

TO AMEND THE ENERGY INDEPENDENCE AND SECURITY ACT OF 2007 TO
 IMPROVE UNITED STATES-ISRAEL ENERGY COOPERATION, AND FOR
 OTHER PURPOSES

FEBRUARY 5, 2014.—Ordered to be printed

Mr. UPTON, from the Committee on Energy and Commerce,
 submitted the following

R E P O R T

[To accompany H.R. 3683]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 3683) to amend the Energy Independence and Security Act of 2007 to improve United States-Israel energy cooperation, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

H.R. 3683, a bill to amend the Energy Independence and Security Act of 2007 to improve United States-Israel energy cooperation,

and for other purposes, was introduced by Representatives Upton, Waxman, Terry, Gene Green, and Bilirakis on December 10, 2013. The bill amends the Energy Independence and Security Act of 2007 (EISA, Public Law 110–140, 41 U.S.C. 17337) to strengthen the collaboration between the United States and Israel on energy development and to bolster the existing United States-Israel energy relationship by encouraging increased cooperation between the two countries. The bill encourages inter-governmental collaboration in energy technology innovation, technology transfer, and analysis of geopolitical implications of new natural resource development, while also encouraging private sector business development. The bill also facilitates continued engagement between the countries to share best practices in a number of areas, including: research, development, and deployment of renewable energy and energy efficiency, energy infrastructure cybersecurity; environmental management of deep water exploration; and coastal protection and restoration. The bill also expands an existing United States-Israel grant program to include projects focused on natural gas and water efficiency.

BACKGROUND AND NEED FOR LEGISLATION

U.S.-Israel energy relationship

The United States and Israel have a long-standing relationship in joint energy research and development. The two countries entered into an Energy Research and Development Agreement in 1984 and into a subsequent Energy Cooperation Agreement in 1996. The later agreement established cooperation and exchange of scientific and technical information in a wide range of areas including renewable energy, fossil energy, and electric transmission. In addition, research cooperation entities exist covering a wide array of topics, notably through the United States-Israel Binational Science Foundation (BSF),¹ the United States-Israel Binational Industrial Research and Development Foundation (BIRD),² and United States-Israel Science and Technology Foundation (USISTF).³

Energy Independence and Security Act of 2007

In December 2007, Congress passed the Energy Independence and Security Act of 2007 (EISA 2007). Section 917 of EISA 2007 was included to further the energy cooperation of the two countries by establishing a U.S.-Israel energy cooperation partnership to support research, development, and deployment of energy efficiency and renewable energy measures. The provision included a grant program for joint ventures between United States and Israeli busi-

¹ Founded in 1972, BSF is directed by a ten-person board (five American, and five Israeli) and operates out of Israel. BSF promotes US-Israeli scientific relations by awarding about \$15 million annually in grants for American-Israeli research projects.

² Established in 1977, BIRD's purpose is to "stimulate, promote and support industrial R&D of mutual benefit to the U.S. and Israel." Specifically, BIRD (1) matches services between American and Israeli private sector companies that seek to use industrial R&D to create an innovative product, and (2) provides funding for "up to 50 percent of project development and product commercialization costs."

³ USISTF is a Washington, DC-based non-profit founded by the Department of Commerce and the Israeli Ministry of Industry, Trade and Labor to strengthen the US-Israeli "scientific and R&D relationship" through business collaboration. USISTF is the "funding and administrative arm" of the US-Israel Science and Technology Commission, which was established in 1994 to promote "scientific, technological, and economic cooperation" between the US and Israel.

ness and academic persons in the areas of research, development, demonstration, and commercialization of renewable energy and energy efficiency. Section 917 of EISA 2007 has a statutory termination date that is 7 years after December 19, 2007, meaning the U.S.-Israel energy cooperation program will expire at the end of 2014 if it is not extended.

Fossil energy discoveries in Israel

Since enactment of EISA 2007, significant new natural gas discoveries have been made in and around Israel. In 2009 and 2010, substantial natural gas discoveries were made off the coast of Israel in the Tamar and Leviathan fields. The Tamar and Leviathan fields potentially have the capacity to support Israel's domestic gas consumption with reserves left for exports. The U.S. Geological Survey estimates that there are 122 trillion cubic feet (TCF) of recoverable gas in the region, most of it in Israeli waters.⁴ In March 2012, another offshore discovery was made northwest of Tel Aviv, with an estimated 1.8 TCF of natural gas.⁵ In total, Israel's known offshore natural gas reserves are estimated around 30 trillion cubic feet. However, according to the U.S. International Trade Administration, "because Israel does not yet have the physical infrastructure and technical workforce to support this fast growing industry, local companies are eager to team up with U.S. companies."⁶

Need for legislation

Recognizing that the United States and Israel are international partners, and that energy is essential to the economic and national security of both nations, continued cooperation on a broader range of energy-related issues is in the long term interests of both the United States and Israel. Indeed, the United States and Israel have cooperated in the past on energy projects benefiting both nations. Israeli scientists have undertaken research into alternative and renewable energy resources, and as described herein, significant new natural gas resources in and around Israel have been discovered.

