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No. 113

## House of Representatives

The House was not in session today. Its next meeting will be held on Wednesday, September 3, 2003, at 2 p.m.

## Senate

MONDAY, JULY 28, 2003

(Legislative day of Monday, July 21, 2003)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. STEVENS).

### PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

O God, who speaks to hearts, attuned to hear, forgive us for closing our insights with the attitude that we have already arrived at the truth. Open our minds that we may weigh the evidence and trust Your wisdom to guide us. Use us as Your instruments in the struggle of good against evil, of truth against falsehood. Help us to avoid the proud spirit that causes us to feel self-made. Draw back the curtain behind where we, in a false security, congratulate ourselves. Instead, may we seek to know if we are doing Your will. Lord, help us to walk the road of wisdom, until the dayspring breaks and the shadows flee away.

Lord, we close this prayer by thanking You for the life and legacy of Bob Hope. Amen.

### PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

### ENERGY POLICY ACT OF 2003

The PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of S. 14, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 14) to enhance the energy security of the United States, and for other purposes.

Pending:

Campbell amendment No. 886, to replace "tribal consortia" with "tribal energy resource development organizations."

Durbin amendment No. 1384, to amend title 49, United States Code, to improve the system for enhancing automobile fuel efficiency.

Durbin modified amendment No. 1385, to amend the Internal Revenue Code of 1986 to provide additional tax incentives for enhancing motor vehicle fuel efficiency.

Bond amendment No. 1386, to impose additional requirements for improving automobile fuel economy and reducing vehicle emissions.

The PRESIDENT pro tempore. The acting leader.

Mr. THOMAS. Mr. President, this morning the Senate has resumed consideration of S. 14, the Energy bill. The chairman and ranking member will continue to consider amendments during today's session.

### SCHEDULE

On behalf of the leader, I encourage Members who want to offer amendments to do so as early as possible this week. Those Members should contact the bill managers for an orderly consideration of those amendments.

Under a previous agreement, at 5:20 p.m. the Senate shall proceed to executive session to consider the nomination of Earl Yeakel to be U.S. District Judge for the Western District of Texas. The Senate will vote on the Yeakel nomination at 5:30. That will be the first rollcall vote of the day. Members should anticipate additional votes in relation to Energy amendments or any other items that can be cleared for action.

In addition, the Senate will consider the trade amendments with Chile and Singapore. If all debate can be completed on those bills, the votes will also occur during today's session of the Senate.

Today begins the final week prior to the August recess. Senators can, therefore, expect busy sessions with rollcall votes throughout each day and Members should schedule themselves accordingly.

The PRESIDENT pro tempore. The Democratic whip.

Mr. REID. Mr. President, I just received a phone call from a Senator, and the Senator is on an airplane. Therefore, I will have to protect her rights. She has indicated she does not wish us to move off the amendment that is now before the Senate, so there will be no way to offer other amendments until

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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we have this matter resolved. I am not able to speak to her at this stage, but I will attempt to do so.

She simply will not allow anything to be set aside until we dispose of the amendment that is before us.

The other thing I want to say is, if the distinguished acting majority leader would be generous, the Senator from Florida is here and wishes to speak for up to 3 minutes as in morning business prior to our getting on to the legislation. I would ask if that would be OK with the acting majority leader.

Mr. THOMAS. Mr. President, I have no objection to the 3 minutes. I would like to ask unanimous consent that we be able to go ahead and speak on the electricity amendment even though we will not be able to offer it.

Mr. REID. We would not need unanimous consent to do that anyway, so that would be fine.

Mr. THOMAS. Very well. I have no objection.

Mr. REID. Mr. President, I ask unanimous consent that the Senator from Florida be recognized to speak for up to 3 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Florida is recognized.

(The remarks of Mr. NELSON of Florida are printed in today's RECORD under "Morning Business.")

The PRESIDENT pro tempore. The Senator from Wyoming is recognized.

Mr. THOMAS. Mr. President, in keeping with the agreement with the minority leader, I will not introduce the amendment at this time, but I would like to talk about the amendment.

Mr. President, what we are going to deal with today is an amendment, which will be a second-degree amendment and substitute for the electric title in the Energy bill. As you know, we have talked about the Energy bill for a good long time on the Senate floor. We have talked about it in committee, and we talked about it last year. So what has happened is the chairman of the committee has done a great job of seeking to take the information that came forward in our discussions in the past about the electric title of the Energy bill and make it more compatible with the issues that have arisen during the previous discussions, and to put it together into an amendment. That is what we will be dealing with.

I am very pleased we have come together on the committee with an amendment that deals with most of the concerns about people, with a recognition that there is a changing world in terms of electrical supply and the way it is distributed throughout the country. If we are, in fact, to develop an Energy policy that is designed to give guidance to what happens regarding energy over the next several years, then this is a very important amendment and very important portion of the Energy bill.

As we look at ourselves and our families and businesses and our economy,

there is probably nothing that impacts us more than electricity. It is in everything we do—whether it is lights, heat, businesses, whatever, we are involved with electricity. Each of us wants to have it for ourselves and our families. So we need to make some changes and some policy that moves us in that direction. The challenges facing the electric industry affect our economy and our environment, and developing a policy on this electric component is one of the most challenging aspects of the entire energy debate.

Chairman DOMENICI's efforts and his leadership on this issue have been tremendous. He has worked with all the interested parties to develop a very carefully crafted and balanced product. I will comment a little later on the whole package of letters of support we have received from various associations and users. These letters of support come from the National Rural Electric Cooperative Association, American Public Power Association, the Large Public Power Council, each advocating passage of the electric substitute amendment without modification.

We have talked about the number of amendments that are out there. Here is one we have already gone through, seeking to talk about and having opportunity for input from all the various interests. We believe this section is ready for adoption without modification. There are letters of support from the electric industry itself. The administration has also expressed its support for the electricity amendment.

In a letter dated July 25, the Secretary of Energy wrote that the Domenici amendment "will effectively modernize our Nation's antiquated electricity laws." Secretary Abraham stated that the amendment "protects consumers, ensures the development of wholesale markets that are transparent and free of manipulation, facilitates open access to the transmission system, increases electric supply, promotes energy efficiency, improves reliability, encourages demand response, and appropriately balances Federal and State responsibilities."

These supporters in the administration are right. The proposed electricity title is much needed and will accomplish some of the following: It establishes mandatory reliability rules. What is more important to us in electricity than reliability? It expands the transmission system efficiently on a regional basis. It will promote more open access to the transmission grid. The way things have changed, more and more electricity is developed in market generators and has to be moved to the market in order to make it work. You have to have a transmission grid.

It ensures priority on transmission lines for native load customers. This is so that where transmission lines serve certain areas, they are the first priority, and later you can add to the transmission grid.

It will allocate the costs of expanding the transmission system fairly, so that the cost doesn't have to be shared excessively by those already on the line with new users.

It repeals the PUHCA to allow for more investment. This law was passed some time ago. It limits who can be involved in the ownership and investment of electric utilities and transmissions. It changes that so that there still are restrictions to be enforced by the enforcement agencies, but it allows for more investment.

It reforms PURPA. That is the law that required the purchase of various kinds of alternative energies at a lower price than the market might demand. It still allows for that purchase, and it will require it in some instances, but it takes away that mandatory aspect and allows competitive markets to work. It strengthens consumer protection also with increased transparency and oversight.

In the last several years, on the west coast we have seen the need for oversight and transparency. This provides for that. These are important issues that need to be addressed as part of a comprehensive, integrated, strategic energy policy.

Let me remind us that this is a policy we are talking about. So we need to have some foresight into it. It is not daily detail, it is a policy for where we go in the future to provide the kind of result that we would like to see.

Our action now on this amendment will help reduce regulatory uncertainty. It will provide much needed direction in an industry that is at a crossroads. That is where we are. The Domenici electricity amendment is the best solution available, and it deserves all of our support. It also deserves it soon, so that we can complete this job and get it out on the ground in the country.

Let me take some time to describe the electricity amendment in a fairly broad sense. The first part of the electricity amendment proposes modifications and additions to the Federal Power Act's definitions. These proposed changes are needed to accommodate conforming changes and defining terms of art used by the industry. Specifically, the terms affected are: electric utility; transmitting utility; regional transmission organizations, RTOs; independent transmission organizations, or ITOs.

Subtitle A has to do with reliability. The reliability subtitle sets forth a new framework to ensure greater reliability in the transmission grid. Today, transmission grid stability is maintained through voluntary compliance with reliability rules promulgated by the North American Electric Reliability Council.

This subtitle directs FERC, the Federal Energy Regulatory Commission, to implement a final rule to certify an electric reliability organization that will set and enforce mandatory reliability rules for the safe operation of the transmission grid.

Mandatory reliability rules are needed due to the increased number and the complexity of transmission on the grid and more extensive wholesale competitive markets. This reliability subtitle is based on consensus language developed by the North American Electric Reliability Council and the Western Governors Association.

I will point out here that there are substantial differences in different parts of the country with respect particularly to the movement of energy. In the West where there is more generated, sometimes the movement is out of the generation market into the consumptive market, where in the Northeast, for example, there is less generation and more movement there. So you need to make these changes and that is what the reliability subtitle seeks to do.

The provision is supported by a number of other groups and associations because they know greater reliability means greater opportunity—greater opportunity for investment.

In addition to NERC and the Western Governors Association, supporters of the reliability section include the Edison Electric Institute, the Institute of Electrical and Electronics Engineers, the Canadian Electricity Association, the National Association of Regulatory Utility Commissioners, the National Association of State Utility Consumer Advocates, the American Public Power Association, the National Electrical Manufacturers Association, the National Rural Electric Cooperative Association, American Electric Power, Pepco Holdings, Inc., the Transmission Access Policy Study Group, TXU Corporation, and the Western Electricity Coordinating Council.

That is a broad representation of the whole Nation in terms of what we need to be doing with reliability.

As to subtitle B, regional markets, here again the subtitle recognizes the regional differences and seeks to promote the regional market in a careful and fair manner.

The first section of this subtitle delays the finalization of the Federal Energy Regulatory Commission's standard market design proposed rulemaking until July 1, 2005. This was a rule that came out from FERC some time ago that, in the view of most people, took too much authority to the national level and did not leave enough with the local and regional level. This is designed to change that situation. FERC seems agreeable to that change. This delays any order of that kind until July 1, 2005.

Given the controversy surrounding SMD and FERC's willingness to revisit and revise its approach in the white paper, a delay until July 1, 2005, preceded by a notice of proposed rulemaking and opportunity for public comment is, we believe, a balanced solution. The timeframe allows FERC to develop a rulemaking true to the principles and terms outlined in the white paper regarding deference to the

States—that is very important, deference to the States—and permits those regions that are working on their own unique marketing designs to continue to do so.

This is a recognition of the fact there needs to be some Federal oversight. We are going to have a national movement of electricity and, at the same time, recognize those unique aspects of various regions, and this is designed to balance that situation.

This subtitle includes a sense of Congress that RTO formation be voluntary. The subtitle also provides that nothing in the Energy bill authorizes FERC to mandate the formation of RTOs. We will hear more about that point, I am sure. The fact is it does not mandate; it allows the States and regions to make these decisions, which I think is very important.

This subtitle emphasizes RTO formation, which is very important, and it promotes fair and open access to electric transmission service; benefits retail consumers; facilitates wholesale competition; improves efficiencies in the transmission grid management; promotes grid reliability; removes opportunities for unduly discriminatory or preferential transmission practices; and provides for efficient development of transmission infrastructure needed to meet the growing demands of competitive wholesale markets.

There has been a great change in how electricity is generated and distributed. A number of years ago, a company had the job of being a distribution unit, to go to the retail, to go to your house, my house, and businesses in a community. They generated their own electricity, and it was a confined package right there. Over the last number of years, more than 30 percent of wholesale power is generated by what we call market generators that do not make retail distribution. Therefore, to be competitive and to give us a better price, that electricity has to move about to the companies that do the distribution, and that is what this whole issue is about.

This subtitle authorizes Federal power marketing agencies, such as the Bonneville Power Administration and Western Area Power Administration, to join RTOs. They are a very important part of the generation and distribution in these areas, and they, too, can come along with the States to put together these regional organizations.

This subtitle includes a regional consideration section which encourages discussion between States and FERC on how to improve transmission and wholesale markets. Issues to be considered include elimination of pancake rates, that is, multiple cumulative charges for transmission service across successive locations in a single region, and the resolution of seams issues, to improve transmission exchanges between regions. These are very important to a uniform statewide average rate of transmission pricing.

Subtitle C, which involves transmission access and protecting service

obligations, is very important. The first section of this subtitle is designed to ensure load-serving entities are a priority on the transmission grid to fulfill their service obligation to the native load end users. This section balances the service obligation needs of both transmission owners and transmission-dependent entities, such as municipals and co-ops. The section allows this priority only to the extent required to provide the load-serving entities' native load obligation. This means if you have powerplants, retail merchants, and customers, and you want to use that line to go on to new customers, the first priority is to those being served, the native load, and that is important to our part of the country.

FERC-lite is just what it says: The ideas that were put forth by the Federal agency now are toned down with more emphasis given to the opportunity for States and regions to have input.

The open access, or FERC-lite section, promotes principles of fair access to the transmission system by requiring that all transmitting utilities, regulated or unregulated, have rates, terms, and conditions for transmission service that are not discriminatory or preferential.

The FERC-lite provision will not diminish the local control benefits upon which many unregulated transmitting utilities depend. Small unregulated transmitting utilities, such as distribution co-ops, as well as unregulated transmitting utilities that do not own or operate significant transmission facilities, are exempt from the FERC-lite.

The section on participant funding directs FERC to issue regulations about the allocation of costs associated with transmission expansion. This section clarifies who has to pay for what in transmission expansion. This clarification will promote certainty and investment in our energy infrastructure. It really defines benefits. Those who benefit from the expansion will be expected to pay for the expansion.

Under this section, a regional transmission organization, an RTO, or an independent system operator may submit a plan regarding transmission costs to FERC, and FERC will give substantial deference to the comments filed by State regulatory authorities, other appropriate State officials, and stakeholders of the RTO or ISO regarding such a plan.

With regard to subtitle D, amendments to the Public Utility Regulatory Policies Act of 1978, the most challenging part of the PURPA reform addressed in this section has to do with mandatory purchase and sale requirements affecting qualified facilities, or QF. Many have argued that PURPA has resulted in above-market electricity prices because it forces utilities to buy power they may not need. Thanks to the hard work of Senators NICKLES, LANDRIEU, and ALEXANDER, a compromise was reached which will ensure

that qualifying facilities are legitimate and not just generation facilities masquerading as QFs and abusing QF benefits.

The compromise prospectively terminates the mandatory purchase and sale requirements affecting QFs when a competitive wholesale market exists and sets forth new criteria for future QFs to ensure they are fundamentally designed to support commercial or industrial processes.

The stakeholders, which include the American Chemistry Council, International Paper, and the Alliance for Competitive Energy, worked together to help craft this language with the Senators and strongly support the principles of ensuring fair and legitimate practices.

This subtitle also includes provisions on net metering, smart metering, and demand response that require States to consider the benefits of these policies. What this really means is instead of being forced to buy the energy that is excessive to some manufacturing group, it will have to be in a competitive market. They will be legitimate qualifying facilities and will not be forced, as it was in the past, but yet will still be able to include these producers as available energy.

Subtitle E is provisions regarding the Public Utility Holding Company Act of 1935. This is an outdated statute that imposes barriers to competition and discourages investment in generation and transmission. PUHCA limits that are now in place limit geographic and product diversification and impose many burdensome filing requirements.

PUHCA is also a barrier to the formation of regional energy markets because it would apply to regional transmission organizations.

Repealing PUHCA does not preclude State and Federal regulators from protecting ratepayers. They can still take a look at who is doing the investing and whether the returns generated go back to the right group and create a good price for users, and they will be able to invest, not divert, the money, but they will continue to be overseen by existing regulators. The Department of Justice and the Federal Trade Commission will continue to protect against antitrust violations.

