Calendar No. 116

110TH CONGRESS 1ST SESSION

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[Report No. 110-54]

To increase cooperation on energy issues between the United States Government and foreign governments and entities in order to secure the strategic and economic interests of the United States, and for other purposes.

IN THE SENATE OF THE UNITED STATES

January 4, 2007

Mr. Lugar (for himself, Mr. Biden, Mr. Craig, Mr. Salazar, Ms. Snowe, Ms. Landrieu, Mr. Coleman, Mr. Lieberman, Mr. Hagel, and Mr. Thune) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

APRIL 12, 2007 Reported by Mr. BIDEN, without amendment

A BILL

- To increase cooperation on energy issues between the United States Government and foreign governments and entities in order to secure the strategic and economic interests of the United States, and for other purposes.
 - 1 Be it enacted by the Senate and House of Representa-
 - 2 tives of the United States of America in Congress assembled,

1 SECTION 1. SHORT TITLE.

2	This Act may be cited as the "Energy Diplomacy and
3	Security Act of 2007".
4	SEC. 2. DEFINITIONS.
5	In this Act:
6	(1) Major energy producer.—The term
7	"major energy producer" means a country that—
8	(A) had crude oil, oil sands, or natural gas
9	to liquids production of 1,000,000 barrels per
10	day or greater average in the previous year;
11	(B) has crude oil, shale oil, or oil sands re-
12	serves of 6,000,000,000 barrels or greater, as
13	recognized by the Department of Energy;
14	(C) had natural gas production of
15	30,000,000,000 cubic meters or greater in the
16	previous year;
17	(D) has natural gas reserves of
18	1,250,000,000,000 cubic meters or greater, as
19	recognized by the Department of Energy; or
20	(E) is a direct supplier of natural gas or
21	liquefied natural gas to the United States.
22	(2) Major energy consumer.—The term
23	"major energy consumer" means a country that—
24	(A) had an oil consumption average of
25	1,000,000 barrels per day or greater in the pre-
26	vious year;

1	(B) had an oil consumption growth rate of
2	8 percent or greater in the previous year;
3	(C) had a natural gas consumption of
4	30,000,000,000 cubic meters or greater in the
5	previous year; or
6	(D) had a natural gas consumption growth
7	rate of 15 percent or greater in the previous
8	year.
9	SEC. 3. SENSE OF CONGRESS ON ENERGY DIPLOMACY AND
10	SECURITY.
11	(a) FINDINGS.—Congress makes the following find-
12	ings:
13	(1) It is imperative to the national security and
14	prosperity of the United States to have reliable, af-
15	fordable, clean, sufficient, and sustainable sources of
16	energy.
17	(2) United States dependence on oil imports
18	causes tremendous costs to the United States na-
19	tional security, economy, foreign policy, military, and
20	environmental sustainability.
21	(3) Energy security is a priority for the govern-
22	ments of many foreign countries and increasingly
23	plays a central role in the relations of the United
24	States Government with foreign governments. Global
25	reserves of oil and natural gas are concentrated in

- a small number of countries. Access to these oil and natural gas supplies depends on the political will of these producing states. Competition between governments for access to oil and natural gas reserves can lead to economic, political, and armed conflict. Oil exporting states have received dramatically increased revenues due to high global prices, enhancing the ability of some of these states to act in a manner threatening to global stability.
 - (4) Efforts to combat poverty and protect the environment are hindered by the continued predominance of oil and natural gas in meeting global energy needs. Development of renewable energy through sustainable practices will help lead to a reduction in greenhouse gas emissions and enhance international development.
 - (5) Cooperation on energy issues between the United States Government and the governments of foreign countries is critical for securing the strategic and economic interests of the United States and of partner governments. In the current global energy situation, the energy policies and activities of the governments of foreign countries can have dramatic impacts on United States energy security.