The U.S. government and U.S. businesses have significant expertise and experience in the responsible development of onshore and offshore gas resources, including the development and utilization of deep water gas technologies, hydraulic fracturing and horizontal drilling technologies. Thus, it benefits both countries to extend and expand the existing U.S.-Israel energy partnership provided under Section 917 of EISA 2007 to include natural gas technologies and environmental protection and restoration. H.R. 3683 provides the framework to ensure continued cooperation between the United States and Israel in these critical areas, as well as those areas originally contemplated under Section 917 of EISA 2007.

⁴U.S. Geological Survey, "Assessment of Undiscovered Oil and Gas Resources of the Levant Basin Province," available at <http://pubs.usgs.gov/fs/2010/3014/pdf/FS10-3014.pdf>.

⁵Globes Israel Business News, "Oil and Gas Found at Gabriella, Yitzhak Licenses" (Mar. 13, 2012), available at <http://www.globes.co.il/serveen/globes/docview.asp?did=1000732741>.

⁶U.S. International Trade Administration, "Mission Statement Oil and Gas Trade Mission to Israel," available at http://export.gov/trademissions/israel2012/eg_main_048039.asp#P11_3522.

HEARINGS

The Committee on Energy and Commerce has not held hearings on the legislation.

COMMITTEE CONSIDERATION

On December 10 and 11, 2013, the Committee on Energy and Commerce met in open markup session and ordered H.R. 3683 favorably reported to the House, without amendment, by a voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. There were no record votes taken in connection with ordering H.R. 3683 reported. A motion by Mr. Upton to order H.R. 3683 reported to the House, without amendment, was agreed to by a voice vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings that are reflected in this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

H.R. 3683 provides for greater cooperation between the United States and Israel on energy related activities.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 3683 would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

EARMARK, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

In compliance with clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives, the Committee finds that H.R. 3683 contains no earmarks, limited tax benefits, or limited tariff benefits.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, January 16, 2014.

Hon. FRED UPTON,
*Chairman, Committee on Energy and Commerce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3683, a bill to amend the Energy Independence and Security Act of 2007 to improve United States-Israel energy cooperation, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Megan Carroll.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

H.R. 3683—A bill to amend the Energy Independence and Security Act of 2007 to improve United States-Israel energy cooperation, and for other purposes

Summary: H.R. 3683 would reauthorize a grant program, administered by the Department of Energy (DOE), which supports joint ventures between U.S. and Israeli entities aimed at promoting certain energy-related technologies. CBO estimates that implementing H.R. 3683 would cost \$10 million over the 2015–2019 period, assuming appropriation of the necessary amounts. Because enacting the legislation could affect net direct spending, pay-as-you-go procedures apply; however, CBO estimates that any such effects would be negligible. H.R. 3683 would not affect revenues.

H.R. 3683 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 3683 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By fiscal year, in millions of dollars—						
	2014	2015	2016	2017	2018	2019	2014- 2019
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	0	2	2	2	2	2	10
Estimated Outlays	0	2	2	2	2	2	10

Basis of estimate: For this estimate, CBO assumes that H.R. 3683 will be enacted in fiscal year 2014. CBO estimates that implementing H.R. 3683 would cost \$10 million over the 2015–2019 period. We also estimate that enacting the bill would increase both offsetting receipts and direct spending, but that any net changes in direct spending would be negligible.

Spending subject to appropriation

H.R. 3683 would extend and modify a provision of the Energy Independence and Security Act of 2007 that authorizes DOE to make grants to support joint ventures between U.S. and Israeli government units, businesses, academic institutions, or nonprofit

entities to promote certain energy-related technologies. Current law authorizes DOE to provide such grants, through 2014, for projects related to energy-efficient and renewable technologies. H.R. 3683 would extend DOE's authority to make such grants through 2024 and also expand the types of eligible projects to include those that utilize natural gas technologies and projects aimed at improving the energy efficiency of certain water treatment technologies. The bill also would authorize DOE to establish a joint United States-Israel Center to support additional energy-related collaboration between the two countries.