The Securities and Exchange Commission, which currently oversees PUHCA, has recommended on a number of occasions that PUHCA be repealed and certain consumer protections transferred to FERC. That is what we seek to do here.

Market transparency and antimanipulation enforcement, of course, are very important subjects, now more than ever because of what happened in California and elsewhere on the west coast.

This subtitle directs FERC to issue rules to establish an electronic information system to provide information about the availability and the price of wholesale market and transmission services to ensure that such informa-

tion will be treated with confidentiality, when necessary, and used to protect consumers in competitive markets.

Here again the allegation—and I am sure to some extent it is true—was these are the kinds of manipulations that happened in California and on the west coast, and this is designed to prohibit the filing of false information regarding the price of wholesale electricity and the availability of transmission capacity. It prohibits round-trip trading, where there were apparently some funny tricks played on the west coast. This will prohibit those kinds of things. It expands those who can file complaints and who will be subject to FERC investigation; increases the penalty under the Federal Power Act and the National Gas Act; amends the Federal Power Act refund effective date to the date of filing. It makes it work so the purpose for which it was designed can be carried out.

Subtitle G is consumer protections. Of course, all of us are interested in that. A number of consumer protections are included in the amendment. The first one includes a revised section 203 of the Federal Power Act which will offer FERC limited expansion of its merger review authority. Justification for this expansion review is needed to balance the repeal of PUHCA, which we just talked about, and the potential effects on holding company structures. So we are making some of the changes that need to be made because of outdated laws and we are replacing the oversight that needs to be there so it will still be transparent and visible.

The new section would apply to transactions only that are in excess of \$10 million. So this is designed to deal with major transactions.

In addition, 203 would highlight factors such as consumer protection financial integrity, evaluating whether a transaction is consistent with the public interest. These are things that all of us recognize need to be there. That is why utility commissions have been in effect in States to sort of have an oversight. Even though we want the private market to be stronger and more effective, there still needs to be protection for consumers because there are not lots of choices always in terms of energy.

A new section requires FERC to adopt rules for consideration of applicants. It also directs the Federal Trade Commission to issue rules regarding information disclosures.

So overall, the Domenici electricity amendment is balanced. It is a fair package that creates a more efficient electricity grid, increases investment in utility infrastructure, and enhances consumer protections. These are basically the issues we will be faced with again in the future. We want electricity available. We want it at a reasonable price. We know the market can have something to do with that if there is competition, but if there is competition there has to be oversight.

If we are going to be able to move electricity, there has to be a grid. If there is going to be a grid, there has to be agreement among States in regions. These are the kinds of things we deal with. It is fairly complicated. On the other hand, there are pretty basic things that need to be done and have not been done for a very long time.

Of course, we must keep in mind, as we do all of these things, some of the basic fundamentals we want to protect, and that is there are State opportunities to make a decision for local power; that we can show the difference between regional needs by having RTOs that have the authority to do this. If we are going to have a nationwide grid to be able to move power to make it more efficiently used, there has to be some Federal authority as well. This seeks to develop that balance.

This amendment is balanced. It is a fair package. It creates a more efficient grid, increases investment, and enhances consumer protections. The amendment is supported by the administration as well as a number of stakeholders' groups such as the National Rural Electric Cooperative.

I have a number of letters in support of the amendment and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF ENERGY,  
Washington, DC, July 25, 2003.

Hon. PETE V. DOMENICI,  
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The purpose of this letter is to provide the Administration's views on your proposed electricity substitute amendment to the Energy Policy Act of 2003. The Administration applauds your efforts and leadership to ensure that a balanced electricity title is included in the energy bill under consideration by the Senate.

We support your substitute electricity amendment and believe it will effectively modernize our Nation's antiquated electricity laws. Your amendment promotes transmission expansion, facilitates open access to the transmission system, increases electricity supply, promotes energy efficiency, improves reliability, encourages demand response, and appropriately balances Federal and State responsibilities.

Furthermore, we believe your amendment will protect consumers and ensure that developing wholesale markets are transparent and free of manipulation. Repealing the Public Utility Holding Company Act (PUHCA) and reforming the Public Utility Regulatory Policies Act (PURPA) will eliminate outdated laws on the books and infuse much needed capital into this sector.

The Administration applauds your commitment to passing comprehensive energy legislation and looks forward to working with you in conference to ensure the final bill reflects the President's priorities as set forth in the National Energy Policy and promotes energy and economic security for America.

Sincerely,

SPENCER ABRAHAM.

U.S. SENATE,

Washington, DC, July 24, 2003.

Hon. PETE V. DOMENICI,  
 Chairman, Committee on Energy and Natural  
 Resources, Dirksen Senate Office Building,  
 Washington, DC.

DEAR CHAIRMAN DOMENICI: I am writing to express my support for your efforts to develop comprehensive energy legislation and to share my views on some issues which I believe to be critical to the establishment of a competitive electricity market that will benefit our nation's consumers.

The Senate Committee on Energy and Natural Resources with your leadership has grappled with a number of complex and contentious issues with respect to electricity. From my perspective, the central issues at stake in the debate surrounding the energy bill's electricity title involve the Federal Energy Regulatory Commission's ("FERC") authority over regional transmission organizations ("RTO"), its proposed rules for the implementation of standard market design ("SMD"), and the repeal of the Public Utility Holding Company Act of 1935 ("PUHCA").

As you know, in an effort to bring greater order to the currently balkanized national grid, the Federal Energy Regulatory Commission issued FERC Order No. 2000, which directed utilities with transmission assets within their jurisdiction to join RTOs on a voluntary basis. Although FERC Order No. 2000 contained permissive language with respect to participation in an RTO, FERC maintains authority under the Federal Power Act to mandate participation. While most utilities have joined an RTO, some still have not, and the FERC, in the interests of promoting open and competitive interstate markets for electricity, may deem it necessary to compel a utility's participation in an RTO. Further, FERC's ability to mandate participation in an RTO serves as an important remedy where a utility is found to have abused market power. I am concerned that legislation might be adopted to eviscerate this agency's existing authority and thwart its efforts at promoting competition and a level playing field. I encourage you to preserve the FERC's authority with respect to RTOs.

I am also concerned about efforts to curtail the FERC's SMD rules. As you are aware, the rulemaking that is presently underway at the FERC seeks to establish a single cohesive set of rules governing the procedures and pricing of the transmission of electricity. SMD represents an important step toward a truly seamless and competitive national grid. Any delay in this effort would only slow our nation's progress toward this important goal. I urge you to omit language delaying the implementation of this rule from comprehensive energy legislation.

I would also like to express my support for the repeal of the Public Utility Holding Company Act of 1935 ("PUHCA"). PUHCA was enacted to eliminate unfair practices and other abuses by electricity and gas holding companies by requiring federal control and regulation of interstate public utility holding companies. However, in the decades following the passage of this Depression-era law, the proliferation of federal, state, and local regulators and changes in market conditions have led to questions regarding the relevance of PUHCA in today's marketplace. As electricity markets have grown more competitive, PUHCA has hampered investment in new transmission lines, rendering our already taxed transmission assets more burdened than they need be. PUHCA repeal, in conjunction with reasonable safeguards for consumers, is an essential ingredient in moving towards a competitive national marketplace for electricity.

As you work to complete comprehensive energy legislation, I urge you to resist ef-

forts to curtail FERC efforts to promote competition and support the repeal of PUHCA. Thank you for your attention to this matter.

Very truly yours,

PETER G. FITZGERALD.

U.S. SENATE,

Washington, DC, July 25, 2003.

Hon. PETE V. DOMENICI,  
 Chairman, Committee on Energy and Natural  
 Resources, U.S. Senate, Washington, DC.

Hon. JEFF BINGAMAN,  
 Ranking Member, Committee on Energy and  
 Natural Resources, U.S. Senate, Wash-  
 ington, DC.

DEAR CHAIRMAN DOMENICI AND RANKING MEMBER BINGAMAN: We are writing to urge you to continue our nation's efforts to move toward competitive wholesale electricity markets that will benefit consumers and businesses. National competitive markets, where multiple buyers and sellers can negotiate bargains and pass cost savings along to consumers, are the best approach to the challenges facing the electricity industry.

We would like to bring to your attention a number of issues addressed in the electricity title of the Senate Energy Bill (S. 14) that have implications for residents and businesses in the Northeast-Midwest region.

Delay of Standard Market Design—S. 14 and the proposed substitute amendment delays the implementation of the Federal Energy Regulatory Commission's (FERC) standard market design until July 2005. Electricity markets have outgrown state boundaries. We are writing to express our concern with the proposed delay of standard market design and the provision to make participation in regional transmission organizations voluntary. The delay has serious implications for residents and businesses in the Northeast-Midwest region and throughout the nation.

A standard market design would streamline the wholesale electricity industry, encourage transmission investments and move the lower 48 states toward a more competitive electricity market. Congested power lines, which are the result of the current electricity system, cost customers and businesses throughout the United States billions of dollars each year, whereas competitive wholesale power markets could deliver billions of dollars in economic benefits.

Schwab Capital Markets detailed the importance of standardized markets to increasing investment in our nation's transmission grid and electricity generation. Testifying before the House Subcommittee on Energy and Air Quality, Christine Tezak with Schwab stated: "We believe that capital will be less expensive for all market participants if FERC continues (and is permitted to continue) its efforts to provide reasonably clear and consistent rules for this business . . . Schwab WRG continues to view continued efforts to move forward with the restructuring of the electricity industry to be the best investment environment for the widest variety of participants in the electricity marketplace—whether they provide generation, transmission, distribution or a combination of these services—and most importantly, the most likely to provide sustained long-term benefits to consumers." Further, Ms. Tezak stated: "Congress needs to decide whether or not it still believes in the 1992 Energy Policy Act. Today, Congress is becoming an increasing part of the reason capital is hard to attract to this business. Congress is calling for FERC to slow down. Wall Street is frustrated FERC won't move faster."

S. 14 makes participation of Federal utilities in Regional Transmission Organizations voluntary. Federal taxpayer dollars were

used to develop and maintain Federal power marketing agencies such as the Tennessee Valley Authority and Bonneville Power. The energy generated by these facilities should benefit all Americans. TVA and Bonneville should be required to participate in RTOs so communities throughout the United States have access to the power generated at these Federal facilities.

The Energy Bill must put national interest above the interest of a few vertically-integrated utilities that want to maintain regional monopolies. We encourage you to support standardizing electricity markets and prevent further delay of these efforts.

Participant Funding—S. 14 and the proposed substitute amendment directs FERC to establish rules to "ensure that the costs of any transmission expansion or interconnection be allocated in such a way that all users of the affected transmission system bear the appropriate share of costs." The language requires FERC to fairly align the costs and benefits of transmission upgrades, a judgment that can include a consideration of relevant local factors. This is not only the most equitable approach but also the one most likely to ensure that transmission development will keep pace with growing electricity demand.

Combined Heat and Power—S. 14 currently contains the "Carper-Collins" language which keeps in place incentives to operate combined heat and power facilities until true competition exists in electricity markets. This language retains, for a limited time, the provisions of the Public Utility Regulatory Policy Act (PURPA) which requires utilities to provide back-up power and buy electricity from qualifying combined heat and power facilities. As soon as competitive electricity markets are established, these requirements are repealed. Since combined heat and power saves energy, reduces greenhouse gas emissions, increases energy independence, and is good for the competitiveness of American manufacturing, we urge you to retain such provisions.

We urge you to complete the work Congress started with the Energy Policy Act of 1992 to provide reliable, low-cost electricity to customers. Please stand strong against pressure to reverse course on Congress' efforts to establish better working, competitive markets, and to continue working towards competitive electricity markets. Sincerely,

JACK REED.  
 OLYMPIA J. SNOWE.  
 EDWARD M. KENNEDY.  
 ARLEN SPECTER.  
 SUSAN COLLINS.  
 DEBBIE STABENOW.  
 FRANK R. LAUTENBERG.  
 CARL LEVIN.

AMERICAN PUBLIC POWER ASSOCIATION,  
 Washington, DC, July 24, 2003.

Hon. PETE DOMENICI,  
 U.S. Senate, Senate Hart Building, Washington,  
 DC.

DEAR SENATOR DOMENICI: On behalf of the American Public Power Association (APPA), I want to express our strong support for your substitute amendment for the electricity title of S. 14, the Energy Policy Act of 2003.

The substitute represents a balanced approach that makes several improvements to the electricity title as it was reported out of your Committee. In particular, APPA appreciates your inclusion of additional consumer protections by providing the Federal Energy Regulatory Commission (FERC) with additional authority to review mergers while not including inflexible time constraints upon FERC review of merger applications. In addition, your substitute provides clear direction to FERC to establish a policy on market-

based rates that assures rates will be just and reasonable. While we remain concerned over the repeal of the Public Utility Holding Company Act, the inclusion of these additional consumer protections helps to mitigate those concerns.

We also commend you for your efforts in drafting service obligation/native load language that preserves the existing firm transmission rights of load-serving entities. APPA strongly supports the service obligation/native load language in your substitute as it equally protects the rights of transmission owners and transmission dependent utilities.

Your substitute is a very carefully crafted package. While we do not necessarily support each individual provision, we do strongly support the compromise in its totality without modification. In addition, we will ask APPA members to urge their Senators to support your substitute. We anticipate that you will resist changes to your substitute during floor consideration and that you will support all aspects of the substitute in the House-Senate conference.

We appreciate your efforts to improve the electricity title and look forward to working further with you and your staff to preserve the language in your substitute through conference committee.

Sincerely,

ALAN H. RICHARDSON,  
*President & CEO.*

THE LARGE PUBLIC POWER COUNCIL,  
*Washington, DC, July 24, 2003.*

Hon. PETE V. DOMENICI,  
*Chairman, Senate Energy and Natural Resources Committee, Senate Dirksen Office Building, Washington, DC.*

DEAR CHAIRMAN DOMENICI: On behalf of the Large Power Public Council (LPPC) I am writing to let you know that we support the electricity substitute, without modification, which you plan to offer during Senate consideration of the Energy legislation.

We are grateful for your attention to our concerns and your willingness to craft solutions to the problems of large public power systems. It has been a pleasure working with you and with your staff.

LPPC is comprised of 24 of the largest locally owned and operated electric systems in the nation. LPPC members have long supported a truly competitive electricity market that is designed to benefit consumers. Your tireless efforts toward that end deserve our endorsement.

As a separate matter, we would urge you to consider favorably efforts to modernize TVA's organic statute.

Thank you again for your hard work. We look forward to helping you pass this substitute next week on the Senate floor.

Sincerely,

JAN SCHORI,  
*Chair.*

NATIONAL RURAL ELECTRIC  
COOPERATIVE ASSOCIATION,  
*Arlington, VA, July 25, 2003.*

Re Domenici amendment to the Electricity Title of S. 14.

Hon. PETE V. DOMENICI,  
*U.S. Senate, Dirksen Senate Office Building, Washington, DC.*

DEAR SENATOR DOMENICI: The National Rural Electric Cooperative Association (NRECA) supports passage of the carefully crafted Domenici amendment without modification.

NRECA represents over nine hundred consumer-owned electric cooperatives that serve more than 36,000,000 electric consumers. Our priority in the national energy policy debate is consumers. NRECA believes that S. 14, as

modified by the Domenici amendment, protects consumers while providing the opportunity for growth and stability in competitive wholesale electric markets.

The language in the Domenici amendment will protect electric cooperatives from unnecessary costs and regulations. Your amendment closely parallels the small utility provisions included in last year's electricity title (HR 4).

The merger review language in your amendment establishes a framework ensuring that utility mergers adequately protect the public interest. This consumer protection package is vitally important to offset the potential consequences of the repeal of the Public Utility Holding Company Act.

We commend you for your work in the difficult drafting of the service obligation and native load language that preserves the existing firm transmission rights of load-serving entities. NRECA supports the equal protection for the rights of transmission owners and transmission dependent utilities.

On behalf of electric consumers, NRECA urges adoption of the Domenici amendment to S. 14 and applauds you for your leadership.

