The fuel that we are increasingly talking about, which is probably the most dramatic when we look at the challenges before us, is natural gas. Natural gas is another energy source we depend on heavily and another area in which we are becoming increasingly reliant on imports. Because natural gas is clean burning and relatively cheap, it has become the fuel of choice for new electric power generation in recent years. Sixty percent of homes across America are heated and cooled today with natural gas.

While demand has been steadily growing, and for good reason, domestic supply has remained relatively flat. In fact, in 2003, we imported 15 percent of the gas we used but by 2025 the percent of gas that is used that will be imported is going to go up twofold, is going to double. Yes, we need to take bold action in the United States to address America's energy challenges, and we need to do this head on. We are doing that on the Senate floor.

The Energy bill we are debating over these 2 weeks is a strong step in the right direction. I hope that we will be able to continue to work together to pass a strong and bipartisan bill so we can get this important legislation to the President of the United States so that he can sign it.

America needs this policy. It needs this policy to keep our families safe, strong, and secure. We need a policy that keeps us competitive, and we need a policy that continues to help us to move forward.

I yield the floor.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Democratic leader is recognized.

BOLTON NOMINATION

Mr. REID. Mr. President, from the outset of the debate on John Bolton's nomination, Senate Democrats have had a clear and consistent position. If the administration works in good faith to give the Senate the information it deserves, the Senate Democrats are ready to immediately give this nomination an up-or-down vote. We said this as far back as April, and it remains our position today. Despite the administration's refusal to turn over any of the requested information during this time period, Senator FRIST told me yesterday he was inclined to seek another vote on the Bolton nomination. While the majority leader is certainly within his rights to do this, unless the administration changes course before this vote is held, the outcome will be exactly the same as it was last month and may even have less support than it did before.

Here is why: The history and precedent in the Senate makes it clear the Senate has a right to information that bears directly on the fitness of a political nominee to serve. Virtually every other administration has recognized the Senate's rights and provided the needed information—every administration, that is, except this one. Many colleagues on the majority have stood for the Senate's right to get information from the executive branch in the past. We have many statements on record to that effect. These colleagues have made it clear, with their words and deeds, that it was perfectly legitimate for the Senate to withhold action on an executive nominee until the executive branch provided certain information, even if the information requested had nothing to do with the nominee in question.

In this instance, we are seeking information that bears directly on the fitness of John Bolton to serve as our representative to the United Nations. We are not engaging in any fishing expedition. We are seeking clearly defined documents and information about two very important issues:

No. 1, did Bolton attempt to exaggerate what Congress would be told about Syria's alleged weapons of mass destruction capabilities? Remember, we have some experience in weapons of mass destruction information being altered and manipulated.

No. 2, did Bolton use and perhaps misuse highly classified intelligence intercepts to spy on bureaucratic rivals who disagreed with his views or for other inappropriate purposes?

These are two very direct, simple issues that bear on this man's capability and fitness to serve in the United Nations.

The administration's position on these requests has been that political appointees are qualified to see this information but that Senators elected by the American people are not. I believe this is unacceptable.

During this impasse, Senate Democrats have repeatedly demonstrated our good faith to break the current impasse and give Mr. Bolton a vote. Yesterday, I heard some of my Republican colleagues assert that Democrats have been shifting the goalpost on resolving this issue, and they are absolutely right, we have. Instead of having a 100-yard football field, now we have made it only 60 yards. We have moved in their direction. Just last week, Senators BIDEN, ranking member of Foreign Relations and, of course, Senator DODD, the ranking member of the Rules Committee, made another effort to resolve the impasse over the Bolton nomination. Everyone in the Senate and outside this body should understand that this offer moves significantly away from our initial request in a sincere effort to resolve the situation. Everyone should also understand that, unfortunately, this latest effort to reach an accommodation with the White House has apparently met the same fate as previous efforts to work things out—silence from the administration.

Even yesterday, the ranking member of the Finance Committee—I should say the vice chair Senator ROCKEFELLER of West Virginia, which is the proper title—offered his assistance, to break the impasse. He sent a letter to the Director of National Intelligence, John Negroponte, to that effect.

We have said publicly, if this administration, similar to every other administration, respects the requests of the Senate, we will immediately move to grant Bolton an up-or-down vote. I stand by that pledge today. I hope my colleagues on the other side of the aisle will recognize we are following their precedent with our actions today. I hope this administration brings an end to its pattern of abusing its powers and treats this coequal branch of Government with the respect it deserves.

I suggest the absence of a quorum.

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

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. VITTER). Without objection, it is so ordered.

ENERGY POLICY ACT OF 2005

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 6, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 6) to ensure jobs for our future with secure, affordable and reliable energy.

Pending:

Domenici amendment No. 779 (to amendment No. 775), to eliminate methyl tertiary butyl ether from the United States fuel supply, to increase production and use of renewable fuel, and to increase the Nation's energy independence.

Schumer amendment No. 782 (to amendment No. 779), to strike the reliable fuels subtitle of the amendment.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Mr. President, I believe the order of business is my second-degree amendment to the amendment of my friend from New Mexico.

The PRESIDING OFFICER. That is the pending question.

Mr. SCHUMER. When do we expect a vote, Mr. President? What is the order of business here?

The PRESIDING OFFICER. We do not yet have a consent request. We are expecting that soon.

Mr. SCHUMER. Mr. President, I will address this amendment. Let me say, this amendment is one that still requires all the Clean Air standards to be met but removes the ethanol mandate. That is what this amendment does.

The underlying Domenici amendment on ethanol is so wrong. The amendment is a boondoggle. It hurts drivers and it hurts the free market. It is a boondoggle because it takes money out of the pockets of drivers and puts it into the pockets of the big ethanol producers.

The bottom line is very simple. In places where they need ethanol, there is a mandate, and in places where they do not need ethanol, there is a mandate. This is nothing less than an ethanol gas tax levied on every driver: the employee driving to work, the mom driving the kids to school, the truckdriver who earns a living. Gas prices are high enough. It is utterly amazing that in this body we seek to raise the prices even higher than they are now because that is what this amendment will do—particularly if you are on the coasts or in large parts of the South. If you are not in an area that has a lot of ethanol production, make no mistake about it, the underlying amendment will raise your gas prices. The Schumer amendment will make sure that gas prices do not go up any higher because of an ethanol mandate.

The bottom line is this boondoggle not only hurts drivers and puts money in the pockets of the big ethanol producers, but this amendment puts a dagger in the heart of the concept of a free market. We have lots of my friends, particularly on the other side of the aisle, who praise the free market all the time—as they should. But then they fold to the ethanol lobby and vote for one of the most anti-free-market amendments that has come on this floor in decades, because not only do we subsidize ethanol, which we do, and not only do we deal with ethanol in terms of imports, not only do we require ethanol in this amendment whether you need it but, amazingly enough, this amendment says: If you do not use the ethanol, you still have to pay for it.

So somebody driving in New York or Philadelphia or Boston or Bangor, ME, somebody driving in Seattle or Portland or Los Angeles or San Francisco—areas where there is not much ethanol—is going to pay 5 cents, 10 cents, 15 cents more to go into the pockets of the ethanol producers, even when the drivers do not use ethanol.

It is so unfair to do this. It is wrong to do this. If you come from Iowa or Illinois, and ethanol is good for your gasoline and it is the best way to make it cleaner, that is fine. But if there are other ways to do this, then why do we require ethanol?

We know why. Some say it will help the corn grower. When was the last time the little family farmer benefited from a policy where three or four big companies control the show? They do not benefit when it comes to meat, they do not benefit when it comes to milk, they do not benefit when it comes to wheat, they do not benefit when it comes to corn. So to put a few pennies—and that is all it will be—in the pocket of the family farmer, we charge drivers around the country billions of dollars.

Make no mistake about it, most of those billions will not go to the family farmer, they will go to the Archer Daniels Midlands of the world—a company that was once accused of price fixing. There will be no free market here at all.

There could not be an amendment that does more damage—damage to drivers, damage to the free market, damage to the system that says we do not force things on people they do not need. It is hard to believe.

I know the political forces here. We have coalitions. We have big industry and people from the corn-growing States on one side. But if we required every person in New Mexico or Georgia or West Virginia or Montana to buy New York milk, no matter how much it cost and whether they needed it, you would be on your feet hollering. But to require New York drivers and drivers from Maine and Florida and Texas and Arizona and California and Washington to buy Middle Western corn-based ethanol is equally outrageous.

We have had this amendment around for a while. I have been fighting it as long as I have been here. I understand the political forces, but the political forces should not mitigate what is right. If you believe in the free market, if you believe in protecting drivers, do not vote for this amendment. If you would not vote for a gas tax, why vote for an ethanol tax? It is the same thing. It is the same concept. There are many other ways to make the air cleaner.

Talk to refiners on the coasts. They can crack the petroleum to meet the Clean Air standards. They are not going to buy the ethanol, anyway, but they are still going to have to pay for it.

I urge my colleagues to defeat this poorly conceived, unfair amendment that puts a dagger in the heart of anything that we might consider the free market.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, this amendment will gut the ethanol amendment which has been crafted in a bipartisan manner. My good friend from New York suggested it would be unfair to make us all buy milk produced in New York. I think that would not only be unfair, but it would be a disaster because we wouldn't have any milk anywhere because they do not produce enough milk to go anywhere in the United States.