According to DOE, appropriations for financial assistance to support energy-related collaboration between the U.S. and Israel have averaged about \$1.5 million annually over the past five years. CBO estimates that, under H.R. 3683, DOE would spend slightly more—about \$2 million annually—to continue assistance for projects using energy-efficient and renewable technologies, provide additional assistance for projects utilizing technologies that would become newly eligible for grants under the bill, and established the proposed center to support further collaboration between the United States and Israel.

Direct spending

By extending DOE's authority to provide grants to support U.S.-Israeli energy collaboration, the legislation would also extend the agency's authority to accept donations and spend those amounts, without further appropriation, for activities authorized by the bill. Based on information from DOE, CBO estimates that any such donations would be well below \$500,000 in any year, and that any resulting net changes in direct spending would be negligible.

Intergovernmental and private-sector impact: H.R. 3683 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Estimate prepared by: Federal Costs: Megan Carroll; Impact on state, local, and tribal governments: J'nell L. Blanco; Impact on the private sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 3683 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

DISCLOSURE OF DIRECTED RULE MAKINGS

The Committee estimates that enacting H.R. 3683 specifically directs no rule makings within the meaning of 5 U.S.C. 551 to be completed.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. United States-Israel energy cooperation

Subsection (a) amends EISA to add findings regarding cooperation between the United States and Israel on energy related matters.

Subsections (b), (c), and (d) amend the EISA section 917 grant program to include natural gas and improvement of energy efficiency and the overall performance of water desalination, wastewater treatment and reclamation, and other water treatment technologies.

Subsection (e) permits the Secretary to enter into energy related cooperative agreements supporting and enhancing dialogue and planning involving international partnerships between the Department and the Government of Israel and its ministries, offices, and institutions. The subsection also permits the Secretary to establish a joint United States-Israel Center to further dialog and collaboration to develop energy efficiency, existing energy development programs, and more robust academic cooperation in energy innovation technology and engineering, water science, technology transfer, and analysis of geopolitical implications of new natural resource development and associated areas.

Subsection (f) provides that the EISA section 917 grant program shall terminate on September 30, 2024.

Section 2. United States-Israel Energy Cooperation Working Group

Subsection (a) is a sense of Congress related to cooperation between the United States and Israel on energy security issues.

Subsection (b) directs the Secretary of Energy and the Secretary of State to seek to establish an Energy Cooperation Working Group within the semi-annual United States-Israel Strategic Dialogue.

Subsection (c) provides that the purpose of the Energy Cooperation Working Group is to strengthen dialogue between the United States and Israel on a range of energy issues.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill,

as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ENERGY INDEPENDENCE AND SECURITY ACT OF 2007

* * * * *

TITLE IX—INTERNATIONAL ENERGY PROGRAMS

* * * * *

Subtitle A—Assistance to Promote Clean and Efficient Energy Technologies in Foreign Countries

* * * * *

SEC. 917. UNITED STATES-ISRAEL ENERGY COOPERATION.

(a) FINDINGS.—Congress finds that—

(1) it is in the highest national security interests of the United States to develop **[renewable]** *covered* energy sources;

* * * * *

(4) those programs have made **[possible many]** *possible*—

(A) *many* scientific, technological, and commercial breakthroughs in the fields of life sciences, medicine, bio-engineering, agriculture, biotechnology, communications, and others; *and*

(B) *significant contributions to the development of renewable energy and energy efficiency through the established programs of the United States-Israel Binational Industrial Research and Development Foundation and the United States-Israel Binational Science Foundation;*

* * * * *

(6) Israeli scientists and engineers are at the forefront of research and development in the field of **[renewable]** *covered* energy sources; **[and]**

(7) enhanced cooperation between the United States and Israel for the purpose of research and development of **[renewable]** *covered* energy sources would be in the national interests of both countries**[.];**

(8) *United States-Israel energy cooperation, and the development of natural resources by Israel, are strategic interests of the United States;*

(9) *Israel is a strategic partner of the United States in water technology;*

(10) *the United States can play a role in assisting Israel with regional safety and security issues;*

(11) *the National Science Foundation of the United States should collaborate with the Israel Science Foundation;*

(12) *the United States and Israel should strive to develop more robust academic cooperation in energy innovation tech-*

nology and engineering, water science, technology transfer, and analysis of geopolitical implications of new natural resource development and associated areas;