- 1 (b) Sense of Congress.—It is the sense of Con-2 gress that—
- 1 (1) United States national security requires
 that the United States Government have an energy
 policy that pursues the strategic goal of achieving
 energy security through access to clean, affordable,
 sufficient, reliable, and sustainable sources of energy;
 - (2) achieving energy security is a priority for United States foreign policy and requires continued and enhanced engagement with foreign governments and entities in a variety of areas, including activities relating to the promotion of alternative and renewable fuels, trade and investment in oil, coal, and natural gas, energy efficiency, climate and environmental protection, data transparency, advanced scientific research, public-private partnerships, and energy activities in international development;
 - (3) the President should ensure that the international energy activities of the United States Government are given clear focus to support the national security needs of the United States, and to this end, there should be established a mechanism to coordinate the implementation of United States international energy policy among the Federal agen-

1	cies engaged in relevant agreements and activities;
2	and
3	(4) the Secretary of State should ensure that
4	energy security is integrated into the core mission of
5	the Department of State, and to this end, there
6	should be established within the Office of the Sec-
7	retary of State a Coordinator for International En-
8	ergy Affairs with responsibility for—
9	(A) developing United States international
10	energy policy in coordination with the Depart-
11	ment of Energy and other relevant Federal
12	agencies;
13	(B) working with appropriate United
14	States Government officials to develop and up-
15	date analyses of the national security implica-
16	tions of global energy developments;
17	(C) incorporating energy security priorities
18	into the activities of the Department;
19	(D) coordinating activities with relevant
20	Federal agencies; and
21	(E) coordinating energy security and other
22	relevant functions currently undertaken by of-
23	fices within the Bureau of Economic, Business,
24	and Agricultural Affairs, the Bureau of Democ-

1 racy and Global Affairs, and other offices with-2 in the Department of State.

3 SEC. 4. STRATEGIC ENERGY PARTNERSHIPS.

- 4 (a) FINDINGS.—Congress makes the following find-5 ings:
- 6 (1) United States Government partnership with 7 foreign governments and entities, including partner-8 ship with the private sector, for securing reliable and 9 sustainable energy is imperative to ensuring United 10 States security and economic interests, promoting 11 international peace and security, expanding inter-12 national development, supporting democratic reform, 13 fostering economic growth, and safeguarding the en-14 vironment.
 - (2) Democracy and freedom should be promoted globally by partnership with foreign governments, including in particular governments of emerging democracies such as those of Ukraine and Georgia, in their efforts to reduce their dependency on oil and natural gas imports.
 - (3) The United States Government and the governments of foreign countries have common needs for adequate, reliable, affordable, clean, and sustainable energy in order to ensure national security, economic growth, and high standards of living in their

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- 1 countries. Cooperation by the United States Govern-2 ment with foreign governments on meeting energy 3 security needs is mutually beneficial. United States Government partnership with foreign governments 5 should include cooperation with major energy con-6 suming countries, major energy producing countries, 7 and other governments seeking to advance global energy security through reliable and sustainable 8 9 means.
 - (4) The United States Government participates in hundreds of bilateral and multilateral energy agreements and activities with foreign governments and entities. These agreements and activities should reflect the strategic need for energy security.
- 15 (b) STATEMENT OF POLICY.—It is the policy of the United States— 16
 - (1) to advance global energy security through cooperation with foreign governments and entities;
 - (2) to promote reliable, diverse, and sustainable sources of all types of energy;
- (3) to increase global availability of renewable 22 and clean sources of energy;
- 23 (4) to decrease global dependence on oil and 24 natural gas energy sources; and

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1	(5) to engage in energy cooperation to strength-
2	en strategic partnerships that advance peace, secu-
3	rity, and democratic prosperity.
4	(c) Authority.—The Secretary of State, in coordi-
5	nation with the Secretary of Energy, should immediately
6	seek to establish and expand strategic energy partnerships
7	with the governments of major energy producers and
8	major energy consumers, and with governments of other
9	countries (but excluding any countries that are ineligible
10	to receive United States economic or military assistance).
11	(d) Purposes.—The purposes of the strategic energy
12	partnerships established pursuant to subsection (c) are—
13	(1) to strengthen global relationships to pro-
14	mote international peace and security through fos-
15	tering cooperation in the energy sector on a mutu-
16	ally beneficial basis in accordance with respective na-
17	tional energy policies;
18	(2) to promote the policy set forth in subsection
19	(b), including activities to advance—
20	(A) the mutual understanding of each
21	country's energy needs, priorities, and policies,
22	including interparliamentary understanding;
23	(B) measures to respond to acute energy
24	supply disruptions, particularly in regard to pe-
25	troleum and natural gas resources;