In any event, we ought to table this amendment and get on with the Energy bill. I compliment the Senator on his arguments. He always makes excellent arguments in behalf of his State and his people. In this case I believe the country is going to be well served by making us less dependent upon oil that is imported from a cartel.

He speaks of competition and whether there is going to be competition in ethanol. Let's be serious about this. There is no competition in the world markets for oil. In this case we are going to be producing ethanol that is American in order to displace, gallon by gallon, the oil we import.

Having said that, I move to table the amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion.

The clerk will call the roll.

The assistant legislatuve clerk called the roll.

Mr. MCCONNELL. The following Senators were necessarily absent: the Senator from Alaska (Ms. MURKOWSKI), and the Senator from Alaska (Mr. STEVENS).

Mr. DURBIN. I announce that the Senator from Vermont (Mr. JEFFORDS) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 69, nays 28, as follows:

[Rollcall Vote No. 138 Leg.]

YEAS—69

Akaka	Dayton	Levin
Alexander	DeMint	Lincoln
Allen	DeWine	Lugar
Baucus	Dole	Martinez
Bayh	Domenici	McConnell
Bennett	Dorgan	Murray
Biden	Durbin	Nelson (FL)
Bingaman	Enzi	Nelson (NE)
Bond	Feingold	Obama
Brownback	Frist	Pryor
Bunning	Graham	Reid
Burns	Grassley	Roberts
Burr	Hagel	Salazar
Byrd	Harkin	Sarbanes
Cantwell	Hatch	Sessions
Carper	Hutchison	Shelby
Chambliss	Inhofe	Smith
Cochran	Inouye	Stabenow
Coleman	Isakson	Talent
Conrad	Johnson	Thomas
Cornyn	Kerry	Thune
Craig	Kohl	Vitter
Crapo	Landrieu	Voinovich

NAYS—28

Allard	Gregg	Rockefeller
Boxer	Kennedy	Santorum
Chafee	Kyl	Schumer
Clinton	Lautenberg	Snowe
Coburn	Leahy	Specter
Collins	Lieberman	Sununu
Corzine	Lott	Warner
Dodd	McCain	Wyden
Ensign	Mikulski	
Feinstein	Reed	

NOT VOTING—3

Jeffords	Murkowski	Stevens

The motion was agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. REID. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

AMENDMENT NO. 779

Mr. DOMENICI. We are still on the ethanol amendment. I understand—so Senators will know—there are still negotiations taking place. I am hopeful they will be fruitful with reference to some portion of this amendment. We are going to stay on it and see what happens.

In the meantime, a couple Senators have indicated they would like to speak. I understood Senator AKAKA had come up and asked if he could be heard. He is not here.

I yield to the Senator.

Mr. REID. Mr. President, we are ready for the next amendment. What I would suggest for the good of the order is that while they are negotiating a finality of this ethanol amendment—that is taking place as we speak—Senator CANTWELL be allowed to move forward on her amendment. We would certainly agree that anytime they want to come back and finish the work on ethanol, she would step aside. But we have such a limited amount of time on this most important piece of legislation.

We have today. Of course, because of the funeral of Senator Exon, we cannot have votes this afternoon. There are six or seven Senators leaving. Then we have a longstanding conference on Friday, so tomorrow is going to be the heavy workload of this week.

This is our first amendment. We believe we would do well if we could move forward with it. Senator CANTWELL has been very patient. She waited here all day yesterday, and she is here again today.

So I am wondering—I see, of course, that the distinguished chairman of the committee is here. I wonder if I could have Senator INHOFE's attention. If I could, I am sorry to interrupt the conversation, but I am wondering if the distinguished Senator from Oklahoma would allow the present amendment to be set aside. I know there are negotiations going on at the present time. We could allow Senator CANTWELL to offer her amendment. Anytime you wanted to come back on the floor, we would be happy to yield the floor and come back to you. It would just help things move along.

Mr. INHOFE. I say to the distinguished minority leader that I appreciate his comments and I note his thoughts, but the answer would be no.

Mr. REID. Mr. President, I know the majority leader, and I want to move this legislation along. We have great plans for the last week of this work period to do some appropriations bills, one of which I hope would be the bill of Senator DOMENICI and this Senator which we have been fortunate enough to be chairman and ranking member of that committee for many years. We were able to complete that yesterday in the subcommittee and will be ready to move. It is such a waste of the country's time not to move forward. I have made my good-faith gesture to do so. I hope everyone understands that we can't rush forward on cloture when there is nothing having been done to allow us to offer amendments.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Let me say to the distinguished minority leader, I am fully aware of the problem he has discussed. I am empathetic and want to move ahead. But I think it is better for a while to let the ethanol deal which is being considered in terms of perhaps some modification to continue for a while rather than get off of it. We are going to do the best we can to move this bill. We need your help. We need our leader's help to move ahead.

Mr. MCCONNELL. Will the chairman yield?

Mr. DOMENICI. I am pleased to yield.

Mr. MCCONNELL. I say to my friend from Oklahoma that if his amendment became the pending business right after Cantwell, he would be in exactly the same position he is in right now. Our discussions could continue. It would at least allow the Senate to process another amendment.

Mr. REID. It is my understanding that Senator INHOFE's amendment or the underlying ethanol amendment will be the pending business after Cantwell. That would be fine with us.

Mr. DOMENICI. Let me ask maybe if we could put in a quorum for a minute.

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. 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.

Mr. REID. Mr. President, we have had a conversation as suggested by the distinguished chairman. He is, as usual, right.

I ask unanimous consent that the pending amendment be set aside and that Senator CANTWELL be allowed to offer her amendment, and that at such time as the majority wants to regain the floor to discuss the matter of ethanol, Senator CANTWELL would step down.

Mr. DOMENICI. Reserving the right to object, how long do you think the Cantwell amendment might take?

Mr. REID. A couple of hours. With the 12:30 schedule, I would hope we would have a vote on ethanol; otherwise, we will debate that and whenever that finishes move to another issue, if ethanol is not resolved. It is not going to be a day-long debate.

Mr. DOMENICI. Could I ask the distinguished minority leader another question? Do you know if there are any other amendments that are ready on your side after Senator CANTWELL?

Mr. REID. It is my understanding that the ranking member of the committee has one on renewables that is ready to go, electricity renewables, portfolio standard that we have debated on a number of occasions. I assume that with all the work done on global warming, there are several amendments around, some of which are bipartisan. I am sure that is ready to go. So there are a number of amendments ready to go.

Mr. DOMENICI. I think global warming is going to wait until next week.

Mr. REID. Which is fine with us.

Mr. DOMENICI. I have no objection—just a moment.

Mr. INHOFE. Reserving the right to object, I would inquire of the Chair, was there a UC proposed?

Mr. REID. Basically, to set aside this amendment.

Mr. INHOFE. To set aside mine. I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Nebraska is recognized.

Mr. NELSON of Nebraska. Mr. President, I thank the Chair for giving me this brief opportunity to speak about the renewable fuels provisions in the Energy bill. I thank my colleagues, Senators FRIST and REID, for their leadership, and Senators LUGAR, HARKIN, TALENT, and so many others for their efforts in developing this important legislation.

I am here today to support the renewable fuels provision in the Senate Energy bill. This legislation is one of the pillars for economic development for rural America, one segment of the population that lagged behind in the economic surge of the 1990s, yet a segment positioned to play such an integral role in fueling our Nation.

It is rare when legislation benefits all. It is rare when legislation creates only winners. It is clear that the production and use of renewable fuels is a win/win situation—a win for farmers from rural communities, a win for consumers, and a win for the environment. That is why as Governor of Nebraska, I invited other Governors interested in creating a group devoted to the promotion and increased use of ethanol to join me in Nebraska. In September of 1991, we met, and the Governors' Ethanol Coalition emerged. Membership in the coalition doubled from 9 to 19 States during the first year, and now stands at 30 States, with international representatives from Brazil, Canada, Mexico, Sweden, and Thailand—30 States, red and blue States.

First, I mentioned this legislation is a win for farmers in rural communities. Three years ago, we completed the farm bill which at the time was characterized as one very important part of the economic revitalization plan for rural America. Economic stimulus can come in many forms and the production of renewable fuels is certainly a viable option for rural America, especially—and candidly—in my State of Nebraska.

It is as simple as this: Demand for corn to create ethanol raises prices for corn. Demand for sorghum to create ethanol raises prices for sorghum. Demand for soybeans to create biodiesel raises prices for soybeans. Added to the important feature of farm profitability is the idea that increased grain prices result in less assistance to producers under the farm bill in the form of loan deficiency payments and counter-cyclical payments—yes, less government assistance. Merging the realities of agricultural economics and farm policy into energy legislation is the type of responsible legislation the voters sent us here to enact.

I am unabashedly proud of what my home State has accomplished in this area. Within the State of Nebraska, 11 ethanol plants currently produce 523 million gallons of ethanol per year or 12 percent of the Nation's total. The benefits of the ethanol program in Nebraska don't just involve grain producers. It involves investment in industry, the creation of jobs related to plant construction, operation, and maintenance. It includes permanent jobs at the ethanol facilities and stimulates the economic engines in small rural communities. In Nebraska alone, more than 270 million bushels of corn and grain sorghum is processed at the plants annually. These economic benefits and others have increased each year during the past decade due to plant expansion, employment increases, and additional capital investment.