Sincerely,

GLENN ENGLISH,  
*Chief Executive Officer.*

JULY 18, 2003.

Hon. PETE DOMENICI,  
*U.S. Senate, Hart Senate Office Building, Washington, DC.*

DEAR SENATOR DOMENICI: Over the past several years, Congress and the Federal Energy Regulatory Commission have struggled to create a definitive set of rules with respect to establishing restructured wholesale electricity markets. As state regulators from diverse regions of the country, we are concerned that continued and prolonged uncertainty at the federal level could ultimately impede our efforts to provide reliable and affordable power to our states' homes and businesses.

Positive steps in recent months taken by the Federal Energy Regulatory Commission have begun to establish clear rules and defined roles for market participants and stakeholder organizations, opening the door for increased benefits in our states for consumers and industries. FERC has been working closely with state regulators, and in regional technical conferences, to cooperatively develop the flexible tools needed to strengthen our electric markets.

The U.S. Congress is positioned to empower the FERC to move forward with necessary reforms by adopting language in S. 14, The National Energy Policy Act that would promote the development of wholesale markets and electricity grids. Supporting the creation of dynamic wholesale power markets could be one of the most significant legacies of this Act.

That said, as Congress considers the electricity title of the National Energy Policy Act, we are concerned with two specific points that are being raised in the debate on this legislation:

1. There should be no language that would delay FERC's efforts to develop rules governing the wholesale electricity market, as these rules are essential to ensuring the creation of robust wholesale markets that benefit consumers. Delay may seem like a safe or appealing compromise, however, this will undoubtedly lead to lengthy and costly regulatory and judicial challenges that could impact pending docket items and cost consumers millions of dollars. Congress should not create further roadblocks to the regulatory process of creating RTOs. States and regions, working with FERC, must begin the formation of RTOs without delay.

2. We oppose any Congressional action that would make RTO participation voluntary, as this would be harmful to existing and emerging RTOs. FERC should be permitted to oversee the process of RTO formation and serve as regional traffic cop to ensure that consumers benefit from competition in terms of competitive prices, increased choices, and improved services and reliability.

America's electricity network is at a crossroads. Individual states are moving forward, but the FERC must be empowered to take the necessary steps to ensure our nation has the electricity and transmission grid to meet the needs of our states' consumers and industries. Wholesale markets are putting downward pressure on prices and leading to greater investment in infrastructure and supply, resulting in greater reliability. We encourage Congress to adopt national energy legislation that would advance the nation's electric systems and the development of RTOs.

Thank you for your consideration of our thoughts and concerns. Please do not hesitate to contact us if you have any questions regarding this issue or the perspective and views of our states.

Sincerely,

Thomas L. Welch, Chairman, Maine Public Utilities Commission.

Laura Chappelle, Chairman, Michigan Public Service Commission.

Roy Hemmingway, Chairman, Oregon Public Utility Commission.

Rebecca A. Klein, Chairman, Texas Public Utility Commission.

Kevin Wright, Commissioner, Illinois Commerce Commission.

Carol M. Murphy, Commissioner, New Jersey Board of Public Utilities.

Glenn R. Thomas, Commissioner, Pennsylvania Public Utility Commission.

Jay O. Stovall, Commissioner, Montana Public Service Commission.

MIDAMERICAN ENERGY HOLDINGS Co.,  
*Omaha, NE, July 25, 2003.*

Hon. PETE V. DOMENICI,  
*Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.*

DEAR CHAIRMAN DOMENICI: I am writing to express MidAmerican Energy Holding Company's unqualified support for the substitute electricity title you have developed for the comprehensive energy bill, MidAmerican is a diversified energy company operating in twenty-five states, with electric and gas utility, interstate natural gas pipeline, renewable energy, and independent generation operations.

These electricity modernization provisions will create a more efficient electricity grid, increase investment in utility infrastructure, and enhance our nation's consumer protection laws. The United States' electricity system desperately needs new infrastructure to support the competitive wholesale electricity markets that the Energy Policy Act of 1992 created. By eliminating existing barriers to investment and clarifying the regulatory landscape, the provisions of this title will help open the doors to new capital entering the industry.

We strongly support your efforts and oppose any amendments that would upset this carefully balanced proposal. Having spent much of the last ten years working to help build consensus on the need to modernize our electricity laws, I hope the Senate will move quickly to approve the substitute electricity title and the comprehensive energy bill.

Sincerely,

DAVID L. SOKOL,  
*Chairman and CEO.*

NORTH AMERICAN  
ELECTRIC RELIABILITY COUNCIL,  
Princeton, NJ, July 25, 2003.

Hon. PETE DOMENICI,  
U.S. Senate, Hart Senate Office Building,  
Washington, DC.

DEAR SENATOR DOMENICI: As the Senate resumes consideration of the energy legislation, we are writing to reaffirm our continuing support for the reliability language contained in section 1111 of S. 14 and in the amendment in the nature of a substitute for the electricity title of S. 14 that you released on July 24, 2003. Joining NERC in support of the reliability language are the following: American Electric Power, American Public Power Association, Canadian Electricity Association, Edison Electric Institute, Institute of Electrical and Electronics Engineers—USA, National Association of Regulatory Utility Commissioners, National Association of State Utility Consumer Advocates, National Electrical Manufacturers Association, National Rural Electric Cooperative Association, Pepco Holdings, Inc., Transmission Access Policy Study Group, TXU Corporation, Western Electricity Coordinating Council, and the Western Governors Association.

These provisions meet the fundamental need for establishment of a system of mandatory and enforceable reliability rules applicable to all users, owners, and operators of the North American bulk power grid. The provisions build on the existing voluntary reliability system by authorizing an independent, industry-led organization to set and enforce such mandatory reliability rules, subject to Federal Energy Regulatory Commission oversight in the United States.

The legislative provisions are carefully crafted to bring the expertise of industry to bear in the formulation, implementation, and ultimately enforcement of the reliability rules. The amendment in the nature of a substitute adds a savings clause to the reliability language clarifying that the Electric Reliability Organization provided for in the legislation will not be considered an agency of the United States Government. We support that addition. That clarification is fully consistent with the determinations already made regarding the functions to be exercised by the Electric Reliability Organization in the new mandatory reliability system.

We commend you for your commitment to passage of this vital legislation before the upcoming Congressional recess, and look forward to working with you to support enactment of the reliability language as soon as possible.

Sincerely,

MICHEHL R. GENT,  
President and CEO.

INTERSTATE NATURAL GAS  
ASSOCIATION OF AMERICA,  
Washington, DC, July 25, 2003.

Hon. PETE DOMENICI,  
Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Interstate Natural Gas Association of America (INGAA) wants to thank you for your tenacious efforts to move comprehensive energy legislation through the Senate. We believe that the Energy Policy Act of 2003 (S. 14) strikes a fair balance between energy efficiency, environmental protection, and the need for increased energy resources. This legislation will also play an important role in addressing the nation's tight natural gas supply situation, and INGAA urges its swift adoption.

As you know, North America is blessed with abundant natural gas supplies. Unfortunately, conflicting government policy has both encouraged the increased use of natural

gas, while hindering the further development of natural gas supplies and infrastructure. As Federal Reserve Chairman Alan Greenspan has observed, the conflict between increasing demand and decreasing supply has to be resolved in some way, and it is currently being resolved through higher natural gas prices.

INGAA strongly supports your efforts to increase natural gas exploration and production on federal lands. We also support your provisions regarding natural gas market transparency and prohibitions on fraudulent and/or manipulative trading practices, which will help to restore stability and confidence to the market. With respect to natural gas infrastructure, INGAA supports provisions encouraging the construction of an Alaska natural gas pipeline and the development of new LNG importation facilities.

We appreciate the comprehensive approach you have taken in addressing natural gas supply and infrastructure needs. INGAA will continue supporting your efforts to enact balanced energy policy legislation during the current session of Congress. Please let us know if we assist in your efforts.

Respectfully,

DONALD F. SANTA, Jr.,  
Executive Vice President.

JULY 25, 2003.

Hon. PETE DOMENICI,  
Senate Energy and Natural Resource Committee, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Natural Gas Supply Association (NGSA) and the Independent Petroleum Association of America (IPAA) representing the majority of natural gas producers in the United States want to take this opportunity to comment on your legislative proposal to ban fraud and manipulative behavior during the reporting of natural gas transactions to energy price indices.

As you know from our previous communications, we have been working hard to find workable solutions for greater market transparency, which should enhance the confidence of stakeholders in the natural gas markets. In fact, the industry has been successful in crafting an industry consensus document (also referred to as the "Kennesaw agreement") supported by many stakeholders in the natural gas market. Attached is a copy of that document.

We fully support your desire to bring greater transparency to the energy markets, prevent manipulative behavior in those markets, and punish those that knowingly and willfully report false information. Consequently, we support your proposal and look forward to working with you to ensure that the energy marketplace reflects these objectives.

Sincerely,  
Independent Petroleum Association of America,  
Natural Gas Supply Association.

Mr. THOMAS. There is a letter from the Secretary of Energy:

We support your substitute electricity amendment and believe it will effectively modernize our Nation's antiquated electricity laws.

There is also a letter from Senator FITZGERALD of Illinois. There is another letter that talks about the amendment. It is signed by eight Senators who are looking more for the effects of a competitive wholesale electric system, and a standard market design. They are supporting what is done with respect to the standard market design.

Another letter is from the American Public Power Association. It says:

... I want to express our strong support for your substitute amendment...

They are a very important player, of course, in this.

The Large Public Power Council also says:

... we support the electricity substitute, without modification...

According to this group, we do not get into trying to make a number of changes now.

The National Rural Electric Cooperative Association, which, of course, serves more than 36 million electric consumers, particularly for those of us who live in rural States, supports the passage of the carefully drafted Domenici amendment without modification.

We also have a letter from the Interstate Natural Gas Association of America. Remember that natural gas people have a real interest in this as well in terms of the generation of electric power. They say:

We believe that the Energy Policy Act of 2003 strikes a fair balance between energy efficiency, environmental protection, and the need for increased energy resources.

America's Oil and Gas Producers Independent Petroleum Association, the American Gas Association, all of these groups are in complete support of moving ahead with the amendment without modification. I think it is pretty impressive that all of these groups are in support, such as the North American Electric Reliability Council, which is the one that has to do with reliability. So these are some of the areas that are covered and are supported on this particular amendment.

I know this is detailed and lengthy, but this is a very important aspect and a very important element. It is something that has been worked on for a couple of years, by both the committee and on the floor. This whole title having to do with the electricity part of energy has been redrafted and this institution will bring it together so that hopefully we can move forward with very few, if any, amendments, to this section.

I yield the floor and I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NELSON of Florida. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

IRAQ

Mr. NELSON of Florida. Mr. President, I thank the distinguished presiding Senator, the great Senator from the State of Alaska. I had the privilege of visiting his State en route to China with the majority leader a couple months ago. We used, as a convenient place for refueling, the Air Force base in Anchorage. That is a wonderful land the Presiding Officer comes from. It

was a great privilege to visit, especially with our troops that are providing for the defense of our country.

Speaking of that, I continue to be amazed at the courage and the ability of our men and women in uniform in service to this country and those not in uniform in places such as Iraq, where I visited 2 weeks ago. In talking with those soldiers, anyone could see how dedicated they are. At the same time, we recognize those soldiers are uncomfortable. It is hot, 120 degrees, and it is dangerous.

As a matter of fact, we see the effects of premeditated assassination, the so-called resistance. It is taking form in three different ways. It is extremely lethal. Indeed, over the past week, on the average, two of our American soldiers per day have been murdered, some of them by RPGs, rocket-propelled grenades, often fired into armored convoys; some of them by landmines detonated by remote control device placed usually where the road narrows; and some of them purely by assassination with a small handgun, as in the case of the Florida soldier killed the night before I arrived. The Florida soldier was pulling guard duty. A delegation had gone into the university and they were protecting them, looking out for their interests. In the midst of the melee, someone in the crowd comes up behind him and taps him on the shoulder. He turns around and they shoot him in that unprotected area above the body armor and below the helmet.

This is the kind of premeditated assassination we see. It is clearly my hope, and the hope of everyone, that we would have some diminution of this killing as the Saddam Hussein regime is brought to account now with the demise of the two sons and along with what I think will be the capture—whether alive or not, I don't know—of Saddam Hussein himself.

Iraq has become a place, as reports in the press have indicated, where others are coming into Iraq to try to do damage to American interests. So it is going to cause us to be all the more vigilant. Clearly, the stakes have never been higher for the United States to stabilize Iraq, both politically and economically, just as we need to do so in Afghanistan in our war against terror.

I came here today to speak on the Energy bill which is before us. I want to discuss this issue that not only affects the lives of every American but also impacts the Nation's security. That is what we are debating, energy policy. These energy issues we are going to be debating this week affect everyone. They affect the air we breathe. The policy affects the cars we drive, the lights that illuminate our lives, and the electricity bills we pay.

I would like to be able to go home this August, after we recess, and tell people in my home State of Florida that the Senate made a difference, that we have changed some of the energy policy so that we are going to, hopefully, have more efficient homes and

more efficient cars and cleaner air and, most importantly, more peace of mind. It is my hope what this Senate will do is decrease our dependence on foreign oil.

I served in the House of Representatives years ago. I had come into the Congress in 1978. We were in an energy shortage. A bunch of nations on the other side of planet Earth had joined a cartel and decided to reduce production. That had caused panic buying, it caused the price of energy—the price of oil—to go way up. The United States, as it was trying to enact an energy policy at the time, looking for alternative fuels, looking toward encouraging renewable sources of energy such as wind and Sun, also did something else. We have salt domes underneath the ground, down in Louisiana. We started filling those salt domes with a strategic petroleum reserve so we would be able to tap into an instantly ready source of oil if the spigot in those foreign lands was shut off. What is the likelihood of that in the future?

A study of military history will teach us about certain chokepoints, geographical chokepoints. For example, the Straits of Gibraltar are considered a military chokepoint. Let me tell you about one of the most dramatic chokepoints I ever saw, and I saw it from the window of a spacecraft, 203 miles above the Earth as our ground track on the orbit came right down the Persian Gulf, looking straight down at the Strait of Hormuz, a 19-mile-wide area, a chokepoint, a military chokepoint of the Persian Gulf, that 19-mile-wide strait through which most of the supertankers of the world have to pass.

Talk about a target for a terrorist. Indeed, the Strait of Hormuz—if the terrorists were ever to be successful in sinking a couple of supertankers there, you can imagine what would happen to the flow of the oil to the industrialized world. We would immediately be in crisis.

Are we going to continue to rely on foreign oil for our daily consumption?

Remember back a while, we made a commitment that we would stabilize our greenhouse gas emissions. That was done over 10 years ago. I hope now the Senate has decided to make good on that promise and put in place a climate change policy and a modest cap and trade system that is going to help us stop our ever increasing emission of harmful pollutants into our fragile atmosphere.

I am somewhat amused and perplexed that there continues this debate over whether or not global warming is real. About 98 percent of the scientists say it is real. If you come from a State such as mine, Florida, with its hundreds and hundreds of miles of coastline, you had better be prepared for it being real. Yet almost all of those affected—the business industry, the insurance industry—are ignoring the fact the climate on planet Earth is warming.

Let me tell you what that will do for a place such as Florida. As the seas rise, as the temperature rises, the coastal areas are threatened. They are threatened not only by the rise of the level of the sea but by the rise of the level in temperature which brings about much more violent storms and much greater plague and pestilence.

So often we do not confront a problem until it is upon us. Yet the fact is, global warming is upon us. So what should we do? We should be concerned about that outer layer of the atmosphere, of it having the appropriate environmental ability to deflect the ultraviolet rays that come into the atmosphere and eat up the atmosphere. Emissions from fossil fuel burning go into the atmosphere, and they start to diminish that ozone layer which protects against the ultraviolet rays, the result of which is that it has this greenhouse effect on planet Earth, starting to warm up the planet.

