

a wall which had previously blocked information sharing between various parts of the intelligence community and the FBI.

Our leaders have successfully worked to break stovepipes and to ensure that information sharing is working.

The American communication and electronics business has been instrumental in assisting this effort. You have provided the technology to allow us to share information across agencies.

You have invented new ways to protect certain sensitive issues while still allowing many analysts to see essential data. Certainly more improvements are needed in intelligence cooperation and in new technology to improve information sharing. Together that partnership that David Sarnoff talked about a half century ago can help make this work. With your assistance I am confident we will succeed.

Ladies and gentlemen, our Nation has the finest national security apparatus—defense and intelligence—in the world. It's not perfect and it never will be. Some areas can be improved. But it is a critical capability. Our warfighters—our young men and women who, as we speak, are serving in harm's way—depend on seamless intelligence. Many of you help provide that capability to them. It is our solemn duty to ensure that we can continue to provide them the best.

You who represent the providers of these systems, you who are responsible for the revolution in information technology, I offer you my most heartfelt thanks for what you do. I say this because you provide the tools that protect our military.

You provide the tools to our first responders and homeland security managers that will help them hopefully deny and certainly defeat any additional terrorist activity. We are grateful for all you have done to improve our Nation's security.

And to those that want to rush to change our intelligence system and congressional oversight I urge caution. I would urge all to remember the old medical adage, first do no harm.

Again, I thank you for inviting me here to join you this evening and to receive the David Sarnoff Award. I wish you all the best. Thank you.

Mr. STEVENS. I suggest the absence of a quorum.

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

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

ALTERNATIVE ENERGY TAX CREDITS

Mr. REID. Mr. President, we are going to soon be dealing with a tax conference report, and I am satisfied with what it does for the middle class—it is important and good—but I am disappointed with what it does not do for alternative energy.

It does have a provision in it dealing with wind, and I think that is important, but the United States needs a new strategy, a new vision to meet our energy needs. We cannot meet the demands for oil in this country by producing our way out of the problem. America controls less than 3 percent of

the oil reserves in the world, including what is in ANWR. So we must look elsewhere for other sources of energy like renewable energy.

This Nation is rich in renewable energy resources—the heat within the Earth, the warmth of the Sun, and the force of the wind. We have always been blessed with these resources. Now we have the technology to harness them efficiently.

The Senate is already on record supporting the development of renewable energy. We know that renewable energy can provide a steady supply of electricity that is made in the USA. We know it can create thousands of jobs. We know it can protect our environment and reduce global warming, and we know it can help reduce our dependence on oil from the Middle East. That is why the Senate has voted repeatedly to include strong incentives for the development of renewable energy in comprehensive energy bills. In fact, 54 Senators signed a letter last fall supporting a national goal of renewable energy or a renewable portfolio standard that would have required 10 percent of all electricity produced in this country by 2020 be generated from renewable sources.

Nevada has set some of the highest goals in the Nation for developing renewable energy. We are going to steadily increase our electricity generated from renewable sources with a goal of 15 percent by the year 2013. The Senate has also voted in its energy bills to expand and extend the section 45 production tax credit for renewable resources. In the last week, thirty-six Senators signed a letter urging that an extension and expansion of the section 45 production tax credit for renewable energy resources be included in the FSC/ETI bill, known as FSC.

The existing production tax credit only covers wind energy, closed-loop biomass, and poultry waste. We must extend and expand the production tax credit to include other renewable energy resources, such as geothermal, solar, and open-loop biomass. This is what the Senate has repeatedly supported.

We know the production tax credit will spur the production of solar and geothermal power because it has already worked for wind power.

There are farmers in the Midwest who make more money producing electricity from the windmills than they do from growing soybeans, wheat, and corn.

Because of the existing credit, combined with new technology, the development of wind energy has exploded in the past few years. By extending and expanding that incentive, the section 45 production tax credit would spur billions of dollars worth of economic development and create tens of thousands of jobs, especially in rural areas. But we may not be able to act on the FSC/ETI bill this year, so I was hopeful that the Senate and House committees that met to finalize a bill on tax cuts for

families would act to extend and expand section 45 production tax credits. They did not do that, and I am disappointed.