1	(C) long-term reliability and sustainability
2	in energy supply;
3	(D) the safeguarding and safe handling of
4	nuclear fuel;
5	(E) human and environmental protection;
6	(F) renewable energy production;
7	(G) access to reliable and affordable en-
8	ergy for underdeveloped areas, in particular en-
9	ergy access for the poor;
10	(H) appropriate commercial cooperation;
11	(I) information reliability and trans-
12	parency; and
13	(J) research and training collaboration;
14	(3) to advance the national security priority of
15	developing sustainable and clean energy sources, in-
16	cluding through research and development related
17	to, and deployment of—
18	(A) renewable electrical energy sources, in-
19	cluding biomass, wind, and solar;
20	(B) renewable transportation fuels, includ-
21	ing biofuels;
22	(C) clean coal technologies;
23	(D) carbon sequestration, including in con-
24	junction with power generation, agriculture, and
25	forestry; and

1	(E) energy and fuel efficiency, including
2	hybrids and plug-in hybrids, flexible fuel, ad-
3	vanced composites, hydrogen, and other trans-
4	portation technologies; and
5	(4) to provide strategic focus for current and
6	future United States Government activities in energy
7	cooperation to meet the global need for energy secu-
8	rity.
9	(e) DETERMINATION OF AGENDAS.—In general, the
10	specific agenda with respect to a particular strategic en-
11	ergy partnership, and the Federal agencies designated to
12	implement related activities, shall be determined by the
13	Secretary of State and the Secretary of Energy.
14	(f) Use of Current Agreements To Establish
15	PARTNERSHIPS.—Some or all of the purposes of the stra-
16	tegic energy partnerships established under subsection (c)
17	may be pursued through existing bilateral or multilateral
18	agreements and activities. Such agreements and activities
19	shall be subject to the reporting requirements in sub-
20	section (g).
21	(g) Reports Required.—
22	(1) Initial progress report.—Not later
23	than 180 days after the date of the enactment of
24	this Act, the Secretary of State shall submit to the
25	appropriate congressional committees a report on

1 progress made in developing the strategic energy 2 partnerships authorized under this section. 3 (2) Annual Progress Reports.— 4 (A) IN GENERAL.—Not later than one year after the date of the enactment of this Act, and 6 annually thereafter for 20 years, the Secretary 7 of State shall submit to the appropriate con-8 gressional committees an annual report on 9 agreements entered into and activities under-10 taken pursuant to this section, including inter-11 national environment activities. 12 (B) Content.—Each report submitted 13 under this paragraph shall include details on— 14 (i) agreements and activities pursued 15 by the United States Government with for-16 eign governments and entities, the imple-17 mentation plans for such agreements and 18 progress measurement benchmarks, United 19 States Government resources used in pur-20 suit of such agreements and activities, and 21 legislative changes recommended for im-22 proved partnership; and 23 (ii) polices and actions in the energy 24 sector of partnership countries pertinent to

1	United States economic, security, and envi-
2	ronmental interests.
3	SEC. 5. INTERNATIONAL ENERGY CRISIS RESPONSE MECH-
4	ANISMS.
5	(a) FINDINGS.—Congress makes the following find-
6	ings:
7	(1) Cooperation between the United States Gov-
8	ernment and governments of other countries during
9	energy crises promotes the national security of the
10	United States.
11	(2) The participation of the United States in
12	the International Energy Program established under
13	the Agreement on an International Energy Program,
14	done at Paris November 18, 1974 (27 UST 1685),
15	including in the coordination of national strategic
16	petroleum reserves, is a national security asset
17	that—
18	(A) protects the consumers and the econ-
19	omy of the United States in the event of a
20	major disruption in petroleum supply;
21	(B) maximizes the effectiveness of the
22	United States strategic petroleum reserve
23	through cooperation in accessing global reserves
24	of various petroleum products;