Sooner or later, we are going to have to face the music. That is what is happening to our planet. Yet are we enacting governmental policies that will protect us? That is what I am hoping, that we will have a Senate that will stand up, before the heat of this August recess, and say we are going to do something about it.

I would also like to go home this August and say to my constituents that, although we have been talking about diversifying our fuel sources for years, we are now starting to make progress; we have tax credits; we have tax incentives; we have loan guarantees; we have renewable portfolio standards in place to spur production and use of clean and renewable fuels. I hope this is possible because we are living in historic times and the policies we enact should reflect the gravity of the issues we face.

I am intrigued that all across this land, particularly in areas of high wind velocity, now we are building wind farms. To farmers, a wind farm can now be a profitable venture, leasing their land for the erection of high-technology windmills that will generate electricity.

Sooner or later, we are going to figure out how to harness another major source of energy, the energy of the tides of the ocean.

We already know how to harness the energy of the sun. Everything here is a question of economics. Is it economical to do so? It is, the more the price of oil goes up. As the cost of oil goes up because of diminishing supply—be that just by virtue of time or be that by virtue of interdiction of that supply such as a terrorist sinking a supertanker or whatever the reason is—we ought to be looking to these alternative and renewable fuels.

Over and over again, Members of the Senate and Members of the House have decried the fact that our Nation's energy consumption is held hostage by the oil production of these other nations, some of which we don't get along

with too well. That should bother us. It should make us want to enact policies we know will lessen our consumption of foreign oil.

(Mrs. DOLE assumed the Chair.)

I would like to go home this August and tell our constituents we are enacting changes in those policies, and we are going to protect ourselves.

I see our new Presiding Officer, the great Senator from the State of North Carolina. I will never forget when I was in the House and one of the first wind energy systems was built in Boone, NC. This is going back 20 years. I will never forget it. Everybody was upset because the more the windmill turned, the more it disrupted the television coverage in Boone, NC. But today we have the benefit of propeller technology in the placing of these wind energy systems, which are these tall windmills with propellers which are as sophisticated in their design as those for airplanes. So we don't have to have all of that outcry that occurred in Boone two decades ago. Boone, NC was a pioneer. It was part of a NASA research project. We were looking for opportunities other than the consumption of foreign oil then. We are doing a lot better in our technology today. But we have to enact policies that will wean us from our dependence on that foreign oil.

One policy that has a proven track record for decreasing our consumption of oil is increasing the miles per gallon on our automobiles. It has a fancy name. It is called Corporate Average Fuel Economy, otherwise known as CAFE. From 1975 to 1985, when CAFE or the mileage-per-gallon increases were mandated, we dramatically lowered our consumption of foreign oil.

According to the National Academy of Sciences, the increase in fuel economy standards in that decade, 1975–1985, saved—get this—43 billion gallons of gasoline, which is the equivalent of 2.8 million barrels of oil per day. But since 1985, our Nation's fuel economy has stagnated, and our consumption of foreign oil has skyrocketed. Indeed, between 1990 and 1999, oil consumption in the United States rose 15 percent and, unfortunately, American oil imports from foreign lands rose 40 percent. Why? Because we stopped requiring increases in fuel economy standards.

In our last few attempts to restart the program, we were stopped by a combination of very powerful lobbying groups. One of them—the automobile makers—said they could not do it. They said it was going to cost jobs. They said it was going to decrease consumer choice and that it was going to hurt vehicle safety. But that is exactly what they said in the 1970s. The auto makers successfully rose to the challenge then, and they can successfully rise to that challenge now. In fact, the increase in the fuel economy standards helped the auto makers stay competitive with their Japanese competitors in the 1970s and the 1980s. Smaller vehicles did not take over their fleets as they predicted. Eighty-five percent of

the historical fuel economy gains came from technology with no impact on the vehicle weight or the vehicle size.

I encourage this Senate on the eve of us going home to be forward thinking and not backward looking. This is the 21st century. We know that American auto manufacturers have the technological capability to increase CAFE standards and to maintain safety without denying the American public any choices in the type of vehicle they drive. It can be done. We just have to have the will to do it.

The American people, after this traumatic experience of losing over 3,000 people on September 11 of 2001, clearly have a renewed desire to see their Members of Congress act in the best interests of national security. Is weaning ourselves from our dependence on oil from foreign lands in the interest of national security? Can you imagine what our Middle East policy would be if we didn't have to import oil from the Persian Gulf region? Our foreign policy would be a lot easier to conduct.

Senator DURBIN is going to have an amendment that will require cars and SUVs and minivans and cross-over utility vehicles to achieve CAFE standards of 40 miles per gallon by when, by next year? No. By 2015. That would be 11 or 12 years from now. It would require by the same year of 2015 trucks and vans to have a mile-per-gallon standard of 27.5 miles per gallon. It can be done. I certainly urge our colleagues here to support Senator DURBIN's amendment.

I guess one of the bigger disappointments I have had legislatively in the 2½ years I have been in the Senate is that we can't come together and recognize something that has so much common sense. We already have hybrid vehicles driving around getting 50-plus miles per gallon, and they get it not only on the open road but they get it in city driving. That is because the technology has developed to the point where a computer will switch that engine from a gasoline engine over to an electric engine and back and forth.

When we are using the gasoline engine we are powering the battery so the electric engine can be used, and it goes back and forth without any notice to the driver or the passenger and with no diminution on the electrical needs of the automobile and no diminution on any sane driver who doesn't want to squeal their wheels at every stoplight. The technology is there.

I urge the Senate to go beyond with technology.

On board every space shuttle is a machine that makes electricity. It makes electricity from a combination of two fuels: hydrogen and oxygen. And it has as a byproduct—water. As a matter of fact, so much water is produced that at the end of every flight day, the crews will have to dump excess water. It is amazing, when you dump that water out into the cold vacuum of space, you see that dumped water spray out, and all of a sudden those water particles crystallize. In the glint of the sunlight, it is a beautiful view.

But what started this process was that we were making electricity on board for the space shuttle with the fuel of hydrogen. We can do the same to power our vehicles. We know most of our consumption of energy is done in the transportation sector—airplanes, trains, buses, cars, ships. We know most of the consumption of that energy is automobiles and trucks. So can you imagine, if we would put our minds to it—just like we put our minds to it when President Kennedy said: We are going to the moon and back within the decade of the 1960s—and we did it—can you imagine, if we would put our minds to it, in an Apollo-like program, if we developed a hydrogen engine that was cheap enough that could power our automobiles, the new ones, and the trucks? The technology is there. The capability is there. The application of the new technologies can bring the cost down. The only thing we are lacking is the will.

Can you imagine if, suddenly, we did not have this dependence on foreign, imported oil how much freer the United States would be in our conduct around the world, in our military policy, in our foreign policy, in our ability to be self-sustaining in our own energy needs, and not giving up any of the creature comforts that we Americans are so blessed to have to our advantage? Yet when we get to a vote on some of these items on this Energy bill, we may get beat. I just simply do not understand that.

So I am pleading with our colleagues in the Senate, as we debate this Energy bill, let's think about America in the future, over the course of the next decade, over the course of the next 25 years. Let's think about the decision-makers on this floor in future decades and what we are shackling them with as a matter of military and foreign policy if we do not break our habit of depending on foreign oil. We can do it. We just have to have the will.

Madam President, I thank you for this opportunity to share these ideas. Unless the manager of the bill wants otherwise, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. THOMAS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. Madam President, I am pleased that we are able to go ahead and talk about energy. I must say, I am not as pleased by the fact that we seem to be holding things up a bit. We have been on this issue now for 2 years. We have also, this year, already been on the Senate floor for 10 or 12 days on this issue.

Last year, we were not able to complete the Energy bill because it was pulled out of committee. We did not go through the committee. This year, we

went through the whole process in committee. We brought forth a bill that was approved by the committee. Now we find ourselves, however, held up because somebody objects to moving forward.

Really, we have a week to do a job that deals with one of the most important bills we have before us. Frankly, it is discouraging when we find obstacles to moving forward simply because somebody has to wait until they get here on the Senate floor before an amendment can be offered. In any event, that is where we are. I object to the obstacles that are being put forward to the idea that we ought to move forward with this bill.

In any event, let me talk just generally about the bill. The Senator from Florida has talked about some of the needs that are required. There is nothing more important to our economy, to employment, and to our families in this country than energy. We have an opportunity to deal with some of the problems that obstruct us from moving forward with energy. We seem to become all wrapped up in little regional political issues that keep us from accomplishing the goal of moving forward, and it is frustrating. But there is a need to have a policy that moves us forward.

One of the things, of course, we hear about more than anything else, in terms of energy, is natural gas. We had our Federal Reserve Chairman here to talk about the need for gas supply and the potential shortage of gas we anticipate, partly because of the need for air-conditioning in the heat of summer and, certainly, the need for heat in the cold of winter. So natural gas is one of the things we have talked about the most.

Quite frankly, there are some opportunities for increased domestic production of gas. The idea of importing gas is not, in my view, the best solution. We have an opportunity to have domestic production. We can do that. That is partly what this bill is about. We have provisions in the finance section of this bill that are incentives for production.

We also find that we have a substantial amount of natural gas resources in the West. Much of it is on Federal land. We find ourselves, however, inhibited by the permitting process and the time it takes to do permitting in order to get gas on to the market. That is an area of potential. We can do that and, at the same time, protect the environment. We have already shown we can do that.

There has to be a movement of gas from the source to the supplier. That requires pipelines. It is very clear that some of these things need to be done.

This bill is a comprehensive and balanced bill. It deals with conservation. The Senator from Florida was talking about CAFE standards, but we have been through CAFE standards a number of times. There will be bills on the Senate floor that have to do with CAFE standards, and we will be sup-

porting the movement of CAFE standards.

This bill talks about alternative sources of energy, which is something we ought to be looking at, whether they be wind or sun or hydrogen. The President has in his budget proposal over \$1 billion to do research on hydrogen. Well, it is great to talk about hydrogen and to talk about using those types of automobiles, but we are not ready for that. Not only do we not have the system to produce it, we do not have the distribution system. But we will have it, and it is something we ought to work on. It is already in the process; it isn't as if it is a brand-new idea. We are looking for some opportunities to use the coal supply to develop hydrogen, which would give us a fuel more easily moved about than coal. Hydrogen can be made from coal. So there is a good deal of attention in this bill for alternatives.

We talk about conservation, alternatives, and also research and cleanliness in our energy supply. Again, coal is the largest fossil fuel supply we have in this country.

We need to continue to work on clean coal. We need good air quality. There is a good deal of money in this bill for moving forward.

One of the problems with our gas supply is, over the last number of years the 30 plants that have been developed for electric generation are all gas fired. On the other hand, coal is really, for a number of reasons, probably the best source. You can see that in prices, in the supply available. But still, because of not having a policy, we have used small gas plants close to the market and have used the wrong fuel.

We need domestic production. Sixty percent of our oil is brought in from other places. We can do something about that. We can do it with domestic production and other uses.

Certainly, this bill also addresses the modernization of the system of electricity, the modernization of the system of oil and gas. That is one of the most vital issues before us, to get a policy and a plan to move forward to make sure that energy is available, to the extent possible, domestically and that we don't depend on other countries for oil.

Wyoming, of course, is a State that has a good deal of energy resources. A number of years ago, I attended a meeting. Someone was there from England saying: We have never run out of a fuel. That is interesting, isn't it? We started with wood. We moved to coal. We moved to others. But after a while, we always find some other fuel to go forward. That is part of the science and research that is in this bill, so that as we find shortages, as we find more efficiencies, we can move forward into other kinds of opportunities.

I hope we can move forward and are not held up excessively to get the job done. It is here. We have a challenge to get it done this week. We have already discussed all these issues. We should be

able to come to a decision on those issues that are still controversial, or, where there are different views, everyone who has a different view should be able to express that and vote on them when we have to. But we need to move forward. The idea that we are unable to get together to move seems to me to be inconsistent with the purpose of our being here.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Madam President, I am a member of the Energy Committee along with my colleague from Wyoming. I happen to share his desire to get the Energy bill done. With regard to the statement by the majority leader that it is going to have to be done this week, with the number of amendments out there and the difficulty we have, it is very unlikely it will get done this week. My hope is that we can find a way to move most of the way down the road, and understand that, if necessary, when we come back we will finish it quickly.

We need to get an Energy bill to the President's desk on a timely basis. It should not be just any Energy bill. It has to be an Energy bill that works, one that advances the interests of America. We have 5 days in the work-week. We end on Friday. Today the chairman and ranking member are both out for a funeral. That is something no one can control. So at least much of today is not going to be particularly productive in advancing the bill.

Given what we are going to face this winter in natural gas prices, given the problems we have in a range of areas, it would be in the interest of the country, Republicans and Democrats, to finish an Energy bill.

Let me mention a couple things we need to do in a serious way. Simply to paste together an electricity title and say, let's get it out there and get it voted on—if you missed what happened in California and this "restructuring" notion that has been around, you missed one of the largest bilking of consumers ever to occur. A circumstance existed in California where some companies were able to control supplies and, as a result of controlling and manipulating supplies and recreating congestion, they bilked California and west coast consumers to the tune of billions of dollars.

We need some consumer protection. I need to understand what the electricity title does. This headlong rush to restructure in electricity is one that can pose some significant problems for consumers. Restructuring means you will move electricity around the country from low-cost areas to high-cost areas and replace electricity from low-cost areas with more expensive electricity. Studies I have seen tell us that rural States such as North Dakota and others are going to lose and will have to pay much higher costs for electricity. Perhaps if we are past the urge

to restructure and to create the circumstance that allowed what happened on the west coast, particularly in California, we can have an electricity title that really works for energy and for consumers.

There are four steps to this bill that are necessary. One is to incentivize production. I agree with my colleague from Wyoming. Oil, natural gas, coal—all can and will play a significant role in our future. We should incentivize that in thoughtful ways. If debate on the Energy bill this year becomes a debate about ANWR and CAFE, then the American people lose. These are just two hood-ornament debates, and we will lose.

What we need to do is find a way to pole-vault over what we have been doing and do something dramatically different in the future.

I introduced the first bill this year, before the President called for it in his State of the Union Address, to move us towards a hydrogen fuel cell future. We have been putting gasoline through America's carburetors for almost a century. If our future is to find a way to keep putting gasoline through carburetors and debate how efficient they are, in my judgment we don't have much of a future with respect to energy; we will always be dependent on finding energy from off our shores.

Fifty-five percent of the oil is now found outside our borders, much of it from very troubled areas of the world. We could wake up one morning and discover that the supply of oil coming in has been interrupted by the concerted act of terrorists, and we could find our economy flat on its back, because the American economy runs on energy. The assured future supply of energy is essential to jobs and economic opportunity. Fifty-five percent of our oil now comes from offshore. That is set to go to 68 percent. It is an unforgivable dereliction of duty if we policymakers don't decide that that has to change. That is dangerous to our future, and we must change it.

How do we do it? Four steps: Incentivize additional production in a thoughtful way and compatible with our environmental interests. Two, promote conservation. We waste an enormous amount of energy. Conservation should be a significant part of any Energy bill. Three, an efficiency title that provides efficiencies with respect to all those appliances we use every single day. And four, the development of incentives for limitless and renewable sources of energy.

Let me talk for a moment about that because that is one of the reasons I believe so strongly this bill must move. I am a big believer in wind energy. My State is ranked No. 1 by the Department of Energy in wind energy potential. We understand that the new turbines with which you can take energy from the wind and turn it into electricity are much more effective and much more efficient than they have ever been in the past. The ability to

put up a 1-megawatt turbine and take energy from the air and turn it into electricity and put it on the line and use it to extend the energy supply makes great sense. It is nonpolluting. It is available wherever the wind blows. That makes great sense.

The problem is, we have a lot of interests and a lot of projects on wind energy on the drawing boards ready to go, and we have this production tax credit that starts and stops and starts and stops, that is available for a year, 2 years, 3 years—maybe 1 year, and by the time it is implemented, if you put a new 3-year provision in, you may only get a year and a half or 2 years out of it because by the time the bill is implemented, you have already wasted part of that.