This legislation, which we will get later this evening, will only extend the production tax credit for a few renewable energy resources—wind, closed-loop biomass, and poultry waste—and they have enjoyed that credit for more than 10 years. So our job certainly is not done, and that is an understatement.

We are not on the road to diversifying the Nation's energy supply by increasing our use of renewable energy resources.

Wind will help us in Nevada, there is no question about that, but we would do well with solar and geothermal. We are the Saudi Arabia of geothermal energy. I like wind energy, but it is an intermittent energy supply that must be supplemented by geothermal, solar, open-loop biomass, and other renewables. Wind is stronger when it is part of a balanced renewable energy portfolio.

It is my understanding that the House will shortly announce conferees finally—finally—to the FSC bill so a conference can be convened. Let's do that so we can extend the production tax credit for eligible facilities from date of enactment through at least December 1, 2006. Eligible resources need to be expanded from wind and closed loop to include geothermal, solar, biomass, and other renewables.

It is important to include tradable credits to public power utilities and rural electric cooperatives, which serve 25 percent of the Nation's power customers, by allowing them to transfer their credits to taxable entities.

We all know that a reliable, clean supply of energy is a key to our Nation's success this century. We all appreciate the United States has been blessed with abundant resources of clean, renewable energy, and we all realize that the section 45 production tax credit has successfully spurred the development of wind power.

Now that tax incentive has expired. We must extend it and expand it, which we are going to do tonight for wind energy only, at least that is my understanding. So this is the first step toward the kind of energy policy our Nation needs, a policy that looks toward the future and makes our Nation stronger.

I repeat, I am quite certain that in this conference report coming to the floor this evening, there will be an extension of the wind energy production tax credit. We so badly need it in the other areas. This wind energy production tax credit is going to work and it is going to work well, but it would work a lot better if it had its companions, sun and geothermal.

I ask unanimous consent to print a letter from the Geothermal Energy Association in the RECORD.

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

GEOTHERMAL ENERGY ASSOCIATION,
Washington, DC, September 23, 2004.

Hon. HARRY REID,
U.S. Senate,
Washington, DC.

DEAR SENATOR REID: Thank you for your clear and cogent remarks this afternoon on the Senate floor regarding a renewable energy production tax credit. Like you, we are disappointed that the Conference Committee on H.R. 1308 has extended this powerful incentive only for wind energy projects. As you said today in the Senate, "We must extend and expand the production tax credit to include other renewable energy resources like geothermal energy, solar energy, and open-loop biomass. This is what the Senate has repeatedly supported."

The Board of Directors of the Geothermal Energy Association has approved the following statement on this matter:

For the past twelve years, the PTC has been effectively a single technology incentive and it's time for that to end. Providing the PTC incentive to some renewable technologies while withholding it from others is detrimental to the latter, precludes balanced renewable industry growth, impedes utilization of valuable energy resources, and interferes with the natural operation of market forces. For these reasons, the present situation is not in the public interest. Congress should seek to encourage growth in all renewable technologies and expand the PTC to include all renewable technologies.

All renewable technologies should be treated fairly; either all should receive the benefit of the PTC to spur their growth, or none should receive it. At least in this manner all renewables would be competing on an equivalent basis. It is our hope that before Congress adjourns it will enact law provisions passed by the House and Senate that would expand the PTC to include geothermal energy and other renewable technologies.

We share your hope that the Conference Committee meeting to consider the FSC-ETI bill will take the next step and expand the Section 45 credit to all renewable technologies.

Sincerely,

KARL GAWELL,
Executive Director.

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

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

HIGH ENERGY PRICES AND THE STRATEGIC PETROLEUM RESERVE

Mr. BINGAMAN. Mr. President, I have come to the Senate floor to speak briefly, again, about the impact high energy prices are having on consumers and the increasingly misguided filling of the Strategic Petroleum Reserve.

This is not a new topic for discussion on the Senate floor. Rather, it is one we keep coming back to. Given the increase in oil prices we have seen this year, many of us have been contemplating the administration's decision to continue to fill the Strategic Petroleum Reserve in this high-priced environment and have been criticizing the administration's decision in that regard.