Next, a win for consumers: A study released by the Consumer Federation of America points out that motorists could be saving as much as 8 cents per gallon of gasoline at the pump if oil refiners would blend more ethanol into their gasoline supplies.

I ask unanimous consent to print in the RECORD a copy of the Consumer Federation of America Report.

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

OVER A BARREL—WHY AREN'T OIL COMPANIES USING ETHANOL TO LOWER GASOLINE PRICES?

(By Mark Cooper)

Across the country, consumers are facing the highest gasoline prices in memory, while oil companies are reporting record profits. The profits at ExxonMobil alone exceeded $25 billion in 2004 with every expectation that 2005 profits will be even greater. The Wall Street Journal recently reported, ''Exxon Mobil Corp. is gushing money. Amid soaring crude-oil prices, it recently reported a fourth-quarter profit that amounted to the fattest quarterly take for a publicly traded U.S. company ever: $8.4 billion. That translated into $3.8 million an hour.'' As oil companies squeeze every penny they can from consumers' pocketbooks, they continue to import high priced crude oil from the Middle East and elsewhere, engage in mergers that further reduce already constrained competition, and avoid, wherever possible, blending their gasoline with alternative fuels like ethanol.

In the past, some consumers have expressed skepticism of economic benefits derived from blending ethanol into gasoline. But in the face of rising gasoline prices that skepticism is beginning to wane. For example, Senator Chuck Schumer (D–NY), once a critic of ethanol, now points to the benefits of building local production capacity in New York to create jobs and markets for farmers and lower gasoline prices for consumers.

Contributing to the changing attitude toward ethanol is the fact that prices for ethanol have declined while pump prices for gasoline now exceed $2.20 per gallon in many parts of the country. As Business Week recently reported, ''. . . since the start of the year, the wholesale price of ethanol has fallen more than 20 percent, to around $1.20 a gallon, while black gold is soaring to record highs.'' Given the sharp decline in ethanol prices, one would expect major oil companies to increase their purchases of ethanol beyond what is required by the Clean Air Act. However, contrary to rational economic expectations, oil companies are not expanding their purchases of lower-priced ethanol, but are continuing to purchase expensive crude oil and raising gasoline prices to consumers. Frustrated, some ethanol producers are beginning to export their product. This creates a situation of lower-priced ethanol leaving the country while higher-priced oil enters it—hardly an indication of rational economic behavior.

Changing consumer perceptions about the benefits of ethanol are reinforced by several recent developments:

Rising gasoline prices amidst declining ethanol prices.

At a time when the price of gasoline all over the country is increasing, the price of ethanol has been declining in part because of increased production, but in part because oil companies are refusing to purchase the available supplies to blend with their gasoline.

Major oil companies cost consumers as much as 8¢ a gallon by boycotting lower-cost ethanol.

With today's price differential between the wholesale price of ethanol and the average wholesale price of gasoline, consumers who purchase gasoline blended with 10 percent ethanol could be saving as much as 8 cents a gallon if oil companies purchased ethanol instead of importing more expensive foreign oil.

Terminal and other infrastructure exists to handle additional ethanol supplies in markets across the country.

Companies have built capacity—terminals, storage tanks, blending equipment—to use ethanol. But even though this capacity exists, oil companies have chosen to purchase more expensive petroleum instead of ethanol.

GASOLINE PRICE INCREASES, CONSUMER COSTS AND OIL COMPANY PROFITS

According to the most recent data published by the Energy Information Administration, the average US price for a gallon of regular unleaded gasoline was $2.24 as of April 25, 2005. This price is 42 cents a gallon higher than the year before, a jump of 23 percent. Since December 2004, the average price has climbed 40 cents a gallon. While some of this price increase is due to the higher cost of crude oil, some of it is directly related to continuing efforts by the major oil companies to keep their inventories as tight as possible.

Decisions about refinery capacity and stockpiling of product are business decisions. Figure 1 below demonstrates that oil refiners have limited gasoline inventories to less than 3 or fewer days of supply above the minimum operating reserves necessary to keep the system functioning since the consolidation of the industry. There is simply no slack in the system and this keeps markets tight. The closure of fifty refineries and the failure to build new ones in the past decade and a half reinforce this strategy.

Oil company refinery and inventory management has not only kept inventories low and prices high, but also resulted in record high monopoly profits (see Table 1). The 13 oil companies that account for over 84 percent of U.S. refinery runs in 2004 increased their income on U.S. refining and marketing operations in 2004 by more than 130 percent over 2003—from $6.6 billion to $15.3 billion. In other words, as oil companies charged consumers an average of nearly 29 cents a gallon more in 2004 than in 2003 for their gasoline, major oil companies were reaping windfall profits. For the average consumer, an increase of 29 cents a gallon means an extra $160 per year in the cost of driving the average car.

When assessing oil company profitability in the refining and marketing segment, it is important to recognize that ''Domestic refining and marketing has become a more prominent contributor to net income over the past 4 years but has also demonstrated how volatile this segment of the industry can be. In 2000, 2001, and 2003, domestic refining and marketing had 3 of the 4 best years in terms of net income in the history of the FRS survey . . .'' And 2004 was significantly better than 2001, the industry's previous best year.

TABLE 1.—INCOME FROM DOWNSTREAM OPERATIONS

[In millions of dollars]

Company	Refining/Marketing Income 2003	Refining/Marketing Income 2004
ExxonMobil	$1,348.0	$2,186.0
Shell	379.0	1,686.0
ChevronTexaco	482.0	1,261.0
BP	748.0	2,478.0
ConocoPhillips	1,272.0	2,743.0
Valero	621.5	1,803.8
Marathon	819.0	1,406.0
Amerada Hess	643.0	977.0
Murphy	−21.2	53.4
CITGO	439.0	625.0
Sunoco	352.0	609.0
Premcor	116.6	477.9
Tesoro	76.1	327.9
Total	6,730	15,219

Source: Company Annual Reports.

The first quarter of 2005, with dramatically rising crude oil prices presents a stunning example of how domestic oil companies exercise market power over price to abuse consumers. If rising raw material (crude oil) costs were the problem then we would expect the domestic spread to decline as competition and consumer resistance (the elasticity of demand) squeezed the margin between the cost of inputs and the retail price. The opposite has happened because the industry is not competitive. Only in 2002, when demand was very weak due to the recession following September 11, did margins return to their historic levels. The winter of 2002 also taught the industry a lesson, that competition on price lowers profits.

The rising domestic spread numbers translate immediately into rising profits in the domestic refining and marketing industry (see Table 2). For the ten largest companies that refine crude oil in the U.S. profits increased by almost 60 percent in the first quarter of 2005 compared to the first quarter of 2004. This was a larger increase in profits than domestic exploration and production (16 percent) and total oil company operations (39 percent). There is no doubt that crude oil price increases contributed to the increase in the price at the pump, but so too did increasing margins and profits for domestic refining and marketing.

TABLE 2.—OIL INDUSTRY PROFITS

Company	Refining/Marketing U.S. Only 1q 2004	Refining/Marketing U.S. Only 1q 2005	Global Total 1q 2004	Global Total 1q 2005
EXXONMOBIL	$392	$645	$5,440	$7,860

TABLE 2.—OIL INDUSTRY PROFITS—Continued

Company	Refining/Marketing U.S. Only		Global Total	
	1q 2004	1q 2005	1q 2004	1q 2005
SHELL	215	405	4,702	6,673
BP	827	1,429	4,912	6,602
CONOCOPHILLIPS	403	570	1,616	2,912
CHEVRONTEXACO	276	58	2,562	2,677
VALERO	273	622	248	534
MARATHON	49	210	258	324
AMERADA HESS	137	102	281	219
MURPHY	−11	−8	98	113
PREMCOR	53	129	53	129
TOTAL	2,614	4,162	20,170	28,043

Source: Company 1q2005 Reports.

In contrast to gasoline prices, which have risen as a result of rising input prices and the exercise of market power by domestic refiners, ethanol prices have not risen because the cost of the raw materials has not risen and the producers of ethanol do not have market power.

So why don't oil companies use more ethanol to keep price increases down? The answer is simple. The market is not competitive enough to force them to worry about price increases. They also do not own the ethanol. They prefer to process more crude oil and make more money by keeping the price up.

GASOLINE PRICE DECREASES CONSUMERS AREN'T GETTING

While the oil marketplace has become much less competitive over the past ten years because of huge mergers between the largest companies, one would still expect that the availability of lower cost gasoline components would attract buyers.

In sharp contrast to the oil industry, the ethanol industry has become more competitive. According to a recent study ''ethanol production was the only agricultural sector in which concentration has steadily decreased. A decade ago, the top four companies owned 73 percent of the ethanol market. Today the top four companies control 41 percent of the ethanol produced.

But, when it comes to ethanol, oil companies have failed to respond. Over the last several months, ethanol prices have fallen by between 40 cents and 50 cents a gallon in different parts of the country, yet there is little, if any, evidence that refiners have taken advantage of the opportunity to purchase any supplies other than those required to meet the requirements of the Clean Air Act. According to Bernie Punt, general manager of an ethanol plant in Sioux Center, Iowa, ''Unless most of these oil companies are told by the government they have to use it, they won't.''

