans to secure an additional 125 high-priority international sites around the world with vulnerable radiological material, bringing the total number of sites secured up to 299. Specifically, in FY 2006, the IRTR program intends to expand to 10 additional countries, as budget and bilateral negotiations allow. It is believed that none of these sources are expected to be those that were originally provided by the United States.

Although DOE does not have an exact number, the estimate is that there are hundreds of thousands of unsecured sources around the world.

QUESTIONS FROM REPRESENTATIVE GORDON

Q1. Our tax policy rightly seeks to encourage electricity production and direct use of heat from geothermal deposits. However, currently there are no Federal incentives to encourage the use of other highly efficient and clean geothermal technologies. One of these technologies is geothermal heat pumps.

What are the Department's views on how our country can better encourage the use of geothermal heat pump technology?

A1. With over 750,000 geothermal heat pump units in use nationwide, the Department believes that they constitute a mature technology. The Department encourages

their use by providing information to the public describing ground source heat pumps and their benefits.

Specifically, the Department provides technical assistance to developers and potential users through the Geo-Heat Center at the Oregon Institute of Technology in Klamath Falls, Oregon. The International Ground Source Heat Pump Association and the Geothermal Heat Pump Consortium are also proactive in accelerating the deployment of ground source heat pumps in the United States.

Q2. Our tax policy rightly seeks to encourage electricity production and direct use of heat from geothermal deposits. However, currently there are no Federal incentives to encourage the use of other highly efficient and clean geothermal technologies. One of these technologies is geothermal heat pumps.

Would the Department support the use of tax policy to encourage deployment of equipment that uses earth coupled heat pump technology which employs the inherent stability of earth temperatures to heat or cool a structure?

A2. Because the technology is commercially viable and has been shown to be cost effective, the Administration does not think it necessary to support the use of tax incentives for geothermal heat pumps (i.e., earth coupled heat pumps or ground source heat pumps).

QUESTION FROM REPRESENTATIVE BALDWIN

I am deeply concerned about the decision to cut the Department of Energy's Science program.

The Science program's budget is a core part of the basic research agenda in the United States. From developing new energy technologies, to making groundbreaking discoveries that protect and clean our environment, there is no other government program that is so critical to our energy future.

Most important to me, projects funded by the Science program assure our nation remains top in the world in the development of new technologies and fuel the innovation necessary to create good jobs.

I see these benefits firsthand back home in Wisconsin and today I would like to give you a few examples just to emphasize how important the Department is to advancing breakthroughs in research.

In fiscal year 2004 alone, the DOE awarded $39.8 million in research contracts to the University of Wisconsin-Madison, most of which focused on energy research and high-energy physics.

DOE support has helped create programs like the Engine Research Center (or ERC) which is currently the largest university research center in the U.S. that studies the physics of combustion engines. ERC's past work has helped make our air cleaner to breathe. Today ERC is currently developing technologies that reduce nitrogen oxide omissions during the combustion cycle.

The University of Wisconsin is also home to some of the most important advances in fusion and fission technologies in the world. UW-Madison has trained more PhDs—over 330—in thermonuclear fusion than any other U.S. university and continues to produce the most graduates every year. Worldwide, UW scientists' contribution to fusion and fission research has been invaluable.

I am deeply troubled because while your budget touts a $16.7 million increase (6.1%) in the Fusion Energy Sciences Budget, there is a net decrease of $32.9 million to the existing domestic fusion program because $46 million was shifted from that budget to fund the ITER reactor at $49 million.

While ITER is very important to international research on fusion, the cuts to domestic fusion research will have an immediate impact on our ability to make significant advances here at home.

I cannot express how grateful I am for the past support the DOE has given institutions in my congressional district. However, cuts to the High Energy Physics (3.1%), Nuclear Physics (8.4%), Biological and Environmental Research (21%), and other Science programs will undoubtedly slow America's ability to make the engineering breakthroughs and scientific discoveries necessary to create better technologies and compete in the world throughout the 21st century.

Q1. Given the immediate and future impact of these cuts, how can the Administration justify supporting billions of dollars in tax subsidies to profitable companies in the energy bill and increasing funding for fossil and nuclear technologies in the DOE budget while not making the necessary investments in these proven and pivotal Science research programs?

A1. The Office of Science (SC), within a period of budget stringency, has chosen its priorities so that the U.S. will continue its world primacy in science. We have made hard decisions that will enable our scientists to work on the finest machines whose scale and magnitude will give them opportunities not found elsewhere. As a

consequence, we have made difficult choices. But these have been taken with one end in mind: SC will provide world leadership in science and energy security with this budget.

For example, in FY 2006 we will complete construction and initiate operation of the Spallation Neutron Source as well as 4 of 5 Nanoscale Science Research Centers. We will also initiate fabrication of equipment for ITER, a necessary experiment to study and demonstrate the sustained burning of fusion fuel. We start construction of the Linac Coherent Light Source, leading to an entirely new field of science and enabling us to see chemical bonds as they form, in a process akin to stop-action photography. We continue to operate Leadership Class computing facilities for open science that enable simulation of science. Also, the Office of Science supports the Administration's hydrogen initiative through continued basic research regarding production, storage and use of hydrogen. We continue research on climate modeling to improve our understanding of climate change through the Climate Change Science Program and continue our GTL (genomes to life) program to create or discover microbes to enable more efficient and economical cleanup of contaminated sites, sequestration of carbon, and production of hydrogen.

QUESTION FROM REPRESENTATIVE GONZALEZ

Q1. As a follow up to your testimony to the House Committee on Energy and Commerce on February 9, 2005, I wish to ask you for the Department's position on the proposal elimination of DOE's Fossil Energy Program: (a) Why is the Department eliminating the natural gas infrastructure research and development program, (b) and as well as the proposed reduction in the Distributed Energy Resources Program in the President's Fiscal Year 2006 budget. Both these programs as you know fund valuable research in energy distribution and efficiency. In my view, research that improves the efficiency and reliability of the nation's energy infrastructure ultimately pays our nation back many times the initial cost of the research.

Eliminating Natural Gas Infrastructure R&D Program

A1(a) For FY 2006, budget discipline necessitated close scrutiny of all Fossil Energy programs, using strict guidelines to determine their effectiveness and compare them to other programs offering more clearly demonstrated and substantiated benefits. After careful review of the oil and gas programs, it was determined that the industry has the capacity to pursue this research. As a result, the 2006 Budget proposes to conduct orderly termination of these programs in FY 2006, including the natural gas infrastructure research program.

The Program Assessment Rating Tool (PART) was developed by OMB to provide a standardized way to assess the effectiveness of the Federal Government's portfolio of programs. The structured framework of the PART provides a means through which programs can assess their activities differently than through traditional reviews. A PART assessment of the natural gas research program was conducted from June through December 2002 for the FY 2004 Budget, and a reassessment was conducted from May through September 2003 for the FY 2005 Budget. OMB rated this program "Ineffective" in the PART analyses with scores of 33% (FY2004) and 44% (FY 2005), based primarily on not demonstrating clear results of the research efforts.

A1(b). In the case of distributed energy, the reduction in funding from the FY 2005 appropriated level reflects a level of success in certain technologies that are now within the capability of industry to pursue further, such as thermal barrier coating technologies, microturbine recuperator design and development, and advanced reciprocating engines. Areas that could produce public benefits from additional Federal assistance, such as thermal energy technologies, show an increase in the request amount. We also continue our focus on end use systems integration, where Federal assistance can accelerate the introduction of highly efficient combined heat and power systems.