For those who are interested in developing these new sources of energy, renewable and limitless sources of energy, this Congress ought to pass an Energy bill, and that Energy bill should have a 5-year extension on the production tax credit. This one only has 3. Nonetheless, whether it is 3 or 5, you need to get a bill passed in order for that to be part of the calculation of those who have projects on the boards and want to build these projects.

Speaking for me, although I regret I don't think we will be able to finish the Energy bill this week, I want an Energy bill. I want one that works. I want a good bill, one that goes to the White House for signature. I don't know what we are going to get done this week. I know today, as I said, the chairman and ranking member are necessarily absent for a funeral. Tomorrow there is a meeting at the White House that, I suppose, will take an hour and a half or 2 hours out of the day for Energy Committee members. There are a series of things going on. I feel strongly we need to send some signals to our country, to the American people, that we are putting together policies for the future.

I mentioned a moment ago that a hydrogen fuel cell future is very important for our country. This Congress passed my amendment—frankly, I was surprised by it—that said let's set targets and timetables for this. We all say use hydrogen, which is ubiquitous—use it to power fuel cells and then to power our vehicles. It is twice as efficient in getting power to the wheel as putting gasoline through a carburetor. So let's do that, we say. In order to do that, you cannot decide tomorrow that is going to happen because we are still in the development stage of fuel cells. There are fuel cells that are commercially available and operating. I have ridden on a fuel cell bus, driven a fuel cell car run by hydrogen. They exist, but they still literally are in the developmental stage.

Then, in addition to deciding here is our future, you have to do a number of other things. You have to deal with the issues of the production of hydrogen, exactly how to produce it and from what. There are a series of opportunities. You can produce it from natural

gas or from coal. You can take electricity from the wind and use the electricity in electrolysis and separate hydrogen from oxygen and water and pull the hydrogen out of the water.

In addition to production, you have storage, transportation, and infrastructure. Who will build the service stations where you can fill up with hydrogen? These are things I think will last some while in terms of their early stages to solve and to create an infrastructure that leads us to a new energy day. The President spoke about it in the State of the Union Address. Prior to that, I offered legislation in the Congress calling for a fuel cell hydrogen future. So I embrace the President's goals. In fact, I significantly enhanced them with my colleagues on the Energy Committee, nearly tripling the amount of money the President suggested. I got the full Senate to set targets and timetables—150,000 vehicles by 2010, 2 million vehicles by 2020—saying let's set targets and timetables, instead of saying 20 years from now, where are we, and saying that is where we are. We need to set up a road map and say, here is what we as a country aspire to do, here is what we aspire to achieve for our country's energy future.

The reason using a hydrogen fuel cell economy to solve this country's energy future is important is these significant increases in energy use in the country are through transportation—particularly vehicles, but transportation. That is where the line is. That is the line that is going up. With CAFE standards, which we will debate on the floor of the Senate, people will say, let's solve that line that goes up with more efficient carburetors or engines. Look, I am for more efficient carburetors and engines, but that will not solve the problem, as long as we have gasoline that costs less than bottled water. By the way, you can do that with an SUV. You may have four kids in the back and you drive up to the gas station and buy gas and then buy bottled water for the occupants in the car. Per gallon, it will cost you more for the water. As long as gasoline costs more than water, people are going to want to drive 5,000-pound vehicles.

The fact is, they are going to want to drive the big vehicles. That is a fact. That is what is happening in this country. The conversion has been quite extraordinary. Although I think CAFE standards are useful, and it is a provocative debate, and to the extent we can encourage additional efficiencies with internal combustion engines and carburetors through which all of the gasoline flows, that is fine, but that is not going to solve the problem of the increasing transportation line of energy usage. As long as we import most of our oil, with much of it coming from troubled parts of the world, this country is held hostage. How do you resolve that? You pole-vault to a different ground, it seems to me.

After three-quarters to one whole century of putting gasoline through

carburetors, I agree with the President; let's decide to have a different energy future and use hydrogen and fuel cells that are twice as efficient as now exist in getting power to the wheel from an internal combustion engine. Let's use the fuel cells and hydrogen as a fuel source and have our children and grandchildren be able to escape being held hostage from foreign supplies of oil.

Now, let me say again, I want to end where I started. I want this bill to pass. I want a bill to pass and I want it to be a good bill. That means the bill can be improved with amendments. You have to have debate on issues on which Senators have a right to offer amendments. I would like to see a bill pass the Senate and the House. If we can get to conference in September, perhaps we can get a bill to the President and have it signed in late September or October.

I would like to be able to say—especially in my State, where we have these promising wind energy projects—that the production tax credit has been extended, it is certain, and it is done, and you can count on it. As a result of that, we are going to produce more energy.

As I conclude, I will say, incidentally, we have had a rewrite of the electricity title. I believe that was made available Thursday night. There were rumors the majority party was rewriting an electricity title, but I was not aware of how it was being written or by whom. Someone just pushed aside all these issues that have been raised about restructuring.

As you know, for 4 or 5 years, we have had this urge for restructuring. Where does that come from? From some of the biggest users of electricity who want to pay lower costs for electricity. They want there to be retail competition for electricity. That retail economy situation—called restructuring—would embrace wholesale and retail competition for electricity and would give the opportunity in this country for electricity to flow to various marketplaces unimpeded. There has been a study by the U.S. Department of Agriculture about the ultimate impact of restructuring. I can tell you what it says about my State. It says consumers of North Dakota would end up paying a substantial additional price for electricity under so-called restructuring. Aside from the dislocations of it all, if you want to wonder about what restructuring might mean, especially when you have very big interests controlling energy—and that is not like a phone call, by the way, when you make a phone call and you may get a busy signal. Energy is different. When you need energy and energy isn't there, you are cold or hot. They are both universal in nature in terms of need, but energy is different.

We need a supply of energy in this country that moves to the areas of need in a way where you don't have large interests in supply and manipulating the marketplace. The FERC has

just released a study with respect to the west coast. We all know what happened there. We know people colluded with—Enron had plans and they were named and we uncovered them—Fat Boy, Get Shorty, Death Star. Sounds like comic books, doesn't it? Those are not comic books; they are internal memos from one corporation that was using strategies to cheat and to steal. That cheating and stealing from west coast consumers amounted to billions and billions and billions of dollars.

Now, is it important to have in an energy bill protections for consumers to make sure that doesn't ever happen again? Some would push it away and say let's put some soft words in here. We will get a thesaurus and find out what seems appealing, and we will put all these soft words and say we have done it. Well, take a hard look at the energy title and make sure that even as we have done what is necessary to make sure we have a supply of energy, we have also done what is necessary to protect the American consumer against the manipulation of that supply and the overpricing of that supply to the detriment of the American consumers.

There is a lot to do. I followed my colleague from Wyoming in his presentation, and I must say to Senator THOMAS, we don't disagree that we should do this bill. Speaking for myself, I will do everything I can this week to try to cooperate.

I hope we can offer amendments, have the debate, dispose of amendments, and move on to the next subject. I hope at the end of the day we have passed an Energy bill of which we are proud, one that really does advance this country's energy interests because as we head into this fall, we understand, more than ever, what is going to happen to natural gas prices. They are going to spike dramatically. But even more than that immediate natural gas price spike, we understand, with the mosaic of what we see in the Middle East and elsewhere around the world, this country will be enormously foolish if it does not pay substantial attention to the fact that we are held hostage to foreign supplies of oil in a way that is very detrimental to our long-term economic outlook.

I hope we can work together. Speaking for myself, I want us to move and get our work done, get a bill to the President's desk, and when his signature is put on that bill, we can all say: We really did advance this country's energy future in a significant way.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Madam President, I thank my friend from North Dakota for joining in wanting to get our work done and pointing out the importance of doing that work. Certainly that is what we are here to do, and I hope we can continue to do our work.

I agree with the point of view of the Senator from North Dakota in terms of

transparency, antimanipulation, and enforcement. Actually, this subtitle deals with that issue. Certainly, there is no reason why we should not deal with it. It directs FERC to issue rules to establish an electronic information system to provide information on the availability and the price of wholesale energy and transmission services, to ensure such information is treated confidentially, and prohibit the filing of false information regarding the price of wholesale electricity and availability of capacity. These are some of the items that were used in the California/west coast experience.

It prohibits round-trip trading, which was one of the issues Enron was most involved with apparently—at least that is what they were accused of doing. This subtitle expands who can file complaints in a case which is the subject of a FERC investigation. It deals with this whole question of what happened in California. It amends the Power Act to refund effective dates of filing. Many of these items in this chapter were designed to deal with the issue in California.

I think it would be a mistake to seek to blame the California crisis solely on manipulation. There were a number of issues involved in the California case. California designed their own market rules, if we recall, when they insisted there be a limit on the price for retail but did not do so on wholesale. Those are issues that cannot continue. It was flawed. They also had a shortage of supply. They did not want to work on supply at all. They expected somebody else to bring in the supply, and it did not happen.

Mr. DORGAN. Will the Senator yield?

Mr. THOMAS. Certainly.

Mr. DORGAN. The Senator makes two important points. On the supply side, we have evidence that the supply was manipulated. That has been a great concern to FERC. While supply is important in terms of price, when there are large participants in the marketplace that take plants offline for the purpose of reducing supply and jacking up the price they receive, that is manipulation. We want to have an electricity title which deals with all of these issues, all forms of manipulation.

The Senator mentioned supply, and I wanted to make the point, that especially in California substantial criminal behavior existed. As we know, FERC has already prevented some companies now from trading. Enron, of course, is essentially bankrupt and cannot trade there. There was substantial wrongdoing and criminal activity, much of which is still under active investigation by the Department of Justice. That is why having an electricity title that is good and well done is very important.

I thank the Senator for yielding.

Mr. THOMAS. Madam President, I certainly agree with the Senator's point. That, of course, is one of the reasons we need to finish this bill. We talk

all the time about restructuring. Frankly, the fact is, the electric industry and the suppliers have already changed, and we are behind times.

This is not so much a matter of restructuring as it is to design a set of policies and a set of restrictions and constraints that fit with what is happening in the industry. Much of that a few years ago—selling power three times and going through a number of people and different hands—did not happen. Now it is happening. Now we have to do something to catch up. That is part of what we are doing in this bill.

Mr. DORGAN. If the Senator will yield further, if, in fact, these are image trades or virtual trades to crank up a price and injure the consumer, in which a company is moving a kilowatt hour or MCF to another State, then back in, buying and selling to and from itself to jack up the price and cheat the consumer, in some cases, I am sure the Senator from Wyoming agrees, we should not conform to a new practice, but when we think the new practice is stealing from consumers, we ought to stop it and prevent it from ever happening again.

Mr. THOMAS. That is exactly what we are seeking to do, and that is what price transparency will help eliminate. I could not agree more.

Also, there has been a good deal of discussion about CAFE standards. Obviously, that has to do with conservation. It has to do with being more efficient in our use of fuel. We will be talking about CAFE standards. In fact, there will be a number of different amendments offered on CAFE standards. We look forward to those amendments. We spent a good deal of time last year discussing three amendments, and, as a consequence, we should be able to discuss and dispose of these amendments more easily this year because we have already been through the debate.

The Senate has already adopted an amendment by Senator LANDRIEU that will require the President to develop a plan to reduce domestic petroleum consumption by 1 million barrels a day by 2013. A major reduction in oil consumption most likely will be achieved through reduction in the use of transportation fuels. As a result, the Landrieu amendment probably will focus on measuring fuel economy. That amendment may take the place of other amendments that will be offered.

I think we will support an amendment offered by Senators Bond and Levin. Under that amendment, standards will be based on sound science and solid technical data. It is one thing to say, Gee, we would like to have increased mileage; we would like to make 40, 50 miles on SUVs, but the idea of using sound science and technical data is something we have to consider.

This amendment we will support mandates the experts to set new CAFE numbers considering jobs, safety, technology, and other factors because there are factors that go into what we can

do, what will be available to consumers, what will be possible in the marketplace. This amendment we will support has a commonsense approach which will not adversely affect employment, safety, and consumer choice.

The Bond-Levin amendment is supported by the National Chamber of Commerce, AFL-CIO, National Manufacturers Association, and the National Farm Bureau, and 30 other organizations. It is combined with tax incentives for advanced vehicle technologies. That provision, obviously, has to be in the bill. That is in the finance package.

The amendment offers a sensible way to achieve fuel efficiency and reduce dependency on foreign oil. It does it in a way that will not hurt the economy, increase the cost of vehicles to consumers, or endanger lives by reducing the safety aspects.

By comparison, there is another amendment that will increase the cost of new cars, trucks, and SUVs by as much as \$1,200, according to the Energy Information Administration. It would limit consumer choice by forcing automakers to produce smaller vehicles that do not meet the consumers' needs; it will lead to the loss of hundreds of thousands of jobs of hard-working Americans; reduce economic growth by as much as \$107 billion over 20 years and have adverse impacts.

Again, we are faced with finding a goal we want to achieve and a sensible, legitimate way to reach that goal. We will continue talking about that issue.

We will be looking at new fuels, such as hydrogen. As I said before, the President has already in his budget a tremendous amount of money for that kind of research. We will be looking for the opportunity to make sure there are positive opportunities to review how sales of energy are being made so that what happened in California will not happen again.

We will be looking at ways to conserve energy, such as CAFE standards, without impeding the safety and the marketability of vehicles. So these are all things that go there. We are ready to talk about them. We have some plans to accommodate them and to achieve them, but, quite frankly, in order to do that, we have to get at it, get our amendments in, and take away some of the objections to moving forward so that we are not caught up in another sort of quiet filibuster.

I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. ROBERTS). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. I ask unanimous consent to speak in morning business for 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. DORGAN are printed in today's RECORD under "Morning Business.")

Mr. DORGAN. I yield the floor and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THOMAS. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THOMAS. I think, while we are waiting, I would like to review again some of the general concepts that are in the bill. We have talked some, of course, and will continue all week, to talk about energy. That is what we are focused on. Unfortunately, we seem to be held up moving forward. However, that is not always a new thing on Mondays.

I would like to briefly comment on what we hope will be the pending amendment, the electric title, but there is much more to the bill than that, of course. I would like to comment on what I think generally are the titles and the highlights of the Energy bill.

Title I is on oil and gas. It does a lot. No. 1, it permanently authorizes this strategic petroleum reserve, the reserve held by the Government in case there are crises. This will permanently authorize that strategic reserve.

It provides for production incentives for marginal wells. We find in Wyoming, where we have had oil production for a good many years, when marginal wells get down to having low production they become uneconomic to produce. Yet the accumulation of all the production from small producing wells is substantial. This provides for incentives to encourage continued production—done mostly by taxes.

Royalty relief for deepwater production, that is exactly the same kind of thing. They can be in the gulf, for example. They are sometimes more expensive, but a great opportunity for more energy production. That is part of it as well, incentives for those kinds of wells.

Streamlining permitting is also something that is very important. We have a great opportunity, particularly in the West, to produce more oil and gas. We have people willing to do that. One of the problems right now in the Powder River Basin of Wyoming, where they are having a substantial amount of production on coal bed methane, which is a new process, it is taking an excessive amount of time to get permitting to do that. Therefore, the production has not gone on as it might. So there are efforts to streamline the permitting for critical energy corridors.

I have to also add it is not done to the detriment of the environment. The same rules are there. It is simply that it can be done by the agencies much more quickly than it has been in the past.

Another is the authorization for an Alaska natural gas pipeline. This would facilitate bringing 35 trillion cubic feet of gas to the lower States. There will be debate about how it is funded. Nevertheless, certainly over the long period of time a lot of the resources can come from there.

Title II deals with coal. I mentioned this morning, coal is our largest supply of fossil fuels. Of course, one of the difficulties has been making it a clean air proposition. We are certainly looking for more research to do that. We are looking for more clear air regulation that will allow for the production of electricity with coal without damaging the air—and there is a good deal of dollars. The bill authorizes \$2 billion for the deployment of clean air technology.