Table 3 below shows price changes for spot or wholesale prices for ethanol and regular reformulated gasoline sold in three major U.S. markets between November 2004 and March 2005. In all three markets, the spot price of ethanol fell between 41 cents and 50 cents a gallon while the spot price of gasoline rose between 13 cents and 30 cents a gallon.

Ethanol production has been climbing steadily as new producers continue to add capacity that is expected to reach 4 billion gallons this year. On a monthly basis, production of ethanol reached an all-time high of 245,000 barrels per day in February.

TABLE 3.—ETHANOL AND GASOLINE PRICES

Market	Nov.	Mar.	Change
Spot Ethanol Prices (per gallon)			
LA	$1.785	$1.373	−$0.412
CHIC	1.821	1.394	−0.427
NY	1.771	1.275	−0.496
Spot Regular RFG Gasoline Prices (per gallon)			
LA	1.386	1.682	+0.296
CHIC	1.256	1.492	+0.236
NY	1.265	1.398	+0.133

Source: Platt's Oilgram Price Report.

Ethanol is blended with gasoline to help reduce air pollution. In California, New York and Connecticut—states which have phased out the use of MTBE—ethanol must be blended with gasoline to meet Clean Air Act requirements for oxygenated fuel. In New York and Connecticut, 10 percent ethanol is blended with 90 percent gasoline while in California, 5.7 percent ethanol is blended with 94.3 percent gasoline.

GASOLINE PRICE REDUCTIONS TO CONSUMERS WITH INCREASED USE OF ETHANOL

The best example of how consumers could realize lower gasoline prices is using sales of petroleum products and ethanol in New York harbor (see Table 4). Gasoline and ethanol shipped into New York harbor serve markets in New Jersey where refiners still use MTBE and New York and Connecticut where refiners blend ethanol. Assuming that refiners and gasoline marketers in New York harbor took advantage of lower-priced ethanol during March, they could have lowered consumer gasoline prices by 5 cents a gallon in New Jersey compared to RFG using MTBE and by 7 cents a gallon compared to conventional gasoline used outside of the metropolitan areas required use of RFG.

TABLE 4.—PRICES FOR REFORMULATED GASOLINE—NEW YORK SPOT PRICES

[$ per gallon]

NY RFG–MTBE	NY RFG–ETH	Diff.	NYRUL	NY	RFG–ETH	Diff.
March 2005	$1.40	$1.35	$0.05	$1.44	$1.37	$0.07

Another example where consumers could save money at the pump is California, the nation's highest price gasoline market (with the exception of Hawaii). If, instead of just blending 5.7 percent ethanol, California refiners chose to blend 10 percent ethanol as they do in New York, Chicago and Connecticut, California motorists could save as much as 8 cents a gallon.

These potential cost savings to consumers represent only the arithmetic result of blending more lower cost ethanol with higher cost gasoline. The increase in available supplies could have an additional effect in lowering prices and reducing volatility.

Oil companies have the capacity to use more ethanol to lower consumer gasoline prices.

In numerous markets across the country, oil companies have put in place all the necessary equipment to blend ethanol. In Atlanta, for example, where oil companies had prepared to supply ethanol blends starting January 1, 2005, Chevron with a market share of 14 percent stated it ''invested over $2,000,000'' to its Atlanta area gasoline supply terminal. In northern New Jersey, oil companies that supply metropolitan New York (including southern Connecticut) have had capacity to blend ethanol in place since January 1, 2004. Instead of supplying more expensive reformulated gasoline (RFG) with MTBE, these companies could choose to blend with less expensive ethanol to supply outlets in northern New Jersey. And in most Midwestern states—Iowa, Nebraska, Illinois, Missouri, and others—where ethanol is blended in mid-grade (89 octane) gasoline, there is nothing to prevent oil companies from blending ethanol in regular (87) and premium (91) grades of gasoline.

CONCLUSION

The consumer implications of the refusal to use more ethanol are clear. While gasoline refiners are using as much ethanol as required, the same refiners are not buying lower-cost ethanol in other gasoline markets. Thus, consumers in many parts of the country where ethanol can be delivered to existing storage and terminal facilities are not receiving lower cost supplies and are paying as much as 8 cents a gallon more at the pump than they would if oil refiners purchased ethanol to blend.

The broader public policy implications should not be overlooked because the added abuse of consumers frustrates the nation's ability to address the fundamental energy problem. The failure of the oil industry to increase the use of ethanol undercuts the claim that they need to drill in Alaska to solve the problem for two reasons. First, we could increase the production of ethanol much faster and provide a lot more output to displace imported oil than new finds in Alaska could ever produce. Second, the same companies that dominate the gasoline business would control the flow of oil from Alaska, so there is not guarantee that it would have a substantial impact on prices, even if the amount of oil found was significant.

When the American people are asked about the current gasoline situation, they blame oil companies and the Bush administration. This analysis suggests that they are correct in that assessment. The Bush Administration defends the oil companies, whose increased profits and strategic business actions have played a big part in the recent price increases, keeps asking the American people to make hard sacrifices to deal with the problem in the long term, while the oil companies get off easy and policy makers fail to implement the simple and obvious policies that would help consumers in the short and long term.

The New York Times took the administration to task because President Bush:

". . . completely ignored the surest way to reduce demand and thus oil dependency, which is to improve the fuel efficiency of America's cars and trucks. Indeed, everything Mr. Bush said seemed designed to divert attention from this simple and technologically feasible idea . . . Then, too, he could not resist the deceptions that make debating energy in Washington such a frustrating matter. These include . . . drilling in the Arctic Natural Wildlife Refuge."

Pointing out that the "House bill is dreadful," the Times concluded that this "leaves the job of fashioning a coherent strategy in the Senate's hands." Among the ideas with merit that the Times noted for addressing the gasoline problem, in addition to "stricter fuel economy standards," is creating "biofuels" from agricultural waste. The irony is that we already have a "biofuels" industry that is not being fully utilized.

Until policymakers start advocating sensible and simple policies in the short and long term, American consumers are right to resist the bad policies that are being foisted on them.

Mr. NELSON of Nebraska. The recent decline in ethanol prices, coupled with surging pump prices for gasoline, have created a market dynamic in which increased ethanol use could help curtail record high gas prices. Consumers in many parts of the country where ethanol can be delivered to existing storage and terminal facilities are not receiving lower cost supplies and are paying as much as 8 cents a gallon more at the pump than they would if oil refiners purchased ethanol to blend. Blending high-priced gasoline with more modestly priced ethanol results in a more affordable final product. By using ethanol, oil refiners have an opportunity to pass along real savings to consumers during this period of high gasoline prices.

The Consumer Federation of America cites several reasons for the dramatic increase in gasoline prices, including tight crude oil inventories, inadequate oil refinery capacity, lack of competition, and the oil industry's increasing market power. In contrast to gasoline prices, ethanol prices have actually fallen during the past 6 months.

As an example, the price of ethanol on the Chicago spot market hit $1.82 per gallon in November 2004 but averaged about $1.18 per gallon last month. At these prices, why don't oil companies blend more ethanol to lower consumer prices? We have an opportunity to see that consumers benefit from cleaner burning, affordable, and domestically produced fuel.

Finally, a win for the environment: For environmental and health concerns, the Nation decided to clean up the fuels which have powered America for nearly a century. The Clean Air Act identified numerous areas of the country which must reduce or eliminate their pollution levels. Those areas have been meeting the challenges of the Clean Air Act through changing the gasoline and diesel fuels used, either year-round or seasonally. Studies show ethanol reduces emissions of carbon monoxide and hydrocarbons by 20 percent, and particulates by 40 percent in 1990 and newer vehicles. In 2001 alone, ethanol reportedly reduced greenhouse gas emissions by 3.6 million tons or the equivalent of removing more than 520,000 vehicles from the road.

Now and through the next several years, cleaner and cleaner fuels such as ethanol, natural gas, propane, and biodiesel will be used in cars, trucks, and buses. Today's key issue is to determine which alternatives will extend or replace gasoline and diesel fuel to reduce pollution.

We need to be working hard to craft a comprehensive rural development plan that will spur investment in agribusiness and promote economic activity in the agricultural sector. This Energy bill, and the renewable fuels standard contained within, is an important part of such a rural development plan and is key to reversing the realities of outmigration in the rural areas.

If passed, this fuels language will establish a 4.0-billion-gallon renewable fuels standard in 2006, growing every year until it reaches 8 billion gallons by 2012. This is a responsible approach to meeting the demands of an ever-increasing demand for fuel sources. Additional benefits to this legislation include the displacement of foreign supplies of crude oil, reduction in the U.S. trade deficit, and the creation of tens of thousands of jobs throughout the United States.

It is quite apparent that increased use of ethanol will do much to boost a struggling U.S. agricultural economy and at the same time will help establish a more sound national energy policy.

A choice for renewable fuels is a choice for America, its energy consumers, its farmers, and its environment. It will help us to reverse our 100-year-old reliance on fossil fuels, a more pressing concern than ever given the unrest in the Middle East and increased competition for energy from growing economies throughout the world.

If each State were to produce 10 percent of its own domestic renewable fuel as Nebraska does, America will have turned the corner away from dependence on foreign sources of energy. When you take a hard look at the facts, you will see that this legislation is nothing but beneficial for America.