- 1 (C) provides market reassurance in coun-2 tries that are members of the International En-3 ergy Program; and
 - (D) strengthens United States Government relationships with members of the International Energy Program.
 - (3) The International Energy Agency projects that the largest growth in demand for petroleum products, other than demand from the United States, will come from China and India, which are not members of the International Energy Program. The Governments of China and India vigorously pursue access to global oil reserves and are attempting to develop national petroleum reserves. Participation of the Governments of China and India in an international petroleum reserve mechanism would promote global energy security, but such participation should be conditional on the Governments of China and India abiding by customary petroleum reserve management practices.
 - (4) In the Western Hemisphere, only the United States and Canada are members of the International Energy Program. The vulnerability of most Western Hemisphere countries to supply disruptions from political, natural, or terrorism causes

- 1 may introduce instability in the hemisphere and can 2 be a source of conflict, despite the existence of major 3 oil reserves in the hemisphere.
 - (5) Countries that are not members of the International Energy Program and are unable to maintain their own national strategic reserves are vulnerable to petroleum supply disruption. Disruption in petroleum supply and spikes in petroleum costs could devastate the economies of developing countries and could cause internal or interstate conflict.
 - (6) The involvement of the United States Government in the extension of international mechanisms to coordinate strategic petroleum reserves and the extension of other emergency preparedness measures should strengthen the current International Energy Program.
- 18 (b) Energy Crisis Response Mechanisms With19 India and China.—
- 20 (1) AUTHORITY.—The Secretary of State, in 21 coordination with the Secretary of Energy, should 22 immediately seek to establish a petroleum crisis re-23 sponse mechanism or mechanisms with the Govern-24 ments of China and India.

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1	(2) Scope.—The mechanism or mechanisms es-
2	tablished under paragraph (1) should include—
3	(A) technical assistance in the development
4	and management of national strategic petro-
5	leum reserves;
6	(B) agreements for coordinating
7	drawdowns of strategic petroleum reserves with
8	the United States, conditional upon reserve
9	holdings and management conditions estab-
10	lished by the Secretary of Energy;
11	(C) emergency demand restraint measures;
12	(D) fuel switching preparedness and alter-
13	native fuel production capacity; and
14	(E) ongoing demand intensity reduction
15	programs.
16	(3) Use of existing agreements to estab-
17	LISH MECHANISM.—The Secretary may, after con-
18	sultation with Congress and in accordance with ex-
19	isting international agreements, including the Inter-
20	national Energy Program, include China and India
21	in a petroleum crisis response mechanism through
22	existing or new agreements.
23	(c) Energy Crisis Response Mechanism for the
24	Western Hemisphere.—

1	(1) Authority.—The Secretary of State, in
2	coordination with the Secretary of Energy, should
3	immediately seek to establish a Western Hemisphere
4	energy crisis response mechanism.
5	(2) Scope.—The mechanism established under
6	paragraph (1) should include—
7	(A) an information sharing and coordi-
8	nating mechanism in case of energy supply
9	emergencies;
10	(B) technical assistance in the development
11	and management of national strategic petro-
12	leum reserves within countries of the Western
13	Hemisphere;
14	(C) technical assistance in developing na-
15	tional programs to meet the requirements of
16	membership in a future international energy ap-
17	plication procedure as described in subsection
18	(d);
19	(D) emergency demand restraint measures
20	(E) energy switching preparedness and al-
21	ternative energy production capacity; and
22	(F) ongoing demand intensity reduction
23	programs.
24	(3) Membership.—The Secretary should seek
25	to include in the Western Hemisphere energy crisis

- 1 response mechanism membership for each major en-
- 2 ergy producer and major energy consumer in the
- 3 Western Hemisphere and other members of the
- 4 Hemisphere Energy Cooperation Forum authorized
- 5 under section 6.
- 6 (d) International Energy Program Applica-
- 7 TION PROCEDURE.—
- 8 (1) AUTHORITY.—The President should place
- 9 on the agenda for discussion at the Governing Board
- of the International Energy Agency, as soon as prac-
- ticable, the merits of establishing an international
- energy program application procedure.
- 13 (2) Purpose.—The purpose of such procedure
- is to allow countries that are not members of the
- 15 International Energy Program to apply to the Gov-
- erning Board of the International Energy Agency
- for allocation of petroleum reserve stocks in times of
- 18 emergency on a grant or loan basis. Such countries
- should also receive technical assistance for, and be
- subject to, conditions requiring development and
- 21 management of national programs for energy emer-
- 22 gency preparedness, including demand restraint, fuel
- switching preparedness, and development of alter-
- 24 native fuels production capacity.
- 25 (e) Reports Required.—