Yesterday, oil prices hit \$48.35 a barrel. Today, oil futures hit \$49 a barrel, just 40 cents under the all-time high of \$49.40 a barrel that was reached on August 30.

Market analysts attribute yesterday's sharp increase in prices to trader reactions to the Energy Information Administration's weekly inventory report. U.S. crude inventories dropped by 9.1 million barrels. More surprising was the decrease observed in petroleum product inventories, in particular in heating oil. Distillate inventories plunged by 1.5 million barrels. This may not sound like a lot, but given that this is the season in which stocks are normally built in anticipation of winter heating, it is a significant decline.

In a season in which we should be building stocks, we see national commercial crude stocks at the lowest level since February, and we see draws on the heating oil inventory we have. Heating oil prices have hit all-time highs on the NYMEX this past week, and the crude price, as I mentioned before, is once again near its all-time high.

Curiously, the administration is seeking to remove some 5 million barrels of crude oil from the market in October to continue with the filling of the Strategic Petroleum Reserve. This does not make good economic sense. The direct effect of removing that 5 million barrels from the market is to add more pressure to what we already know is a very tight market. It is to create even higher energy prices for consumers, and these are the same consumers who have been faced with record energy prices for the entire past year.

According to a recent analysis by the Energy Information Administration, the prices consumers pay for heating oil and natural gas and propane have increased 46 percent since 2000 when the current administration took office. Gasoline prices increased more than 30 percent this year alone. When can we hope that this administration will do something to help consumers fight these high energy costs? How high do prices have to go before we see some action?

Yesterday, rumors began circulating that the administration was contemplating a release of Strategic Petroleum Reserve in response to the disruptions by Hurricane Ivan to U.S. offshore production and oil imports. Reports in this morning's newspapers claim there are two companies that have requested permission to defer their Strategic Petroleum Reserve de-

liveries. They have requested that authority from the Department of Energy.

This afternoon, the Department of Energy announced that it intends to enter into negotiations with refiners for a loan of oil from the Strategic Petroleum Reserve. The press release notes that the Secretary has authorized those negotiations concerning that loan. I hope this announcement signals that the administration will start to take a more realistic approach to the current situation in oil markets.

For several months, I have advocated that we should suspend delivery of oil to the Strategic Petroleum Reserve until prices come down to a more reasonable level. Suspending the fill of the Strategic Petroleum Reserve during times of high oil prices makes good economic sense. Diverting high-priced Federal oil into the Strategic Petroleum Reserve does not make good economic sense.

By filling the Strategic Petroleum Reserve in this high-priced environment, we are effectively paying more for oil now than we would if we waited until prices came down. Filling the Strategic Petroleum Reserve when oil prices are high costs American taxpayers unnecessarily. Buy high, sell low is not a good strategy. It puts more pressure on already tight fuel markets and keeps oil prices higher for a longer period.

The royalty-in-kind oil program—that is the program being used to fill the Strategic Petroleum Reserve—was first envisioned in a low-price environment. The Government took oil from domestic producers on Federal lands when prices were low to absorb some of the excess oil. The royalty-in-kind program was used to keep domestic oil prices from falling even further. At that time, we were talking about \$14 per barrel of oil. Now we are talking about \$50 per barrel of oil. The royalty-in-kind program was not established to help high oil prices stay high, but by taking oil off the market in a high-priced environment, we essentially do that.

Suspending the filling of the Strategic Petroleum Reserve does not hurt our energy security. The Reserve already has 96 percent of its capacity. It has 670 million barrels that are now in storage—the highest level we have ever had. It currently covers 67 days of import capacity at a level of 10 million barrels per day of imports.

I do not know how this administration can justify its current plan of taking 5 million additional barrels off the market in October at the same time we are talking about granting loans of oil from the Strategic Petroleum Reserve, effectively releasing oil to refiners from the Strategic Petroleum Reserve. I hope the administration will rationalize its position and stop the filling of the Strategic Petroleum Reserve for the time being.

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