The Fuels Security Act is balanced, comprehensive, and is the result of the dedication of so many, especially Senator LUGAR and Senator HARKIN.

Now I ask my colleagues to join me in promoting new opportunities for the technologies that will put our Nation and our world's transportation fuels on solid, sustainable, environmentally enhancing ground. We owe it to our country now and to future generations to pass this legislation.

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

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

The assistant legislative clerk proceeded to call the roll.

Mr. THOMAS. 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. THOMAS. Mr. President, I am delighted that we are now into the debate and soon the passage of our energy bill. This is a bill we have worked on for several years. It is a bill that is an energy policy for this country. It looks ahead through the years and tries to get an idea of what our needs are going to be and how we fill those needs. It is something we really need.

Certainly, everyone recognizes increasingly the profound effect it has on our lives. Look outside at the thousands of cars. All of them are running on gasoline, of course. Look at electricity. We take it for granted. We turn the lights on, and we do not think of where it comes from or how it got there. Air-conditioning is the same. We have noticed that a lot the last few days. Think of what it would be like if we did not have air-conditioning. We would probably be on recess, and I would go back to Wyoming.

All of our technology now is tied to computers. We do not think much about it. This is an opportunity for us to give some analysis to how we provide this and, of course, costs. We do pay some attention to the costs.

We have talked about this for years, and we have had bills on the Senate floor. In the last session, we had bills passed in the Senate and in the House. We went to a conference in which they were put together. We came back to the Senate floor, and over a couple of smaller or singular items, we lost. So we have not had a comprehensive energy bill.

We rely increasingly on foreign resources, some 60 percent or so on foreign oil. Unfortunately, that is continuing to grow. At the same time it grows for us, the demand grows in other countries. Even though there is some increased production, we see a smaller amount coming, and we see the prices continue to go up.

We have greater demand. One of the things that has to be in a policy is a decision about efficient use and conservation so that not only do we talk about supply but we talk about how we can more efficiently use the resources we do have.

We think quite a bit about renewables. We think, Oh, my gosh, we do not need to use oil all the time, there must be a lot of other things. Indeed, there are. The fact is that they are in the future. They are yet in need of a great deal of research, and right now, if we take out hydro, which is a renewable, about 3 percent of our power is provided by renewable energy resources. I am optimistic that over time that can certainly be larger, but right now it is a very small part of the overall mix.

We have natural gas prices which have reenergized the effort, and we should pay attention to clean coal. Over the years, it has been easier, frankly, and somewhat less expensive to build generating plants that are fueled by gas, and so that is what has happened. We have smaller plants closer to the market, so we do not have to worry about the transmission as much, when the fact is that our greatest fossil resource for the future is coal. Coal is the largest generator of electricity, but we can use gas for many more things than we can coal.

With coal there are some challenges. One challenge is to be able to generate electricity and still take care of the clean air and environmental problems that go with that. So we want to emphasize that need for making clean coal technologies. Hydrogen is an energy that can come from coal as well. In fact, there are plants now being planned that will make synthetic diesel out of coal. So, again, that is an alternative source from where we are now.

We have some alternatives. We are importing a good deal of liquefied natural gas, which is also more expensive and has created, some controversy about the necessary facilities to have dockings for those kinds of things. All of these are very difficult issues.

I have been on the committee a good long time and have enjoyed it very much and certainly appreciate the leadership we are getting from our chairman and also our Democrat ranking member to work toward these things, but I hope that we do look out long term. We are not going to solve these problems next week or next month. We have to look out a little ways and say, all right, what are our needs, how are we going to meet those needs, and what do we have to do in the long term to get there. I hope this is a roadmap for the future. That is what it has been.

For over 4 years now, the President and the Vice President have been working. My colleagues will recall they had an energy task force which became a little controversial for unknown reasons, really, but that was one of the first items this administration talked about, and properly so. One of the controversies was that both of these gentlemen had been in the energy business, but all that did was give them more knowledge about it.

Since that time, we have experienced higher prices and low prices, and now we are back to higher prices. We have experienced blackouts, which, of course, are a possibility at any time.

There are some things we can do in terms of generation. There have been no electric generation plants built in a number of years, and we are right up to capacity, and the same way with refineries. In fact, some say we can get more oil shipped in from other places and refined here, but we do not have the refining capacity. So those are some of the things we need to talk about.

I emphasize again to my colleagues that we need a balanced program. I know we all get involved in different aspects of it as it impacts our communities and our States, but the fact is, when it is all over, we need to deal with alternatives, we need to deal with efficiency, we need to deal with conservation, we need to deal with domestic production, and we need to deal with research for alternatives and renewables. All of those things have to go together.

Then we get into the electric business. We have to talk about transmission and about a lot of things. It is not an easy subject. When a subject is brought to the Senate floor that has that many aspects, many of which affect States and communities differently—for instance, offshore drilling. Well, in Wyoming, we are not too interested in offshore drilling as it affects us. We are interested in it in that it is the largest resource we have for the future. So we have to deal with different facts in different places. We have a chance now to pass a balanced and comprehensive bill.

I am, obviously, very interested in this issue, partly because I am on the committee but more importantly because it is very important for our country. I come from a State that has incredible natural resources. They mean very much to us economically, but more than anything we are a resource for the whole country. We have probably more coal than any other State. We have low sulfur coal. We have coal that burns relatively cleaner than most. We need to continue to make it even more so. We have oil.

Some of the earliest oilfields in the West were in Wyoming, and they continue to produce. We are finding new ways to try to recapture oil that we have not been able to bring out of the Earth. We can do that. We have had a whole new growth of natural gas called methane gas. It is engulfed in water under the ground in the relatively shallow wells. We have uranium. We had uranium mines active a number of years ago, and then we kind of got away from nuclear powerplants. Now there is a new opportunity to go back into that area and some real advantages to that, particularly in terms of clean air and climate control.

Nuclear powerplants, we kind of think, well, that is a funny thing. We do not know much about them. I think 40 percent of the energy in Illinois is produced now with nuclear plants. We are concerned about the waste areas, such as the Yucca Mountain issue out in Nevada. The fact is, however, that there are opportunities to do things better there. We can look again at France. France uses almost all nuclear power. They have a system of recycling uranium so they do not have the waste the way we do. So there are opportunities to do that.

We also have quite a bit of wind, and so we can capture wind energy as well.

These are the kinds of things we must do. We must modernize conservation such as with cars—and we are doing that, but it takes a while—so we get better mileage. We are finding household equipment that better utilizes energy and electricity. We have to modernize our infrastructure. This is a tough one, too.

One of the issues most of us like to talk about is mine-mouth generation for coal-powered electricity but yet generated at the mine. One has to get it to the marketplace, and that takes very efficient transmission, more transmission than we have now.

So these are some of the things we need to do. At the same time we work with more production and different kinds of production with research, we need to protect the environment. We have issues in the West. Half of our State, nearly 85 percent of Nevada is Federal lands. So we have to have a program that allows for multiple use of public lands so that we can continue to use them for grazing, fishing, and wildlife, and at the same time in careful ways we can have production of energy as well.

This bill sets some direction in terms of research and incentives. We are beginning to do what we have not done before that may not be as efficient initially economically, but if we can provide some tax credits, we can provide some sort of assistance, then it will become efficient, and then we can back out of that. The way businesses are initiated into new things is to provide some incentive. These are all things most of us would agree to, and the opportunity to pass them is now.

The House has passed their energy bill, and when we pass ours, we will go to the conference committee and work out some differences. There are some differences, and there will be differences here. There are different ideas about what we do on world climate activities, Kyoto. I have been to several of the Kyoto meetings, and over the whole world there are different ideas. I seek to remind folks when I go there that we are not putting on some of the regulations that some countries are. We want our economy to continue, and at the same time we are spending more in research for clean air and on the global situation than the whole rest of the world put together. What really is important is to find new ways to be able to maintain the economy, manufacturing and production, and do it in such a way that it does protect the economy.

National security, of course, is obviously a real part of this. As we become more dependent on foreign countries' resources, there is some question about our security. We are getting 62 percent of our oil from outside of the United States. Fortunately, much of that comes from Canada, so that is a little less concerning. But we are at the hands of Venezuela and lots of other places if we are not able to be a little more dependent on ourselves. Energy independence depends on the things I have talked about: conservation, efficiency, and new sources of energy.

The global energy demand is changing as well. Certain places, such as China, are using a great deal more energy than they did just a few years ago. So the demand for coal has changed where they are importing the kinds of things they were not importing before. India, the whole Asian picture is changing.

So these are some of the things that I believe we need to take a look at. We need to be realistic about it. Sometimes we get in sort of a fantasy that we can do all of this with renewables and we do not need to worry about oil and coal. Frankly, at least for the foreseeable future, that is not the case. We are getting about 3 percent of our energy from renewables at this point.

We will get more. But, nevertheless, we have to also continue to improve and make sure we have those kinds of sources of energy that we now can depend on.

I am particularly involved and interested in the electricity portion of it. We need to encourage investment in generation as the demand increases—and it does, constantly. Look around our cities. Even in our rural areas, there is an increasing demand. Everything we do demands more energy. We need to generate the energy.

It becomes difficult, of course, particularly on private lands and some Federal lands, to get efficient transmission. We think there are some possibilities of getting more efficient so the same transmission lines can carry a great deal more of a load than they have in the past.