There is a title on Indian energy. Many Indian reservations have substantial supplies of energy, coal, and gas and other supplies that have not been in production. Part of it is because of all the requirements they have had to go through, even more than on other Federal lands. They have to go through the BIA, as well as the Bureau of Land Management, as well as the State, and the result of that has been it has been higher cost to produce on reservations, so they have not produced. Therefore we have not had the production for all of us in the country and at the same time not had the economic assistance for the tribes, which is also very important.

Nuclear energy is involved here, the permanent reauthorization of Price-Anderson, a liability insurance system. There would not be any nuclear plants without that assistance. The fact is, there have not been new nuclear plants for a good long time, despite the fact that in Illinois, for example, I think 28 percent—a good percentage of the electricity is produced by nuclear plants. It is a clean air deal. It is the best thing you can do in order to produce electricity and take care of the air. But, of course, we are all a little skeptical of nuclear and what to do with the waste. But there should be and will be research as to how to better produce.

As we know, France, Norway, and the Scandinavian states do a great deal of nuclear production. They also have better means of taking care of nuclear wastes than we do here in the United States. So here is an opportunity to do that.

Title V involves renewable energy. Here again, we have already heard about some of it today. There is a great deal of interest in renewable energy, whether it be wind energy or Sun energy, other kinds—geothermal energy. All those things have great potential.

The fact is, production by renewables only amounts to about 3 percent of total production in the country at this time, so it is not a major element, but it has the potential to be, and therefore we need to be continuing to work to provide an opportunity to make that more efficient. We have a considerable

amount of wind energy in Wyoming. We have a lot of wind. As a matter of fact, the first windmill that was put up in Medicine Bow, WY, was an experiment a number of years ago. It had a huge propeller, and it blew away before it was able to be effective. Now they have changed them. Some are even cylindrical pipes, and the wind goes in and around. Perhaps those will be better over time. We need more research on doing that.

Transportation, of course. We have already talked a great deal about CAFE standards. There will be more discussion about that. I don't think anyone is not agreeable to the idea that we ought to increase the standard of fuel consumption for automobiles, but we have to do it where the expectations of technology are such that you can do it, and it has to be in a way that does not impose excessive costs on everyone immediately. Again, that is a good one.

This bill authorizes \$1.8 billion for the present hydrogen fuel cell initiative, to develop clean, renewable hydrogen power for cars. I don't think there is any doubt that we can do it. As a matter of fact, there are hydrogen cars now. But there are some basic problems that we have not yet resolved. How do you make hydrogen? From where do you get it? Someone on the floor this morning was talking about doing it in space vehicles. The cost for space vehicles is quite different from that for my Ford Explorer. I think it will have to go a long way before that analogy fits in the cars you and I want to use. The other real issue is distribution. Think how many gasoline stations there are around where we drive our cars. I suppose you are going to have to have something similar to that for hydrogen, if that is going to happen.

Will it happen? Sure. I think it is one of the things that will happen in the future. So that is here.

Research and development, of course, in general is here. There is a good deal of authorization and funding authority there. Again, it is the kind of thing we need to work on.

We have already talked this morning about the electric title, which is very important.

We have not yet considered but will consider soon the tax incentives. Here again is the effort we are making to increase domestic production. That will be a result of the incentives that we put into place through taxes. The same is true with alternative energy for vehicles and fuel incentives. This will be done by tax incentives. Conservation efficiency, clean coal, and all of those things are very important.

This is really a far-reaching bill. I think most people will agree with most aspects of it. If we can get it going and get it to the President soon, I think that is essential. I believe we are going to do some other things this afternoon, but I hope we continue moving back to energy. That is the challenge we have

for this week. I hope we take full advantage of it.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The amazing clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. MURKOWSKI). Without objection, it is so ordered.

(The remarks of Mr. DORGAN are printed in today's RECORD under "Morning Business.")

The PRESIDING OFFICER. The Senator from Michigan.

AMENDMENT NO. 1386

Mr. LEVIN. Madam President, I am speaking this afternoon in support of the pending Bond-Levin amendment relative to fuel efficiency in our automobiles and how we achieve that fuel efficiency.

Our amendment will increase fuel economy in automobiles. It will protect the environment. It will decrease our dependence on foreign oil. But it will do this in a way that will not harm the U.S. economy or put hard-working Americans out of work.

Our amendment achieves the goal of better fuel economy with greater reliance on positive incentives to advance leap-ahead technologies such as hybrids and fuel cells. That includes promoting these technologies with greater increases in joint research and development and Government purchases.

Our amendment requires the Department of Transportation to increase the CAFE standard. It is a mandate, but the key difference between our amendment and some of the alternatives is that our mandated increase will be left up to the Department of Transportation and will not be just an arbitrarily determined number on the part of the Senate.

Let me go through some of the goals and how we achieve those goals in the Bond-Levin amendment.

First, we need to improve fuel economy. We can, and we should, do it in a way that protects the environment, that diminishes our dependence on imported oil, and that allows the U.S. economy and our domestic manufacturing industry to thrive.

Those goals are not in conflict with each other. We can improve fuel economy, but we can do it in a way that does not harm domestic manufacturing and the U.S. economy if we do it right. And that is a big "if." If we do it wrong, we could have a very negative effect on jobs and the American economy. And, as a matter of fact, if we do it wrong, we not only can damage the American economy, but we could see little improvement in the environment, given the way in which the current structure of fuel economy mandates is set up.

It is a discriminatory structure that has discriminated against domestics in ways that were probably unforeseen

when this structure was adopted 30 years or so ago, but nonetheless it has had that effect.

What we do is ensure that fuel economy will be improved. But we do not set an arbitrary standard. We require the agency that has the expertise and the experience to set an increased fuel economy standard for both trucks and for light vehicles.

This is not the place, on the Senate floor, to make a complex decision that should involve a whole host of factors: What is achievable technologically, what is the cost, what are the safety impacts, what are the impacts on American jobs, and a whole host of other factors that need to be considered before a new fuel economy standard is set. That should not just be seized out of the air arbitrarily and put into law on the Senate floor. That ought to be done by an agency that has the expertise and experience to do it, that looks at all of the factors that should go into the decision, and then does it in an usual, regulatory way with notice and comment.

The second part of our three-part policy is to increase funding for research, development, and demonstration of new, advanced, clean and fuel-efficient vehicles. We provide \$50 million. We would authorize that in funds for the Department of Energy to develop advanced hybrid vehicles. And that would be a significant increase.

Hybrids run on both gasoline and electricity and are far more fuel efficient than conventional vehicles. We would provide an increase in funds for the Department of Energy to work collaboratively with industry to do some research and develop clean diesel technologies. It would be a significant increase in what is otherwise provided.

Because diesel engines are much more fuel efficient than gasoline engines, furthering clean diesel will help reduce gasoline consumption. And because diesel vehicles must meet very stringent emissions standards in the very near future, this will not be detrimental to the environment. Again, diesel vehicles are subject to the new clean air standards. These emissions standards must be met by diesels. If we can advance clean diesel technology, we will be saving gasoline because they are more fuel efficient than gasoline.

The third part of our policy harnesses the purchasing power of the Federal Government. In order to try to get the vehicles we are talking about—including hybrids and fuel cell vehicles—commercially adopted onto the roads, we have to use the purchasing power of the Federal Government. So we would require the Federal Government, when it is purchasing vehicles, to purchase hybrid trucks for its fleets of light trucks that are otherwise not covered by the Energy Policy Act.

Using hybrid trucks in Federal fleets will improve the fuel efficiency of the Federal fleet because hybrids are far more fuel efficient than conventional gasoline vehicles. And, at the same

time, we would be creating a significant and reliable market for hybrid trucks. This is not buying vehicles that are otherwise not needed. This would be a requirement to purchase vehicles that the Federal Government is buying but to require that we buy the hybrids so we can help create the market that is so essential for the auto industry in order to have confidence that the vehicles will be purchased when they produce them.

In a related amendment, not part of the Bond-Levin amendment—I will be offering an amendment to the energy tax amendment which will come from the Finance Committee—we will be providing tax incentives to help advance the purchase of clean vehicles and clean fuel.

Our tax amendment—again, this is not part of Bond-Levin; it will be offered as an amendment to what is offered by the Finance Committee—would increase the tax credit available to consumers who purchase hybrid vehicles and provide a new tax credit for fuel-efficient lean-burn vehicles, to help push these vehicles into the marketplace. We would also extend the period of time for tax incentives for fuel cell vehicles for 3 additional years, from 2011 to 2014.

We would also provide tax credits for consumers who buy heavy-duty diesel vehicles that are significantly cleaner than what is required by law.

Finally, we would provide producers with tax credits for purchasing ultra-low-sulfur diesel fuel which the next generation of diesel vehicles would need to meet the upcoming round of extremely low emission standards.

I want to spend a few more minutes discussing the fuel economy part of our amendment. Clearly, we all want to improve fuel economy. That is a goal all of us share. But how we increase it is absolutely critical. Our amendment increases it by requiring the Department of Transportation to increase CAFE. However, rather than setting an arbitrary number for fuel economy on the floor of the Senate, we require the National Highway Traffic Safety Administration, NHTSA, to conduct a rulemaking process to increase fuel efficiency. The resulting rules will apply to both passenger cars and light trucks. Pickup trucks, minivans, and SUVs are included in the definition of light trucks.

But rather than legislating an arbitrary number, what the Bond-Levin amendment does is to tell NHTSA—the agency designed to do this—to rationally take into account a number of important considerations when setting a new standard: safety; consumer choice; the need for oil independence; the need for fuel savings; any unfair or competitive disadvantage that is created or continued by use of the CAFE system; impact on jobs; and a number of other factors. If NHTSA fails to act in the required timeframe under our amendment, Congress can consider legislation under expedited procedures to mandate an increase in fuel economy standards.

If we fail to set fuel economy standards in a deliberate manner, if we just do it arbitrarily by adopting a number in the Senate floor, we create a further competitive disadvantage to domestic manufacturers.

From its inception, CAFE has given an unfair competitive advantage to foreign manufacturers, not because they have more fuel efficient technologies; they do not. I emphasize that because there are folks who do believe that foreign cars are more fuel efficient than domestic cars. In the same category of cars, the same weight classifications, they are not. American-made cars are at least comparable in terms of fuel efficiency, and in many cases they have superior fuel efficiency to foreign-made models in that same weight class, the ones with which they compete.

It is because foreign manufacturers have historically focused more on smaller cars and smaller trucks than American manufacturers that they have that advantage. It is not because their vehicles are more technologically advanced or more fuel efficient in the same weight class. The reason this has worked this way is that the CAFE system, when it was designed, gave an advantage to manufacturers by looking at the entire fleet of cars rather than dividing the fleet into comparable size vehicles or comparable weight vehicles. Any automaker that built primarily small cars found it easy to meet the CAFE standard, while the manufacturers that built the full line of cars, including five- and six-passenger cars that American families have traditionally bought, found it much more difficult to meet the fleet average requirement of CAFE. So the fleet average does not reflect the efficiency of comparably sized vehicles.

In looking at the fleets as a whole, there is a built-in bias against domestic manufacturers although, again, domestically built vehicles are at least equally fuel efficient, pound for pound, in the same weight classification, as are the imported vehicles.

Foreign car manufacturers have been able to expand their production of larger cars and pickup trucks, minivans, and SUVs under the fleet average methodology that is called CAFE.

CAFE did not constrain them. The historic focus of those manufacturers on small vehicles gave them the headroom to sell large numbers of larger vehicles while still meeting the CAFE requirements for the fleet average; again, not because they are more fuel efficient.

So CAFE has had an unfair discriminatory impact against U.S. jobs because of how it was designed. I hope that was an inadvertent design and not an intended consequence when CAFE was designed many decades ago, but it has been the consequence. It is utterly amazing that we would tolerate the continuation, much less the expansion, of that consequence without considering the impact of all the factors that go into CAFE.

The proposals that have been supported by some in the Senate to provide an arbitrary increase in CAFE standards do not solve the problem of unfair competitive disadvantage. Instead, that arbitrary selection of a number would make it worse. Manufacturers who have traditionally produced smaller vehicles would have considerably less difficulty meeting the new standards than domestic manufacturers would.

The National Academy of Sciences recognizes this in its 2001 report. In talking about the current CAFE system, the National Academy of Sciences said the following:

. . . one concept of equity among manufacturers requires equal treatment of equivalent vehicles made by different manufacturers. The current CAFE standards fail this test.

The National Academy went on to say the following:

A policy decision to simply increase the standard for light-duty trucks to the same level as for passenger cars would operate in this inequitable manner. . . . those manufacturers whose production was concentrated in light-duty trucks [that is SUVs, minivans, and pickups] would be financially penalized relative to those manufacturers whose production was concentrated in cars.

Well, domestic manufacturers have a high concentration in light truck production, and they will be unfairly disadvantaged by this approach. Yet that is the approach advocated by some of our colleagues.

The competitive disadvantage of increased CAFE standards on domestic manufacturers is an important factor, but it is ignored in CAFE amendments that just set arbitrary standards. This competitive disadvantage for domestic manufacturers is not some abstract issue, this is an American jobs issue.

It is difficult to overestimate the importance of the automotive sector to the American economy. The automotive manufacturing sector alone is directly responsible for over 2 million jobs, and there are about 10 million people who are employed in fields directly related to motor vehicles.

Advocates of setting an arbitrary higher CAFE standard assert that the economic impact of CAFE will be minimal.

They claim that lost auto industry jobs will be offset by jobs created elsewhere. If they are wrong—and I believe they are—the potential negative impacts are massive.

According to the National Academy of Sciences report on the impacts of the CAFE program, union membership has fallen from 1.4 million members in 1980 to only 670,000 by the year 2000. U.S. automakers are losing jobs and market share partly due to the arbitrary CAFE program. In the last 20 years, this hemorrhaging of over 700,000 U.S. jobs was countered by the creation of only 35,000 jobs in assembly plants built in the United States by foreign-owned manufacturers. That is a National Academy of Sciences finding from their report.

Over the last 4 years alone, the big three have lost 34,000 jobs.

That is an 11-percent loss of jobs in just 4 years. There is a better way than just an arbitrary increase by the Senate in the CAFE number. We can achieve our shared goals of decreasing our dependence on foreign oil and reducing carbon dioxide emissions by developing innovative, new technologies that will, hopefully, ultimately eliminate or significantly reduce the use of fossil fuels that create those emissions.

Our approach, the Bond-Levin amendment, and a separate tax amendment that will be offered, would require an increase in fuel economy by NHTSA but require consideration of all the factors relevant to any increase and not simply derive an arbitrary figure on the floor of the Senate. We would ramp up public-private cooperative investment in research and development of advanced vehicle technologies. We will use the purchasing power of Government to speed up the commercial production of these technologies. And, again, in a separate amendment, we would use tax credits to provide powerful incentives for the purchase of advanced clean technology vehicles.

I have been a supporter for a long time of developing fuel cell vehicles. The Administration's FreedomCAR and FreedomFuel programs are a good step but they are not sufficient to move us forward quickly to a hydrogen future. So we offered an amendment in last year's Energy bill that pushed the development of hydrogen vehicles and infrastructure.

This year, provisions such as these are already incorporated in the underlying bill. The amendment that will be offered separately to the tax section of the bill would extend the fuel cell vehicle credits provided in the finance package from 2011 to 2014.

We must lay the groundwork for the development of a hydrogen future. We also need to focus on the immediate future and provide incentives for efficient hybrid vehicles and clean diesel vehicles. Hybrid vehicles, which draw power from both electric motor and an internal combustion engine, can be up to 100 percent more efficient than conventional vehicles. Clean diesel vehicles, which new regulations make just as clean vehicles running on gasoline, also provide important efficiency gains that are important, especially in light and heavy-duty trucks.

The Department of Energy has calculated that if diesel were used in only 30 percent of potential light truck applications by the year 2020, it would reduce U.S. crude oil imports by 700,000 barrels per day. Clean diesel increases fuel economy by 20 to 40 percent and decreases current engines' carbon dioxide emissions by that same percentage.