- (1) Petroleum reserves.—Not later than 180 days after the date of the enactment of this Act, the Secretary of Energy shall submit to the appro-priate congressional committees a report that evalu-ates the options for adapting the United States na-tional strategic petroleum reserve and the inter-national petroleum reserve coordinating mechanism in order to carry out this section.
 - (2) Crisis response mechanisms.—Not later than 180 days after the date of the enactment of this Act, the Secretary of State, in coordination with the Secretary of Energy, shall submit to the appropriate congressional committees a report on the status of the establishment of the international petroleum crisis response mechanisms described in subsections (b) and (c). The report shall include recommendations of the Secretary of State and the Secretary of Energy for any legislation necessary to establish or carry out such mechanisms.
 - (3) EMERGENCY APPLICATION PROCEDURE.—
 Not later than 60 days after a discussion by the Governing Board of the International Energy Agency of the application procedure described under subsection (d), the President should submit to Congress a report that describes—

- 1 (A) the actions the United States Govern-2 ment has taken pursuant to such subsection; 3 and
- (B) a summary of the debate on the matter before the Governing Board of the International Energy Agency, including any decision that has been reached by the Governing Board with respect to the matter.

9 SEC. 6. HEMISPHERE ENERGY COOPERATION FORUM.

- 10 (a) FINDINGS.—Congress makes the following find-11 ings:
 - (1) The engagement of the United States Government with governments of countries in the Western Hemisphere is a strategic priority for reducing the potential for tension over energy resources, maintaining and expanding reliable energy supplies, expanding use of renewable energy, and reducing the detrimental effects of energy import dependence within the hemisphere. Current energy dialogues should be expanded and refocused as needed to meet this challenge.
 - (2) Countries of the Western Hemisphere can most effectively meet their common needs for energy security and sustainability through partnership and cooperation. Cooperation between governments on

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- energy issues will enhance bilateral relationships among countries of the hemisphere. The Western Hemisphere is rich in natural resources, including biomass, oil, natural gas, coal, and has significant opportunity for production of renewable hydro, solar, wind, and other energies. Countries of the Western Hemisphere can provide convenient and reliable markets for trade in energy goods and services.
 - (3) Development of sustainable energy alternatives in the countries of the Western Hemisphere can improve energy security, balance of trade, and environmental quality and provide markets for energy technology and agricultural products. Brazil and the United States have led the world in the production of ethanol, and deeper cooperation on biofuels with other countries of the hemisphere would extend economic and security benefits.
 - (4) Private sector partnership and investment in all sources of energy is critical to providing energy security in the Western Hemisphere.
 - (b) Hemisphere Energy Cooperation Forum.—
 - (1) ESTABLISHMENT.—The Secretary of State, in coordination with the Secretary of Energy, should immediately seek to establish a regional-based min-

1	isterial forum to be known as the Hemisphere En-
2	ergy Cooperation Forum.
3	(2) Purposes.—The Hemisphere Energy Co-
4	operation Forum should seek—
5	(A) to strengthen relationships between the
6	United States and other countries of the West-
7	ern Hemisphere through cooperation on energy
8	issues;
9	(B) to enhance cooperation between major
10	energy producers and major energy consumers
11	in the Western Hemisphere, particularly among
12	the governments of Brazil, Canada, Mexico, the
13	United States, and Venezuela;
14	(C) to ensure that energy contributes to
15	the economic, social, and environmental en-
16	hancement of the countries of the Western
17	Hemisphere;
18	(D) to provide an opportunity for open dia-
19	logue and joint commitments between member
20	governments and with private industry; and
21	(E) to provide participating countries the
22	flexibility necessary to cooperatively address
23	broad challenges posed to the energy supply of
24	the Western Hemisphere that are practical in
25	policy terms and politically acceptable.