When we get into multiple kinds of ownership, we get controversy about how you have access to the lines and all those things, but we can work those out. That is partly what we are doing.

I again congratulate the leadership on this committee for getting us where we are. I am committed to doing whatever I can to get it through because I think it is so important. I believe we have a good bill, a comprehensive bill, a bill that deals with all the aspects of the future. It helps create jobs and maintain the economy—which is, of course, one of the key things—and to keep this country self-reliant and not dependent on the rest of the world.

I hope we can move forward to deal with the issues, to talk about them. It is all right to have different views. But I hope we don't get into objecting and holding up things just because we have a point of view.

Offshore drilling, already there is some debate about it. We are willing to give the States a lot of their own decisionmaking with regard to offshore. We are not going to tell them what to do.

We can make this work. I hope we can move forward and get this job done. Let's get it done.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Let me say, before the distinguished Senator leaves the floor, how much I appreciate his comments today and his analysis of this bill. But more than that, around the Senate there are some people—I guess, in the parlance of the racetrack, some are show horses and some are work horses. This Senator is a work horse. He has been on this committee for a few years—not as long as this Senator, but that is just because I have been here so long. Hardly anybody has been here longer than this Senator. But he works all the time on this. He knows a lot about this bill. He has some specialties in this area to which he has contributed immensely.

Some things on this bill he is right on. He is more correct than the bill. He didn't get to do what he wanted on some of them, but he understands that we have a good bill.

It is hard work. He was there all the time, helping us, doing his share, pulling his part of the load, helping us get this bill through.

I want those who are aware of him and know of him to understand that is what the Senator from New Mexico thinks about that. I want the record to reflect that.

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

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

MODIFICATIONS TO AMENDMENT NO. 779

Mr. DOMENICI. Mr. President, I send modifications to the pending amendment to the desk. It has been approved by both sides and the parties to this discussion.

The PRESIDING OFFICER. The amendment is so modified.

The modifications to the amendment (No. 779), are as follows:

1. Page 27, beginning on line 20, delete ''section'' and all that follows through the parenthetical on line 22, and insert ''Title XIV of the Energy Policy Act of 2005''.

2. Page 29, beginning on line 5, delete ''notwithstanding'' and all that follows through the parenthetical on line 8.

3. Page 30, delete lines 5 through 13, and renumber paragraphs (7) and (8) accordingly.

4. Page 39, line 1, delete ''significant'' and insert ''increased''.

5. Page 39, lines 3 and 4, delete ''important to the cost-effective implementatation of'' and insert ''needed to implement''.

6. Page 45, line 11, strike ''the law in effect on the day'' and insert ''any law enacted or in effect''.

7. Page 52, line 4, strike ''2005'' and insert ''2006''.

* * * * *

''(B) RELIANCE ON EXISTING REQUIREMENTS.—To avoid duplicative requirements, in carrying out subparagraph (A), the Administrator shall rely, to the maximum extent practicable, on reporting and recordkeeping requirements in effect on the date of enactment of this section.

''(3) CONFIDENTIALITY.—Activities carried out under this subsection shall be conducted in a manner designed to protect confidentiality of individual responses.

''(c) CELLULOSIC BIOMASS ETHANOL AND MUNICIPAL SOLID WASTE LOAN GUARANTEE PROGRAM.—

''(1) IN GENERAL.—Funds may be provided for the cost (as defined in the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.)) of loan guarantees issued under title XIV of the Energy Policy Act of 2005 to carry out commercial demonstration projects for celluosic biomass and sucrose-derived ethanol.

''(2) DEMONSTRATION PROJECTS.—

''(E) there is a reasonable assurance of repayment of the guaranteed loan.

''(4) LIMITATIONS.—

''(A) MAXIMUM GUARANTEE.—Except as provided in subparagraph (B), a loan guarantee under this section may be issued for up to 80 percent of the estimated cost of a project, but may not exceed $250,000,000 for a project.

''(B) ADDITIONAL GUARANTEES.—

''(i) IN GENERAL.—The Secretary may issue additional loan guarantees for a project to cover up to 80 percent of the excess of actual project cost over estimated project cost but not to exceed 15 percent of the amount of the original guarantee.

''(ii) PRINCIPAL AND INTEREST.—Subject to subparagraph (A), the Secretary shall guarantee 100 percent of the principal and interest of a loan made under subparagraph (A).

''(5) EQUITY CONTRIBUTIONS.—To be eligible for a loan guarantee under this section, an applicant for the loan guarantee shall have binding commitments from equity investors to provide an initial equity contribution of at least 20 percent of the total project cost.

''(6) INSUFFICIENT AMOUNTS.—If the amount made available to carry out this section is insufficient to allow the Secretary to make loan guarantees for 3 projects described in subsection (b), the Secretary shall issue loan guarantees for 1 or more qualifying projects under this section in the order in which the applications for the projects are received by the Secretary.

''(7) APPROVAL.—An application for a loan guarantee under this section shall be approved or disapproved by the Secretary not later than 90 days after the application is received by the Secretary.

(A) increased use of MTBE could result from the adoption of that standard; and

(B) the use of MTBE would likely be needed to implement that standard;

(4) Congress is aware that gasoline and its component additives have leaked from storage tanks, with consequences for water quality;

(5) the fuel industry responded to the fuel oxygenate standard established by Public Law 101–549 by making substantial investments in—

(A) MTBE production capacity; and

(B) systems to deliver MTBE-containing gasoline to the marketplace;

(6) when leaked or spilled into the environment, MTBE may cause serious problems of drinking water quality;

(7) in recent years, MTBE has been detected in water sources throughout the United States;

(8) MTBE can be detected by smell and taste at low concentrations;

(9) while small quantities of MTBE can render water supplies unpalatable, the precise human health effects of MTBE consumption at low levels are yet unknown as of the date of enactment of this Act;

''(II) ending on the effective date of the prohibition on the use of methyl tertiary butyl ether under paragraph (5).

''(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $250,000,000 for each of fiscal years 2005 through 2008.''.

(d) NO EFFECT ON LAW CONCERNING STATE AUTHORITY.—The amendments made by subsection (c) have no effect on the law in effect before the date of enactment of this Act concerning the authority of States to limit the use of methyl tertiary butyl ether in motor vehicle fuel.

SEC. 212. ELIMINATION OF OXYGEN CONTENT REQUIREMENT FOR REFORMULATED GASOLINE.

(a) ELIMINATION.—

(1) IN GENERAL.—Section 211(k) of the Clean Air Act (42 U.S.C. 7545(k)) is amended—

(A) in paragraph (2)—

(i) in the second sentence of subparagraph (A), by striking ''(including the oxygen content requirement contained in subparagraph (B))'';

(ii) by striking subparagraph (B); and

''(vi) REGULATIONS TO CONTROL HAZARDOUS AIR POLLUTANTS FROM MOTOR VEHICLES AND MOTOR VEHICLE FUELS.—Not later than July 1, 2006, the Administrator shall promulgate final regulations to control hazardous air pollutants from motor vehicles and motor vehicle fuels, as provided for in section 80.1045 of title 40, Code of Federal Regulations (as in effect on the date of enactment of this subparagraph).''.

(c) COMMINGLING.—

(1) IN GENERAL.—Section 211(k) of the Clean Air Act (42 U.S.C. 7545(k)) is amended by adding at the end the following:

''(11) COMMINGLING.—The regulations under paragraph (1) shall permit the commingling at a retail station of reformulated gasoline containing ethanol and reformulated gasoline that does not contain ethanol if, each time such commingling occurs—

''(A) the retailer notifies the Administrator before the commingling, identifying the exact location of the retail station and the specific tank in which the commingling will take place; and

Mr. DOMENICI. Just for the benefit of the Senators, I know it is close here to leaving, but we are getting close also to a vote. I am very hopeful that will occur in a couple of minutes here. We will ask for the yeas and nays and have a vote on the ethanol amendment, as modified, which I think will make many people happy, before we draw to a close this afternoon. We will not be closing the Senate, but as far as voting, we will wait until the Senators return from the Nebraska trip on behalf of the late Senator Exon.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. OBAMA. Mr. President, I rise today in support of the amendment offered by the Senator from New Mexico.

During the debate on this energy bill, we have already heard and will continue to hear about the importance of strengthening the energy independence of America. The phrase ''energy independence,'' however, must be heard no longer as a routine utterance. It must be heard as an urgent warning of the most serious magnitude.

The sirens are sounding, and I fear that we are not listening.

The days of running a 21st century economy on a 20th century fossil fuel are numbered—and we need to realize that before it is too late. The price of gas is now around $2.24 per gallon. Crude oil is now soaring over $50 a barrel. The Saudis are pumping at near-full capacity, and their own oil minister says that the price of crude will probably stay at this price for the rest of the year. And Goldman Sachs predicts that soon it may reach $100 a barrel.

Imagine what that would do the price of gas—$100 for one barrel of oil.

Our own Department of Energy predicts that American demand will jump by 50 percent over the next 15 years. And as developing countries like China and India continue to grow, the world will be faced with more drivers than it knows what to do with. Right now, there are 800 million cars on the road. By 2050, that number will grow to 3.25 billion.