We must put the pieces in place today that will lead to revolutionary breakthroughs in automotive technology tomorrow. If we take this approach, we will do far more to make

this Nation less dependent on foreign oil and far more to reduce our emissions of greenhouse gases than we will ever accomplish with increased CAFE standards. The incremental gains are so costly to achieve and but use the resources that otherwise would be used for leap-ahead technologies that would achieve so much more.

Currently, auto companies around the world are working on longer term, breakthrough technologies that will provide potentially dramatic increases in vehicle fuel economy. This research work—on projects such as fuel cells, advanced batteries, and hybrid technologies—requires substantial resources.

These resources should be invested in leap-ahead technologies. The more we spend on the very marginal increases in technology, which would be at great cost required, we are going to be misusing the resources this Nation should be placing on the leap-ahead technologies.

Technology changes require very long times to be introduced into the manufacturer's product lines. Any policy that is implemented too quickly and too aggressively has the potential to adversely affect manufacturers, their suppliers, their employees, and consumers. If the automakers are required to focus so much on dramatic near-term improvements in vehicle fuel economy, resources will have to be diverted from those promising longer term projects and from providing the amenities desired by American families.

The Bond-Levin approach preserves the appropriate balance between development of near-term technologies for fuel economy improvement and the development of promising longer term projects. We use greater incentives; we use partnerships; we rely less and less on these arbitrary mandates. Where a mandate is appropriate, the agency with expertise, the agency with experience, the agency that would use all of the relevant factors in the determination of that new mandate would be the one that would be given the responsibility to increase those fuel standards. That is our approach. It is a positive approach toward greater energy efficiency, and it does so in a way which does not cost jobs—important jobs, manufacturing jobs in this country.

AMENDMENT NO. 1386, AS MODIFIED

Mr. LEVIN. Mr. President, I send a technical modification to the Bond-Levin amendment to the desk, and I ask unanimous consent that the amendment be modified.

The PRESIDING OFFICER. Is there objection? Without objection, the amendment is so modified.

The amendment (No. 1386), as modified, is as follows:

On page 264, after line 21, add the following:

**SEC. 716. PROVISION NOT TO TAKE EFFECT.**

Section 711 shall not take effect.

**SEC. 717. REVISED CONSIDERATIONS FOR DECISIONS ON MAXIMUM FEASIBLE AVERAGE FUEL ECONOMY.**

Section 32902(f) of title 49, United States Code, is amended to read as follows:

“(f) CONSIDERATIONS FOR DECISIONS ON MAXIMUM FEASIBLE AVERAGE FUEL ECONOMY.—When deciding maximum feasible average fuel economy under this section, the Secretary of Transportation shall consider the following matters:

- “(1) Technological feasibility.
- “(2) Economic practicability.
- “(3) The effect of other motor vehicle standards of the Government on fuel economy.
- “(4) The need of the United States to conserve energy.
- “(5) The desirability of reducing United States dependence on imported oil.
- “(6) The effects of the average fuel economy standards on motor vehicle and passenger safety.
- “(7) The effects of increased fuel economy on air quality.
- “(8) The adverse effects of average fuel economy standards on the relative competitiveness of manufacturers.
- “(9) The effects of compliance with average fuel economy standards on levels of employment in the United States.
- “(10) The cost and lead time necessary for the introduction of the necessary new technologies.
- “(11) The potential for advanced technology vehicles, such as hybrid and fuel cell vehicles, to contribute to the achievement of significant reductions in fuel consumption.
- “(12) The extent to which the necessity for vehicle manufacturers to incur near-term costs to comply with the average fuel economy standards adversely affects the availability of resources for the development of advanced technology for the propulsion of motor vehicles.
- “(13) The report of the National Research Council that is entitled ‘Effectiveness and Impact of Corporate Average Fuel Economy Standards’, issued in January 2002.”

“(10) The cost and lead time necessary for the introduction of the necessary new technologies.

“(11) The potential for advanced technology vehicles, such as hybrid and fuel cell vehicles, to contribute to the achievement of significant reductions in fuel consumption.

“(12) The extent to which the necessity for vehicle manufacturers to incur near-term costs to comply with the average fuel economy standards adversely affects the availability of resources for the development of advanced technology for the propulsion of motor vehicles.

“(13) The report of the National Research Council that is entitled ‘Effectiveness and Impact of Corporate Average Fuel Economy Standards’, issued in January 2002.”

**SEC. 718. INCREASED FUEL ECONOMY STANDARDS.**

(a) NEW REGULATIONS REQUIRED.—

(1) NON-PASSENGER AUTOMOBILES.—

(A) REQUIREMENT FOR NEW REGULATIONS.—The Secretary of Transportation shall issue, under section 32902 of title 49, United States Code, new regulations setting forth increased average fuel economy standards for non-passenger automobiles. The regulations shall be determined on the basis of the maximum feasible average fuel economy levels for the non-passenger automobiles, taking into consideration the matters set forth in subsection (f) of such section. The new regulations under this paragraph shall apply for model years after the 2007 model year, subject to subsection (b).

(B) TIME FOR ISSUING REGULATIONS.—The Secretary of Transportation shall issue the final regulations under subparagraph (A) not later than April 1, 2006.

(2) PASSENGER AUTOMOBILES.—

(A) REQUIREMENT FOR NEW REGULATIONS.—The Secretary of Transportation shall issue, under section 32902 of title 49, United States Code, new regulations setting forth increased average fuel economy standards for passenger automobiles. The regulations shall be determined on the basis of the maximum feasible average fuel economy levels for the passenger automobiles, taking into consideration the matters set forth in subsection (f) of such section.

(B) TIME FOR ISSUING REGULATIONS.—The Secretary of Transportation shall issue the final regulations under subparagraph (A) not later than 2½ years after the date of the enactment of this Act.

(b) PHASED INCREASES.—The regulations issued pursuant to subsection (a) shall specify standards that take effect successively over several vehicle model years not exceeding 15 vehicle model years.

(c) CLARIFICATION OF AUTHORITY TO AMEND PASSENGER AUTOMOBILE STANDARD.—Section 32902(b) of title 49, United States Code, is amended by inserting before the period at the end the following: “or such other number as the Secretary prescribes under subsection (c)”.

(d) ENVIRONMENTAL ASSESSMENT.—When issuing final regulations setting forth increased average fuel economy standards under section 32902(a) or section 32902(c) of title 49, United States Code, the Secretary of Transportation shall also issue an environmental assessment of the effects of the increased standards on the environment under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Transportation \$5,000,000 for each of fiscal years 2004 through 2008 for carrying out this section and for administering the regulations issued pursuant to this section.

**SEC. 719. EXPEDITED PROCEDURES FOR CONGRESSIONAL INCREASE IN FUEL ECONOMY STANDARDS.**

(a) CONDITION FOR APPLICABILITY.—If the Secretary of Transportation fails to issue final regulations with respect to non-passenger automobiles under section 718, or fails to issue final regulations with respect to passenger automobiles under such section, on or before the date by which such final regulations are required by such section to be issued, respectively, then this section shall apply with respect to a bill described in subsection (b).

(b) BILL.—A bill referred to in this subsection is a bill that satisfies the following requirements:

(1) INTRODUCTION.—The bill is introduced by one or more Members of Congress not later than 60 days after the date referred to in subsection (a).

(2) TITLE.—The title of the bill is as follows: “A bill to establish new average fuel economy standards for certain motor vehicles.”

(3) TEXT.—The bill provides after the enacting clause only the text specified in subparagraph (A) or (B) or any provision described in subparagraph (C), as follows:

(A) NON-PASSENGER AUTOMOBILES.—In the case of a bill relating to a failure timely to issue final regulations relating to non-passenger automobiles, the following text:

“That, section 32902 of title 49, United States Code, is amended by adding at the end the following new subsection:

“( ) NON-PASSENGER AUTOMOBILES.—The average fuel economy standard for non-passenger automobiles manufactured by a manufacturer in a model year after model year \_\_\_ shall be \_\_\_ miles per gallon.”, the first blank space being filled in with a subsection designation, the second blank space being filled in with the number of a year, and the third blank space being filled in with a number.

(B) PASSENGER AUTOMOBILES.—In the case of a bill relating to a failure timely to issue final regulations relating to passenger automobiles, the following text:

“That, section 32902(b) of title 49, United States Code, is amended to read as follows:

“(b) PASSENGER AUTOMOBILES.—Except as provided in this section, the average fuel economy standard for passenger automobiles manufactured by a manufacturer in a model year after model year \_\_\_ shall be \_\_\_ miles per gallon.”, the first blank space being

filled in with the number of a year and the second blank space being filled in with a number.

(C) SUBSTITUTE TEXT.—Any text substituted by an amendment that is in order under subsection (c)(3).

(c) EXPEDITED PROCEDURES.—A bill described in subsection (b) shall be considered in a House of Congress in accordance with the procedures provided for the consideration of joint resolutions in paragraphs (3) through (8) of section 8066(c) of the Department of Defense Appropriations Act, 1985 (as contained in section 101(h) of Public Law 98-473; 98 Stat. 1936), with the following exceptions:

(1) REFERENCES TO RESOLUTION.—The references in such paragraphs to a resolution shall be deemed to refer to the bill described in subsection (b).

(2) COMMITTEES OF JURISDICTION.—The committees to which the bill is referred under this subsection shall—

(A) in the Senate, be the Committee on Commerce, Science, and Transportation; and

(B) in the House of Representatives, be the Committee on Energy and Commerce.

(3) AMENDMENTS.—

(A) AMENDMENTS IN ORDER.—Only four amendments to the bill are in order in each House, as follows:

(i) Two amendments proposed by the majority leader of that House.

(ii) Two amendments proposed by the minority leader of that House.

(B) FORM AND CONTENT.—To be in order under subparagraph (A), an amendment shall propose to strike all after the enacting clause and substitute text that only includes the same text as is proposed to be stricken except for one or more different numbers in the text.

(C) DEBATE, ET CETERA.—Subparagraph (B) of section 8066(c)(5) of the Department of Defense Appropriations Act, 1985 (98 Stat. 1936) shall apply to the consideration of each amendment proposed under this paragraph in the same manner as such subparagraph (B) applies to debatable motions.

**Subtitle C—Advanced Clean Vehicles**  
**SEC. 731. HYBRID VEHICLES RESEARCH AND DEVELOPMENT.**

(a) RECHARGEABLE ENERGY STORAGE SYSTEMS AND OTHER TECHNOLOGIES.—The Secretary of Energy shall accelerate research and development directed toward the improvement of batteries and other rechargeable energy storage systems, power electronics, hybrid systems integration, and other technologies for use in hybrid vehicles.

(b) AUTHORIZATION OF APPROPRIATIONS.—Funds are hereby authorized to be appropriated for each of fiscal years 2004, 2005, and 2006 in the amount \$50,000,000 for research and development activities under this section.

**SEC. 732. DIESEL FUELED VEHICLES RESEARCH AND DEVELOPMENT.**

(a) DIESEL COMBUSTION AND AFTER TREATMENT TECHNOLOGIES.—The Secretary of Energy shall accelerate research and development directed toward the improvement of diesel combustion and after treatment technologies for use in diesel fueled motor vehicles.

(b) GOALS.—The Secretary shall carry out subsection (a) with a view to achieving the following goals:

(1) COMPLIANCE WITH CERTAIN EMISSION STANDARDS BY 2010.—Developing and demonstrating diesel technologies that, not later than 2010, meet the following standards:

(A) TIER-2 EMISSION STANDARDS.—The tier 2 emission standards.

(B) HEAVY-DUTY EMISSION STANDARDS OF 2007.—The heavy-duty emission standards of 2007.

(2) POST-2010 HIGHLY EFFICIENT TECHNOLOGIES.—Developing the next generation of low emissions, high efficiency diesel engine technologies, including homogeneous charge compression ignition technology.

(c) AUTHORIZATION OF APPROPRIATIONS.—Funds are hereby authorized to be appropriated for each of fiscal years 2004, 2005, and 2006 in the amount of \$75,000,000 for research and development of advanced combustion engines and advanced fuels.

**SEC. 733. PROCUREMENT OF ALTERNATIVE FUELED PASSENGER AUTOMOBILES.**

(a) VEHICLE FLEETS NOT COVERED BY REQUIREMENT IN ENERGY POLICY ACT OF 1992.—The head of each agency of the executive branch shall coordinate with the Administrator of General Services to ensure that only alternative fueled vehicles are procured by or for each agency fleet of passenger automobiles that is not in a fleet of vehicles to which section 303 of the Energy Policy Act of 1992 (42 U.S.C. 13212) applies.

(b) WAIVER AUTHORITY.—The head of an agency, in consultation with the Administrator, may waive the applicability of the policy regarding the procurement of alternative fueled vehicles in subsection (a) to—

(1) the procurement for such agency of any vehicles described in subparagraphs (A) through (F) of section 303(b)(3) of the Energy Policy Act of 1992 (42 U.S.C. 13212(b)(3)); or

(2) a procurement of vehicles for such agency if the procurement of alternative fueled vehicles cannot meet the requirements of the agency for vehicles due to insufficient availability of the alternative fuel used to power such vehicles.

(c) APPLICABILITY TO PROCUREMENTS AFTER FISCAL YEAR 2004.—This subsection applies with respect to procurements of alternative fueled vehicles in fiscal year 2005 and subsequent fiscal years.

**SEC. 734. PROCUREMENT OF HYBRID LIGHT DUTY TRUCKS.**

(a) VEHICLE FLEETS NOT COVERED BY REQUIREMENT IN ENERGY POLICY ACT OF 1992.—

(1) HYBRID VEHICLES.—The head of each agency of the executive branch shall coordinate with the Administrator of General Services to ensure that only hybrid vehicles are procured by or for each agency fleet of light duty trucks that is not in a fleet of vehicles to which section 303 of the Energy Policy Act of 1992 (42 U.S.C. 13212) applies.

(2) WAIVER AUTHORITY.—The head of an agency, in consultation with the Administrator, may waive the applicability of the policy regarding the procurement of hybrid vehicles in paragraph (1) to that agency to the extent that the head of that agency determines necessary—

(A) to meet specific requirements of the agency for capabilities of light duty trucks;

(B) to procure vehicles consistent with the standards applicable to the procurement of fleet vehicles for the Federal Government;

(C) to adjust to limitations on the commercial availability of light duty trucks that are hybrid vehicles; or

(D) to avoid the necessity of procuring a hybrid vehicle for the agency when each of the hybrid vehicles available for meeting the requirements of the agency has a cost to the United States that exceeds the costs of comparable nonhybrid vehicles by a factor that is significantly higher than the difference between—

(i) the real cost of the hybrid vehicle to retail purchasers, taking into account the benefit of any tax incentives available to retail purchasers for the purchase of the hybrid vehicle; and

(ii) the costs of the comparable nonhybrid vehicles to retail purchasers.

(3) APPLICABILITY TO PROCUREMENTS AFTER FISCAL YEAR 2004.—This subsection applies

with respect to procurements of light duty trucks in fiscal year 2005 and subsequent fiscal years.

(b) INAPPLICABILITY TO DEPARTMENT OF DEFENSE.—This section does not apply to the Department of Defense, which is subject to comparable requirements under section 318 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107-107; 115 Stat. 1055; 10 U.S.C. 2302 note).

**SEC. 735. DEFINITIONS.**

In this subtitle:

(1) ALTERNATIVE FUELED VEHICLE.—The term “alternative fueled vehicle” means—

(A) an alternative fueled vehicle, as defined in section 301(3) of the Energy Policy Act of 1992 (42 U.S.C. 13211(3));

(B) a motor vehicle that operates on a blend of fuel that is at least 20 percent (by volume) biodiesel, as defined in section 312(f) of the Energy Policy Act of 1992 (42 U.S.C. 13220(f)); and

(C) a motor vehicle that operates on a blend of fuel that is at least 20 percent (by volume) bioderived hydrocarbons (including aliphatic compounds) produced from agricultural and animal waste.