(13) the United States supports the goals of the Alternative Fuels Administration of Israel;

(14) the United States strongly urges open dialogue and continued mechanisms for regular engagement and encourages further cooperation between applicable departments, agencies, ministries, institutions of higher education, and the private sectors of the United States and Israel on energy security issues, including—

(A) identifying policy priorities associated with the development of natural resources of Israel;

(B) discussing best practices to secure cyber energy infrastructure;

(C) best practice sharing;

(D) leveraging natural gas to positively impact regional stability;

(E) improving energy efficiency and the overall performance of water desalination, wastewater treatment and reclamation, and other water treatment technologies;

(F) technical and environmental management of deep-water exploration and production;

(G) coastal protection and restoration;

(H) academic outreach and engagement;

(I) private sector and business development engagement;

(J) regulatory consultations;

(K) leveraging alternative transportation fuels and technologies; and

(L) any other areas determined appropriate by the United States and Israel;

(15) the United States acknowledges the achievements and importance of the United States-Israel Binational Industrial Research and Development Foundation and the United States-Israel Binational Science Foundation and supports continued multiyear funding to ensure the continuity of the programs of the Foundations; and

(16) the United States and Israel have a shared interest in addressing their immediate, near-term, and long-term energy and environmental challenges.

(b) GRANT PROGRAM.—

(1) ESTABLISHMENT.—In implementing the agreement entitled the “Agreement between the Department of Energy of the United States of America and the Ministry of Energy and Infrastructure of Israel Concerning Energy Cooperation”, dated February 1, 1996, the Secretary shall establish a grant program in accordance with the requirements of sections 988 and 989 of the Energy Policy Act of 2005 (42 U.S.C. 16352, 16353) **to support research, development, and commercialization of renewable energy or energy efficiency** to support energy efficiency, established energy development programs, and research, development, and commercialization of covered energy.

(2) **【TYPES OF】 COVERED ENERGY.**—In carrying out paragraph (1), the Secretary may make grants to promote—

(A) * * *

* * * * *

(F) wave and tidal energy; [and]

(G) advanced battery technology[.];

(H) natural gas energy, including conventional and unconventional natural gas technologies and natural gas projects conducted by or in conjunction with the United States-Israel Binational Science Foundation, the United States-Israel Binational Industrial Research and Development Foundation, and the United States-Israel Science and Technology Foundation; and

(I) improvement of energy efficiency and the overall performance of water desalination, wastewater treatment and reclamation, and other water treatment technologies.

(3) ELIGIBLE APPLICANTS.—An applicant shall be eligible to receive a grant under this subsection if the project of the applicant—

(A) addresses a requirement in the area of improved [energy efficiency or renewable] covered energy sources, as determined by the Secretary; and

* * * * *

(c) INTERNATIONAL PARTNERSHIPS.—

(1) IN GENERAL.—The Secretary may, subject to the availability of appropriations, enter into cooperative agreements supporting and enhancing dialogue and planning involving international partnerships between the Department and the Government of Israel and its ministries, offices, and institutions. The cooperative agreements shall include energy activities in addition to those involving research and development, and shall ensure that the shared technologies and other benefits of energy cooperation promote the domestic energy production of both nations.

(2) FEDERAL SHARE.—The Secretary may not pay more than 50 percent of the costs described in paragraph (1).

(3) ANNUAL REPORTS.—The Secretary shall submit to the Committee on Energy and Commerce of the House of Representatives and the Committee on Energy and Natural Resources of the Senate an annual report that describes—

(A) actions taken to carry out this subsection; and

(B) any projects under this subsection for which the Secretary requests funding.

(d) UNITED STATES-ISRAEL CENTER.—The Secretary may establish a joint United States-Israel Center based in an area of the United States with the experience, knowledge, and expertise in offshore energy development to further dialogue and collaboration to develop energy efficiency, existing energy development programs, and more robust academic cooperation in energy innovation technology and engineering, water science, technology transfer, and analysis of geopolitical implications of new natural resource development and associated areas.

[(c)] (e) TERMINATION.—The grant program and the advisory committee established under this section terminate on [the date that is 7 years after the date of enactment of this Act] September 30, 2024.

[(d) AUTHORIZATION OF APPROPRIATIONS.—The Secretary shall use amounts authorized to be appropriated under section 931 of the Energy Policy Act of 2005 (42 U.S.C. 16231) to carry out this section.]

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