Think about that 3.25 billion cars guzzling oil that is becoming more limited and more expensive with each passing day. We could open up every corner of the United States for drilling and tell the oil companies to go to town, but with only 3 percent of the world's oil supplies, it wouldn't even make a dent in the problem.

Of course, most of the rest of the world's oil lies in the Middle East, a region we have seen torn by war and terror. Every year, we send $25 billion to these countries to buy oil. It doesn't matter if they are budding democracies, despotic regimes with nuclear intentions, or havens for the madrasas that plant the seeds of terror in young minds they get our money because we need their oil.

What is worse—this oil isn't even well-protected. Over the last few years, terrorists have stepped up their attempts to attack poorly defended oil tankers and pipelines. And a former CIA agent tells us that if a terrorist hijacked a plane in Kuwait and crashed it into an oil complex in Saudi Arabia, it could take enough oil off the market and cause more economic damage in the United States than if a dirty nuclear weapon exploded in downtown Manhattan.

Recently, I came across a quote from Henry Ford, the carmaker, who said these prophetic words in 1916:

> All the world is waiting for a substitute to gasoline. When that is gone, there will be no more gasoline, and long before that time, the price of gasoline will have risen to a point where it will be too expensive to burn as a motor fuel.

Mr. FORD was right—he was just ahead of his time. His words were spoken before the shocks to our economy caused by the oil crisis of the 1970s, before the world's oil fields became areas of turmoil and terrorism, before growing nations like China and India joined us at the trough of massive petroleum consumption.

We need a 21st century energy policy. Whether this bill accomplishes that remains to be seen. But it is clear that part of the solution must be greater use of renewable fuels instead of continued reliance on foreign oil. That is why I am astonished that there is any effort in this Chamber to eviscerate a renewable fuels standard that can and will—further America's energy independence while also strengthening our economy.

The Nation's ethanol production is expected to exceed 4 billion gallons this year. In the coming years, ethanol production is expected to be so robust that as much as 8 billion gallons of renewable fuels could be in our fuel supply by 2012.

Right now, outside Washington, in cities and towns, on farms and in factories across America, there is hope for us to do so much more than we have been doing on energy. Whether it is farming the corn in Galesburg that can fuel our cars or fine-tuning the microchip in Chicago that let's us plug them in, people are taking America's energy future into their own hands with the same sense of innovation and optimism that has always kept our country on the forefront of discovery and exploration.

They deserve a government that can see that future too.

The American people are asking us to address high gas prices. The American people are asking us for greater national security. The American people are asking us to invest in job creation. The renewable fuels standard in the Domenici amendment proposes to do just that in 7 years, and I am proud to be a cosponsor of the amendment.

Instead of continuing to link our energy policy to foreign fields of oil, it should be linked to farm fields of corn. I urge my colleagues to support the Domenici amendment.

Mrs. FEINSTEIN. Mr. President, I rise today to oppose Senator DOMENICI's amendment to require that U.S. refiners blend 8 billion gallons of ethanol into gasoline each year by 2012.

I think this is a mistake that will cost the Federal treasury $2 billion by the time it is fully implemented and could further pollute California's air.

In my home State, the mandate will mean that refiners must choose between blending ethanol into gasoline or using a costly credit/trading system.

Either choice will mean California consumers pay more at the pump.

Accordiing to the California Air Resources Board, California would be able to mitigate the air quality impacts of a mandate if it were limited to 6 billion gallons or less.

With a 6 billion gallon mandate, refiners in California would be required to use about 660 million gallons of ethanol, which they could accomplish in the cooler winter months alone.

However, at 8 billion gallons, the State's refiners would be forced to use about 880 million gallons of ethanol and they would either have to use ethanol in the hot summer months, when it could pollute the air, or buy costly ''credits'' for not using ethanol.

While we do not know exactly how the credit trading system will work, it is estimated that the credits would cost about 40 cents per gallon of ethanol.

So if California refiners were not able to use about 220 million gallons of ethanol per year, it could cost $88 million annually to buy the credits—money that would inevitably be passed on to drivers.

I do want to thank Chairman DOMENICI for including two provisions in the amendment that could help my State: repealing the 2 percent oxygenate standard; and maintaining the summertime waiver for California.

The Federal 2 percent oxygenate standard has forced areas with poor air quality, including the entire State of California, to use either MTBE or ethanol in gasoline.

This Federal requirement has forced California's refiners to use an oxygenate even though they can make cleaner-burning gasoline without MTBE or ethanol.

To meet this oxygenate requirement, California has been forced to use ethanol since 2004 when the State officially banned MTBE, although many refiners in the State started using ethanol as early as 2003.

Beginning in the Summer of 2003, ethanol was found to have had a detrimental impact on the State's air quality. And on August 1, 2003 the California Environmental Protection Agency informed me that:

> . . . our current best estimate is that the increase in the use of ethanol-blended gasoline has likely resulted in about a one percent increase in emissions of volatile organic gases (VOC) in the SCAQMD [South Coast Air Quality Management District] in the summer of 2003. Given the very poor air quality in the region and the great difficulty of reaching the current federal ozone standard by the required attainment date of 2010, an increase of this magnitude is of great concern. Clearly, these emission increases have resulted in higher ozone levels this year that what would have otherwise occurred, and are responsible for at least some of the rise in ozone levels that have been observed.

I will provide a copy of this letter for the record.

In September 2004, the California Air Resources Board sponsored a study by the Coordinating Research council entitled ''Fuel Permeation From Automotive Systems.''

The purpose of the study was to find out if three different fuels had different chemical properties that made one evaporate more rapidly then the others.

The fuels that were studied were MTBE-blended gasoline, ethanol-blended gasoline, and gasoline with no oxygenate.

The study found that emissions increased from all 10 of the gas tanks and engines that were studied when ethanol replaced the MTBE in gasoline.

In fact, the ethanol blended gasoline caused emissions to increase by 65 percent when compared with MTBE blended gasoline, and by 45 percent when compared with non-oxygenated gasoline.

Here's why: ethanol-blended gasoline evaporate from the car's parts faster and does so in a vapor form. Those vapors cause smog.

Ethanol's evaporative tendencies only get worse in hot climates. The Air Resources Board has since found that the use of ethanol on hot summer days increases emissions of ozone forming compounds by about 75 tons per day above what they would be if we were allowed to use summertime gasoline without ethanol.

This is important because ozone can cause respiratory difficulties in the elderly and those with asthma.

There is a strong direct relationship between temperature and ethanol—the hotter the day, the higher the emissions. On a 100 degree day, emissions are four times higher than on a 68 degree day. Therefore, the worst time to use ethanol is in the summer months.

Overall, the Air Resources Board believes that ozone levels in California are about 1 to 2 percent higher than they should be because of the oxygenate requirement.

This is a significant problem. Almost all of California's 37 million residents already breathe unhealthy air. Current levels of ozone pollution annually result in an estimated 630 premature deaths; 4,200 hospitalizations for respiratory diseases; and 3.7 million school absences.

The Energy Committee approved my amendment to this bill to provide California with a waiver so that the State does not have to use ethanol in the summertime when ethanol-blended gasoline impacts air quality the most.

I do appreciate the fact that Chairman DOMENICI has retained this waiver in his amendment. However, I still believe the ethanol mandate is bad public policy, which increases the cost of gasoline for consumers; does next to nothing to reduce oil consumption to increase energy security; and, has severe impacts on the federal budget.

Last month, the Director of the Petroleum Division at the Energy Information Administration stated before the House Government Reform Committee that:

> . . . refiners lost production capability when replacing MTBE with ethanol. This, along with continued demand growth, has contributed to price pressures. From 2000 through 2002, California retail gasoline prices averaged about 19 cents per gallon more than the U.S. average gasoline price, but in 2003 as MTBE began to be removed, California prices averaged 27 cents per gallon higher than the U.S. average, and remained at that level through 2004.

So far this year, California's gasoline prices are at least 23 cents higher than the U.S. average.

Much of this additional cost can be attributed to the cost of transporting ethanol. Because ethanol cannot be transported through the existing pipeline infrastructure and has to be trucked from the Midwest to the coasts, it adds another 10 cents to the retail cost of gasoline.

In other words, adding ethanol to our gasoline has increased the cost at the pump.

Moreover, the ethanol mandate does not improve energy security. The ethanol mandate will only reduce U.S. oil consumption by one-half of one percent when the 8 billion gallon mandate is fully implemented in 2012.

In addition, since ethanol has a somewhat lower energy content, more fuel is required to travel the same distance.

This energy loss leads to an approximate 3 percent decrease in miles per gallon vehicle fuel economy with ethanol-blended gasoline.

And finally, I would like to point out how expensive this mandate is. Ethanol receives a tax credit of 51 cents per gallon. If the mandate were to increase to 8 billion gallons by 2012 from the 3.85 billion gallons of ethanol sold today, that would mean a net loss of an additional $2 billion to the U.S. Treasury.

We should not be imposing a larger mandate for ethanol at a time when the ethanol industry already receives such a huge subsidy, and when the Nation has such huge budget deficits.

We need to either eliminate the mandate or end the subsidy. We can keep one or the other but not both.

Yes, the provision to allow California not to use ethanol in the summertime is a win for California's air quality. But the mandate, itself, could well be a loss for consumers and the Federal Treasury.

I hope my colleagues will join me in opposing this amendment.