(2) HEAVY-DUTY EMISSION STANDARDS OF 2007.—The term “heavy-duty emission standards of 2007” means the motor vehicle emission standards promulgated by the Administrator of the Environmental Protection Agency on January 18, 2001, under section 202 of the Clean Air Act to apply to heavy-duty vehicles of model years beginning with the 2007 vehicle model year.

(3) HYBRID VEHICLE.—The term “hybrid vehicle” means—

(A) a motor vehicle that draws propulsion energy from on board sources of stored energy that are both—

(i) an internal combustion or heat engine using combustible fuel; and

(ii) a rechargeable energy storage system; and

(B) any other vehicle that is defined as a hybrid vehicle in regulations prescribed by the Secretary of Energy for the administration of title III of the Energy Policy Act of 1992.

(4) MOTOR VEHICLE.—The term “motor vehicle” means any vehicle that is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails) and that has at least four wheels.

(5) TIER 2 EMISSION STANDARDS DEFINED.—The term “tier 2 emission standards” means the motor vehicle emission standards promulgated by the Administrator of the Environmental Protection Agency on February 10, 2000, under section 202 of the Clean Air Act (42 U.S.C. 7521) to apply to passenger automobiles, light trucks, and larger passenger vehicles of model years after the 2003 vehicle model year.

(6) TERMS DEFINED IN EPA REGULATIONS.—The terms “passenger automobile” and “light truck” have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

Mr. LEVIN. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. INHOFE. Mr. President, I ask unanimous consent that following the remarks by the distinguished Senator from Idaho, I be allowed to speak as in morning business for such time as I may consume.

The PRESIDING OFFICER (Mr. SUNUNU). Is there objection?

Without objection, it is so ordered.

The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, I thank the Senator for his comments on the Levin-Bond, Bond-Levin amendment, which is critical to a clarification and establishment of the CAFE standards as we understand them and that fit the industry of our country—the automobile industry—and that effectively match up with where we want to take fleet averages and all of that over the course of time. It is certainly, in my opinion, a much more responsible approach than that which is being proposed by the Senator from Illinois, Mr. DURBIN.

I do believe the Durbin amendments on CAFE standards would have a devastating impact on the automobile industry. As the Senator from Michigan has said, new technologies introduced into the automobile transportation fleets of this country not only take time but cost a tremendous amount of money and, in the course of that, oftentimes change the whole character of industries. We need to be extremely careful about that.

For example, the Durbin amendment proposal calls for passenger cars and light truck CAFE standards to be set at 40 miles per gallon and 27.5 miles per gallon, respectively, by 2015. At the same time, minivans and other SUVs are shifted from a light truck fleet to a car fleet; vehicles up to 14,000 pounds are added to the regular fleet. It is a combination and a formula that, while I have spent a good deal of time over the years trying to understand, I am not at all confident I can effectively explain it for the record or for those who are advocating it or for those who are simply listening and trying to understand the importance of this debate.

We do have an alternative in the Bond-Levin approach, which I think balances out what we have said historically in CAFE standards that cause our industry, in a progressive fashion, to drive in the right direction, to do what is appropriate and necessary within the confines of not only building safe automobiles, safe transportation, but that which is increasingly efficient for the consuming public.

We are on S. 14, a comprehensive Energy bill for this country. The Senate has been working to pass a comprehensive Energy bill for 3 years. I find it fascinating that it is so impossible to do. We passed the Department of Homeland Security bill in 1 day. In 1 day of debate, the Senate took a very huge portion of Government and over 100,000 employees and changed their direction and future. We have already been on an Energy bill this year and in this session for several weeks. Yet we are being told we cannot get it done this week, with some 300 amendments offered.

Then when we suggested we would come in and start early and work late, the minority recommended that they would offer optimum flexibility, and

they have just denied us now in the last several hours the very flexibility they promised—that we could offer amendments, lay them aside, go to other amendments, debate those, lay them aside until the appropriate number were assembled, and then we could use the process of stacking and do so to bring about the votes that would expedite the time and effectively utilize the very limited time we have—the time that we think is extremely necessary and that we can, in fact, complete our work.

The Senate already this year, as I have mentioned, has considered an Energy bill for 12 days, and the bill before us is not some secret. It is not like the bill last year that was crafted in the office of then-Majority Leader DASCHLE and was brought to the floor and substituted several times in a way we did not know what it was made up of or where it was going until we saw it when it was before the Senate for consideration.

This bill was crafted in the committee. It was brought up in a normal fashion, it was voted out in a bipartisan fashion, and the only real unknown was the electrical title which was available by Friday of this past week to all who had not been involved in its crafting. My colleagues had the opportunity over the weekend to look at it.

We wanted to offer that electrical title amendment to the bill this afternoon so we could all see it, begin to understand it, debate it, and, if necessary, leave it before the Senate a day or so to be sure we could clearly deal with it in the appropriate fashion.

I hope that what happened several hours ago, denying us the ability to lay aside amendments and move to other amendments, does not become a pattern. If it does, then this Senator will come to the Chamber and talk about the good faith or the lack thereof, the desire or the lack thereof, in wanting to produce a national energy policy for our country. I wish to talk about the need of that policy now and into the future.

If one reads the St. Louis newspaper today, one will read about natural gas prices taking a Missouri farmer from \$295 a ton for nitrogen fertilizer to as much as \$430 a ton because of the runup in gas prices. If that is happening in Missouri, I darn well bet it is happening to my farmers in Idaho or the U.S. chemical companies closing plants and laying off workers and looking to expand their production overseas as a result of high gas prices. The Wall Street Journal said: The United States is expected to import approximately \$9 billion more in chemicals this year than last year. Why? Because we are running the chemical industry out of our country because this Congress, this Senate, in 3 years has refused to produce a national energy policy for our country that, once again, not only recognizes that energy will be available but that it will be stable, that

there will be a reliable supply at a predictable cost, and not one that goes from \$3 a cubic thousand feet to \$6, as we have seen gas spike in just the last several months, totally disallowing any industry that uses large volumes of natural gas any way of predicting or projecting costs of development, costs of refinement and, therefore, price to consumer in the market.

We cannot afford for this country to increasingly buy its chemicals overseas as we buy our crude oil from overseas. It will result in \$9 billion more in the imbalance of our trade simply because Congress cannot function. The blame will lie at our feet because we have been 3 years trying to perfect a national energy policy for our country.

I oftentimes remember the first meeting I had with President-elect George W. Bush in the majority leader's office. He had been talking about a lot of issues for our country—education, Leave No Child Behind, a whole combination of issues. But that day he said: While all of these other issues are important, and we will get to them—and, of course, we all remember his high priority in the campaign about delivering tax cuts—what we have to do right now is develop a national energy policy. He said: I know of nothing more critical to our Nation and its future than doing just that.

As we know, the moment he was our President, he immediately appointed our Vice President to head up a task force to build a national energy policy strategy and, out of that strategy, to recommend to Congress changes in law and provisions we might undertake to build a strong, stable national energy base for our country.

Oh, my goodness, that was well over 2 years ago. They got their work done in less than 6 months, and yet we cannot get our work done here at a time when gas prices are spiking, at a time when the memories of the blackouts and brownouts in California are still very much alive in the minds of most citizens on the west coast who either lost their jobs or had their jobs damaged and which created less security.

I was in San Jose, CA, about a month ago talking to the high-tech community. Oh, they had a lot of priorities, but their first priority was energy, and they needed to know if there was going to be a stable supply of energy because if there was not, they knew they would have to move their production facilities to a location where that energy supply existed.

The Silicon Valley not the high-tech hub of the Western World? It is very feasible that could happen someday because the State of California and our country as a whole have not developed a national energy policy. If chemical companies move offshore because of the price of energy, high-tech can follow, and will follow, and shame on us as a people and shame on us as a Senate if we cannot produce a national energy policy and put it on the President's desk so that those fears can be

laid aside and we produce a source of energy for our country that is highly stable and secure.

“Rising prices, combined with a cold winter, are adding an extra \$500 to \$700 per month to the gas bill of the Villa Pizza Restaurant in Hanford, CT.” So speaks the Hanford newspaper.

“Eighty percent of our Nation's 35,000 laundromats have raised prices in the past year due to high natural gas prices.” That is according to the Associated Press.

Mr. President, did you ever think your laundry bill was going to go up because the Congress of the United States could not act? It is happening, and that is exactly what the Associated Press is saying. Because of the gas that feeds the dryers at the laundromat, it now costs double what it cost a year ago. A couple more quarters need to go into the machine every time someone activates it.

We do not think about that at the time, but collectively, for the economy of our country, these kinds of implications in an energy policy, or absence thereof, are devastating in the broad sense.

Alan Greenspan, Chairman of the Federal Reserve, before the Energy Committee just a few weeks ago, was talking about the stability of an economy and the growth of an economy built upon the foundation of a stable supply of energy of all kinds for this Nation.

S. 14 is the most comprehensive national energy policy statement I believe the Senate has produced in my time in the Senate. It talks about production of all kinds of energy—from wind to solar, nuclear, hydro, coal, and gas. It talks about restructuring in the new electrical title to create greater uniformity and to create a national transmission system for wholesale electricity in this country, about which we ought to be talking.

It talks about conservation because while we are producing more energy for a growing economy, we ought to be using less energy per item of work, per unit of production. That is called conservation, and any one of us who has ever studied national energy policy in our country clearly recognizes the value and the importance of conserving while we produce more. We cannot conserve our way out, and we cannot conserve ourselves into a growing economy, but at the same time the balance and the greater efficiencies produced by conservation are critical as we combine them with new and increased production.

S. 14 is clearly written in the backdrop and the understanding that the American people want clean sources of energy, that our environment is critical and important, that we want to be able to work, we want to be able to produce jobs, and we want to be able to do so in a clean environment.

America's environmental ethic is profound today and S. 14 clearly reflects the importance of that. It clearly

reflects the importance of producing new energy sources and old energy sources made cleaner, and all of that being strong and important as it relates to new jobs.

Let's talk about jobs for a moment. I am very pleased we passed new tax laws. I am very pleased those new tax incentives and rewards are hitting the marketplace at this moment and the consumer's and investor's pocket. I believe out of that, new jobs will be created and possibly there will be a bit more consumer spending.

That child tax credit check that is hitting America's homes, I see Home Depot has picked up on it. They are saying, come out and spend your money and build a better home, make an addition, do some remodeling, and we will help you do it. That is called the free enterprise system at work, and that will generate jobs.

If we want to talk about a jobs bill, then pass S. 14. Pass a bill that will bring natural gas out of Alaska through Canada and into the lower 48. There will be hundreds of thousands of new jobs that will be created for the construction of that pipeline—not only those who will manufacture the pipe, but those who will clear the right-of-way and build the foundation and create the connectivity that will be combined to bring that gas to the lower 48, and of course, all of the other kinds of jobs, exploration, development and the new technologies.

The Senator from Michigan was talking about fuel cells a few moments ago. I was up in his State. I was at the Ford Laboratories at Dearborn a couple of years ago and drove a new hydrogen fuel-celled car. I hope that in my senior years I can buy a hydrogen fuel-celled car; its only pollution is a drop of water being emitted out the tailpipe of the car. I hope that is a form of new transportation for the future. If it is, it will create hundreds of thousands of new jobs; not just in crafting the car but in producing the hydrogen, in supplying the hydrogen, in building the refuel stations and the combination of things that go along with building a new energy source for a transportation fleet for our country.

That is what this bill is all about. Why is there so much resistance to it? Why some 300-plus amendments? I have looked at many of them, and from what I could see there are 25 or 30 amendments within that 300 that are legitimate, that have reasonable concern. I believe there are at least 200 of them that are there for a political statement or for blocking purposes.

The other side argues that we just cannot get our work done, that we need weeks more to deal with something we have already spent 12 days on, that we have already spent 3 years on. Why do we need 3 weeks more? Why can we not begin to work at 9 tomorrow morning and work until 8 tomorrow night and everybody come to the floor and, in a timely way, debate amendments, vote them up or down, move to table them,

move ourselves through this issue, and offer to the American people a comprehensive national energy policy that can make it to the President's desk, that can become law, that begins to put the kind of effort together to produce the nearly 400,000-plus jobs that are available inside this bill spread over a decade of development and growth of the kind reflective in S. 14?

How many of us got up this morning and simply walked over and flipped on the light switch and the lights came on? And how many mornings in one's life have they done that and the lights came on? Why, they come on every morning. We expect them to. We Americans have grown to believe that our energy is always there and always around us, and we take it for granted.

My wife and I flew back from Idaho yesterday. With my wife and I sitting on that jet airliner, it consumed hundreds of gallons of jet fuel just to get us from Idaho to Washington, DC. We took it for granted. Thousands of other Americans were doing the same thing yesterday. They do it every day of the week. They go to the airport. They get on an airplane. Thousands of gallons of jet fuel later, they arrive at their destination and they take it all for granted.

Somebody had to find it. Somebody had to transport it. Somebody had to refine it and somebody had to put it in the airplane. It is all energy.

Our great country is as rich as it is today, and our people are as fortunate as they are, in large part because we have always been able to look 10, 15, and 20 years down the road and build the infrastructure and do the research and do the exploration that brought on continual flows of abundant, reasonably priced energy. It has only been in the last two decades that we stopped producing, but we kept on consuming, and gas prices began to go through the roof. Brownouts and blackouts began to occur because we were not allowed to look into the future and say: Here is where we are going and here is what we are going to produce.

That is what S. 14 does. That is why it is so critical to our country at this moment in time that we become less dependent on foreign sources, more dependent on ourselves and our own production, our own initiative, our own capability, and we do so with conservation, with production, and that we are environmentally sensitive when we do it. That is all embodied in S. 14.

Why are we going to let this languish when we need to be passing it and getting it to the President's desk? One more year? Two more years? Let gas prices to the average consumer go up \$200 or \$300 a month and just say that is okay when we know that through increased exploration and development that does not have to happen?

So I challenge my colleagues over the course of the week that is at hand that we start tonight and we work through Tuesday, Wednesday, Thurs-

day and, as our leader said, Friday and Saturday and beyond if necessary, and let's get our work done for the American people, let's amend, let's pass S. 14, a national energy policy, and get ourselves to conference with the House to make this issue happen.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Mr. President, I understand there is a unanimous consent that I be recognized for such time as I shall consume.

The PRESIDING OFFICER. The Senator is recognized.

Mr. INHOFE. I say to the Senator from the great State of Idaho how accurate he is. If there is anything he overlooked, it was in addition to our having electricity, power, and energy in the country, it is also the No. 1 national security issue.

I can remember, as can the Senator from Idaho, way back in the Reagan administration when we were about 37 percent dependent on foreign countries for our ability to fight a war, and we still did not have an energy policy. As did the Senator from Idaho, I talked to President Bush, then-Governor Bush, before he ran, and he committed himself to an energy policy. It is absolutely essential. I agree we should stay whatever time it takes to get it done.

#### SCIENCE OF CLIMATE CHANGE

Mr. INHOFE. Mr. President, the comments made by the Senator from Idaho are such a good prelude to work into what I am about to say. I am chairman of the Environment and Public Works Committee, and in this capacity I have a responsibility because the decisions the committee will reach impact and influence the health and security of America.

What I am about to do—and it is for this reason that I am doing something that is politically stupid—I am going to expose the most powerful, most highly financed lobby in Washington, the far left environmental extremists.

The Senator from Idaho talked about the fact that we have to have electricity. Right now, we are dependent upon fossil fuels for 52 percent of our electricity in America. There are people trying to get us to do away with that. If that should happen, I think he has articulated very well what would happen to America if all of a sudden we had to go to natural gas. Already we are seeing some companies moving to Europe and other places because they are thinking that maybe we will buy on to this hoax that will stop us from being able to have fossil fuels. That is why when I became chairman of the committee, I established three guiding principles for that committee.

No. 1, we are going to make our decisions not on a political agenda but on sound science. No. 2, we are going to have a cost-benefit analysis. At least let the American people know what types of costs are involved in some of