1	(3) Activities.—The Hemisphere Energy Co-
2	operation Forum should implement the following ac-
3	tivities:
4	(A) An Energy Crisis Initiative that will
5	establish measures to respond to temporary en-
6	ergy supply disruptions, including through—
7	(i) strengthening sea-lane and infra-
8	structure security;
9	(ii) implementing a real-time emer-
10	gency information sharing system;
11	(iii) encouraging members to have
12	emergency mechanisms and contingency
13	plans in place; and
14	(iv) establishing a Western Hemi-
15	sphere energy crisis response mechanism
16	as authorized under section 5(c).
17	(B) An Energy Sustainability Initiative to
18	facilitate long-term supply security through fos-
19	tering reliable supply sources of fuels, including
20	development, deployment, and commercializa-
21	tion of technologies for sustainable renewable
22	fuels within the region, including activities
23	that—

1	(i) promote production and trade in
2	sustainable energy, including energy from
3	biomass;
4	(ii) facilitate investment, trade, and
5	technology cooperation in energy infra-
6	structure, petroleum products, natural gas
7	(including liquefied natural gas), energy ef-
8	ficiency (including automotive efficiency),
9	clean fossil energy, renewable energy, and
10	carbon sequestration;
11	(iii) promote regional infrastructure
12	and market integration;
13	(iv) develop effective and stable regu-
14	latory frameworks;
15	(v) develop renewable fuels standards
16	and renewable portfolio standards;
17	(vi) establish educational training and
18	exchange programs between member coun-
19	tries; and
20	(vii) identify and remove barriers to
21	trade in technology, services, and commod-
22	ities.
23	(C) An Energy for Development Initiative
24	to promote energy access for underdeveloped

1	areas through energy policy and infrastructure
2	development, including activities that—
3	(i) increase access to energy services
4	for the poor;
5	(ii) improve energy sector market con-
6	ditions;
7	(iii) promote rural development
8	though biomass energy production and use;
9	(iv) increase transparency of, and par-
10	ticipation in, energy infrastructure
11	projects;
12	(v) promote development and deploy-
13	ment of technology for clean and sustain-
14	able energy development, including biofuel
15	and clean coal technologies; and
16	(vi) facilitate use of carbon sequestra-
17	tion methods in agriculture and forestry
18	and linking greenhouse gas emissions re-
19	duction programs to international carbon
20	markets.
21	(e) Hemisphere Energy Industry Group.—
22	(1) Authority.—The Secretary of State, in
23	coordination with the Secretary of Commerce and
24	the Secretary of Energy, should approach the gov-
25	ernments of other countries in the Western Hemi-

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1	sphere to seek cooperation in establishing a Hemi-
2	sphere Energy Industry Group, to be coordinated by
3	the United States Government, involving industry
4	representatives and government representatives from
5	the Western Hemisphere.
6	(2) Purpose.—The purpose of the forum
7	should be to increase public-private partnerships,
8	foster private investment, and enable countries of
9	the Western Hemisphere to devise energy agendas
10	compatible with industry capacity and cognizant of
11	industry goals.
12	(3) Topics of dialogues.—Topics for the
13	forum should include—
14	(A) promotion of a secure investment cli-
15	mate;
16	(B) development and deployment of
17	biofuels and other alternative fuels and clean

- biofuels and other alternative fuels and clean electrical production facilities, including clean coal and carbon sequestration;
- (C) development and deployment of energy efficient technologies and practices, including in the industrial, residential, and transportation sectors;
- 24 (D) investment in oil and natural gas pro-25 duction and distribution;

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1	(E) transparency of energy production and
2	reserves data;
3	(F) research promotion; and
4	(G) training and education exchange pro-
5	grams.
6	(d) Annual Report.—The Secretary of State, in co-
7	ordination with the Secretary of Energy, shall submit to
8	the appropriate congressional committees an annual re-
9	port on the implementation of this section, including the
10	strategy and benchmarks for measurement of progress de-
11	veloped under this section.
12	SEC. 7. APPROPRIATE CONGRESSIONAL COMMITTEES DE-
13	FINED.
14	In this Act, the term "appropriate congressional com-
15	mittees" means the Committee on Foreign Relations and
16	the Committee on Energy and Natural Resources of the
17	Senate and the Committee on Foreign Affairs and the
18	Committee on Energy and Commerce of the House of

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