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 President, I ask unanimous consent that the order for the quorum call be rescinded.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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

UNANIMOUS-CONSENT AGREEMENT—H.R. 4818

Mr. MCCONNELL. Mr. President, I ask unanimous consent that following consideration of the tax conference report, the Appropriations Committee be discharged from further consideration of H.R. 4818, the Foreign Operations appropriations bill, and the Senate now proceed to its consideration; provided that all after the enacting clause be stricken and the text of S. 2812, the Senate Foreign Operations appropriations bill, be inserted in lieu thereof; the amendment be considered as original text for the purpose of further amendment with no points of order waived; provided that the only first-degree amendments in order be managers' amendments agreed upon by both managers and the following list that I send to the desk; provided that the amendments listed as ''relevant'' be considered as related to the bill or the subject of foreign affairs.

I further ask that all listed first-degree amendments be subject to second-degree amendments that are relevant to the first-degree amendments to which they are offered.

I ask consent that following the disposition of amendments, the bill, as amended, be read a third time, and the Senate proceed to a vote on passage, without intervening action or debate; in addition, I ask consent that following passage, the Senate insist on its amendments, request a conference with the House on the disagreeing votes of the two Houses, and the Chair be authorized to appoint conferees on behalf of the Senate.

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

The list of amendments is as follows:

FOROPS AMENDMENTS

Grassley, Export Bank Funding; Grassley, VISA; Domenici, Relevant; Chafee, Relevant; Ensign, Relevant; Ensign, Relevant; Ensign, Relevant; Lugar, Sudan; Lugar, Relevant; Kyl, U.S. Policy of WMD.

Coleman, Israel; Frist, Relevant to any on list; Frist, Relevant to any on list; Frist, Relevant to any on list; Frist, Relevant to any on list; McConnell, Relevant to any on list; McConnell, Relevant to any on list; McConnell, Relevant to any on list; McConnell, Relevant to any on list; Smith, Israel.

Bayh, Relevant; Biden, Relevant; Biden, Relevant; Biden, Relevant; Bingaman, Relevant; Boxer, Relevant; Boxer, Relevant; Byrd, Relevant; Byrd, Relevant; Byrd, Relevant to list.

Cantwell, Middle East Broadcasting; Cantwell, Global Hunger and National Security; Corzine, Relevant; Daschle, Relevant; Daschle, Related; Daschle, Relevant to list; Daschle, Religious Freedom; Dayton, Afghanistan; Dodd, Relevant; Dodd, Relevant.

Durbin, AIDS; Feinstein, Relevant; Harkin, Ex-Im Bank; Lautenberg, Family Members at Dover AFB; Leahy, Managers amendments; Leahy, Relevant; Leahy, Relevant to list.

Schumer, Diplomatic Property Tax; Schumer, Saudi Arabia; Schumer, Saudi Arabia; Schumer, Relevant; Schumer, Relevant; Schumer, Relevant; Schumer, Relevant; Schumer, Relevant.

WORKING FAMILIES TAX RELIEF ACT OF 2004—CONFERENCE REPORT

Mr. MCCONNELL. Mr. President, I ask unanimous consent that following the granting of this request, the official Senate copy of the conference report to accompany H.R. 1308, the Relief for Working Families Tax Act, having been presented to the desk, the Senate proceed to 2 hours for debate, with 2 hours equally divided between the chairman and ranking member of the committee; provided that following that time, the Senate proceed to a vote on adoption of the conference report with no intervening action or debate and points of order waived; provided further that when the Senate receives the official papers from the House, the vote on passage appear at the appropriate place in the RECORD following the receipt of those papers; and finally, this agreement is null and void if the House does not agree to the conference report.

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

The clerk will report.

The legislative clerk read as follows:

The Committee of Conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (H.R. 1308), to amend the Internal Revenue Code of 1986 to accelerate the increase in the refundability of the child tax credit, and for other purposes, having met, have agreed that the Senate recede from its disagreement to the amendment of the House to the amendment of the Senate to the text of the bill, and agree to the same with an amendment, signed by a majority of the conferees on the part of both Houses.

The PRESIDING OFFICER. The Senate will proceed to the consideration of the conference report.

Mr. MCCONNELL. Mr. President, momentarily we expect to turn to the family-friendly tax package. I understand the chairman of the Finance Committee is on the way. Pending his arrival, I suggest the absence of a quorum.

Mr. REID. I would amend that by asking that the time run on the 2 hours even though we are in a quorum call.

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

The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. HATCH. 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. HATCH. Mr. President, I ask unanimous consent to deliver my remarks as in morning business.

Mr. GRASSLEY. I yield 5 minutes to the Senator from Utah for that purpose.

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

The Senator from Utah is recognized.

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

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. I yield myself such time as I might consume.

The conference on H.R. 1308 brings to the Senate for consideration the Working Families Tax Relief Act of 2004. This is a product of the cooperative efforts that Senator BAUCUS and I have had on a lot of legislation, and even though there were some differences of opinion within the conference, for the most part, many parts of this bill are things on which we mutually agree. There are some parts included that we might not agree on, but it doesn't keep us from getting it to finality.

I thank Senator BAUCUS for his cooperation as the leader of the Democrats on the Finance Committee and helping us get this bill to where it is.

First, we are here in a great part as well due to a determination of the President of the United States and his enunciation of a very clear tax policy that goes back to the year 2001. In fact, it goes back to probably before he was sworn in as President of the United States. This President saw that the economy was in an economic free fall in 2000. As you recall, in March of 2000, the NASDAQ started to lose half of its value, which it did. You also will remember that during that year the manufacturing sector started a 44-month slide.

The President knew these things were going on, so even before he was sworn in as President of the United States, he had a tax policy that was ready to go to stimulate the economy. So we passed that in 2001.

We added to it and sped it up a little bit in 2003 to bring about the rejuvenation of the economy that we now have. As an example, we have had 13 months of economic growth in employment, with 1.7 million new jobs created, and I think it will go on. So we are seeing the impact of the President's tax policies going back to that particular time.

What we are dealing with here is a conference committee report that will ensure that the tax reductions made in 2001 and 2003 stay as tax cuts, and that the benefit that working men and women get from that and the benefit that the economy has gotten from that by being rejuvenated with enhanced employment will not turn sour and our working men and women have to pay higher taxes starting next year because provisions of the Tax Code sunset.

Under that scenario, a sunset of tax legislation means there would otherwise be a big increase in taxes to working men and women starting automatically on January 1 of next year, hence, this legislation, to make sure those