I ask unanimous consent that the letter from which I quoted be printed in the RECORD.

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

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY,
Sacramento, CA, August 1, 2003.

Hon. DIANNE FEINSTEIN,
U.S. Senate, Hart Senate Office Building, Washington DC.

DEAR SENATOR FEINSTEIN: Thank you for your letter dated July 15, 2003, in which you requested that the California Environmental Protection Agency and the California Air Resources Board (ARB/Board) investigate the impacts of ethanol-blended gasoline and its potential contribution to the recently degraded air quality in Southern California.

Like you, I am extremely concerned about the recent increase in the number of exceedances of the federal ozone standard and the high elevated peak ozone levels observed in the South Coast Air Quality Management District (SCAQMD) this summer. As you observe in your letter, the air quality in the Los Angeles Basin has deteriorated this year, concurrent with a dramatic increase in the use of ethanol-blended gasoline.

All of the causes of this year's increased ozone are not yet known. In the two weeks since you wrote, the ARB has not had sufficient time to fully determine the role that ethanol-blended gasoline has played relative to other factors. We do know that weather conditions have played a very important role, and that increased use of ethanol-blended gasoline has increased emissions over what they otherwise would have been. That said, I also think it is fair to point out that the impact of ethanol-gasoline blends, while significant and of great concern in California's ongoing efforts to reduce ozone, is not large enough to explain the majority of air quality deterioration that occurred in the SCAQMD this summer.

Unfortunately, at this time we are not able to precisely quantify the magnitude of the impact that higher emissions associated with the increased use of ethanol-blend gasoline has had relative to either weather or other factors affecting this year's ozone pollution. However, I would like to convey what we know today about the potential impact of ethanol use on emissions of smog forming compounds in Southern California.

As you know, as part of our efforts to obtain a waiver from the two percent oxygen requirement that now applies to most of the gasoline sold in California, the ARB has prepared extensive analyses of the impact of ethanol-gasoline blends on emissions and air quality. This information was submitted to the U.S. Environmental Protection Agency (U.S. EPA) to support our waiver request, and showed that emissions of ozone and particulate matter precursors would be reduced in California if U.S. EPA approved the waiver request. '

In addition to the information previously submitted, the ARB has continued to conduct studies to further our understanding of how ethanol-blended gasoline would affect emissions in California. As is explained below, our current best estimate is that the increase in the use of ethanol-blended gasoline has likely resulted in about a one percent increase in emissions of volatile organic gases (VOC) in the SCAQMD in the summer of 2003. Given the very poor air quality in the region and the great difficulty of reaching the current federal ozone standard by the required attainment date of 2010, an increase of this magnitude is of great concern. Clearly, these emission increases have resulted in higher ozone levels this year than what would have otherwise occurred, and are responsible for at least some of the rise in ozone levels that have been observed.

To elaborate on the ARB's analyses, there are several ways that the use of ethanol in gasoline could potentially increase VOC emissions. The most import factors are: increased volatility of gasoline; the commingling of ethanol and non-ethanol blends in vehicle tanks; and permeation of ethanol through hoses and fuel system components.

Your letter mentions the potential for ethanol to increase the volatility of gasoline. Increases in volatility lead to increases in evaporative emissions from both the fuel distribution system and from vehicles. This effect may result in emission increases in other parts of the Nation where volatility of ethanol-gasoline blends is not tightly controlled. However, the California Phase 3 Reformulated Gasoline regulations, which ban the use of Methyl Tertiary Butyl Ether (MTBE) in California gasoline, anticipated this effect and required all gasoline to meet the same volatility standards whether ethanol was used or not. In addition, these regulations actually slightly lowered the volatility limit that most gasoline must meet. Therefore, we do not believe that this factor is contributing to increased VOC emissions in California.

Commingling emissions occur when consumers fill their fuel tanks and mix ethanol and non-ethanol gasolines. The California Phase 3 Reformulated Gasoline regulations were designed to preserve the existing Phase 2 Reformulated Gasoline vehicle emission benefits and to provide additional emission reductions to offset potential commingling effects. However, in 1999 when these rules were adopted, there was limited information on the real-world effects of commingling, and the ARB committed to further analyze this issue.

Board staff recently completed a study of the likely emissions impacts of commingling in California. Based on this study, we continue to believe that the California Phase 3 Reformulated Gasoline regulations provide adequate compensating reductions to offset the emission increases due to commingling. The findings in the commingling study have been submitted to the University of California for formal peer review, and the review is expected to be completed within the next month.

Increases in permeation emissions occur due to ethanol's greater propensity (relative to most other components of gasoline) to leak through the soft components of fuel lines and through other parts of the fuel system. Because this effect was not adequately quantified when the ARB adopted the California Phase 3 Reformulated Gasoline regulation in 1999, ARB staff was directed to investigate these impacts and to return to the Board with recommendations on whether there is a need to take further actions to address those impacts.

Preliminary results from this study are now available, and strongly suggest that permeation impacts are both real and significant. The ARB's analyses indicate that this effect could increase ethanol evaporative hydrocarbon emissions by between 10 and 15 tons per day in the SCAQMD at the current level of ethanol use.

The information presented above is especially relevant in light of the recent decision by the 9th Circuit Court that overturns U.S. EPA's denial of California's oxygen content waiver request, and requires U.S. EPA to reconsider this issue. ARB believes that the information now available on the impact of ethanol in gasoline on VOC emissions must be part of U.S. EPA's reconsideration. We believe that the data on commingling and permeation effects demonstrate that U.S. EPA's denial of California's waiver request, which was based on its conclusion that granting the waiver might lead to an increase in overall VOC emissions due to commingling effects, was in error. As part of our effort to gain a reversal of this waiver denial, California is now preparing an information package to submit this information to the U.S. EPA.

I hope the information provided above is of value to you. As in the past, I am sure that your office will be of great assistance in assuring that California receives the needed waiver, and I look forward to working with you on this effort. Relative to understanding the factors that contributed to higher ozone levels this summer, the ARB staff will continue to work closely with SCAQMD staff to understand the cause of the recent increases in ozone levels in southern California. We will keep you informed of the results of this effort. If you have any additional questions about this important issue, please feel free to contact me, at (916) 323–2514, or Alan C. Lloyd, Ph.D., Chairman, ARB, at (916) 322–5840.

Sincerely,

WINSTON H. HICKOX,
Agency Secretary.

Mr. SALAZAR. Mr. President, I rise in strong support of the bipartisan amendment to increase the renewable fuels standard. I am proud to be a cosponsor of this commonsense amendment—and honored to join the senators, such as Senators JOHNSON and LUGAR, who have been working on this issue literally since its inception.

My parents always taught me that it was important to understand the history of our family, the lands around us and our Nation. I don't think it's out of the question for us to take a moment to reflect on the history of ethanol, too.

The use of ethanol in this Nation reaches back more than a century. Henry Ford's Model T was designed to run on ethanol. During World War I, ethanol accounted for 20 percent of vehicle fuels and during World War II we converted whiskey distilleries to produce fuel ethanol. Ethanol helped combat the oil crisis of the 1970s and was pivotal in the phase-out of leaded gasoline in the early 1980s.

Now we have an opportunity to move forward again with ethanol, which Henry Ford referred to as the ''fuel of the future''. Last year this Nation used 140 billion gallons of motor fuel, but only 3.45 billion gallons of ethanol and biodiesel. In other words, in 2004 only 2.5 percent of our Nation's fuel was renewable. The amendment we are considering now calls for 8 billion gallons of ethanol and biodiesel to be produced in America by 2012. This will represent slightly less than 5 percent of the transportation fuel that will be used in 2012.

At the moment, most of our biofuels are ethanol, and most of that is derived from corn. But this legislation helps the country to transition to producing more biodiesel and more diverse ethanol feedstocks. This transition to a more diverse set of feedstocks will help our national security and national economy, because it will allow farmers from all over the country to grow crops that can be used to make transportation fuels. These diverse feedstocks will include potatoes, tobacco, sugar, wood waste and more. And while this amendment works to diversify the feedstocks for renewable fuels, it also contain very good incentives to establish cellulosic ethanol. This is the ethanol of the future and we need to develop it. While current ethanol has a positive energy return of around 35 percent, cellulosic ethanol has the potential to return as much as 500 percent of the energy required to make it. This will be a significant advance in our quest to set America free from foreign oil.

The amendment is meant to send a very clear signal to the market that America is committed to this cheap, clean and reliable energy source. This amendment is not, as some of my colleagues have suggested, an ''outrage.'' This amendment is good for Colorado, good for America, and good for the environment.

First of all, this amendment is good for Colorado. Rural economies in Colorado and across the country need help. We cannot continue to maintain the policies that have made rural America the forgotten America. It is said that a rising tide lifts all boats, but too often the tides never reach the Main Streets of our rural communities. Ethanol can help make it possible for everyone to benefit from economic growth.

Domestically produced biofuels can provide that assistance, in the form of good jobs, an influx of construction dollars, and new markets for local agriculture. In Colorado alone, new ethanol plants are planned for Windsor, Evans, and Sterling. There is some talk of future ethanol plants in Fort Morgan, Commerce City, and Lamar. The facility in Sterling is under construction now and should be up and running by October of this year. It will employ about 32 people and may add up to 100 secondary jobs. The facility hopes to supply about 1 million gallons of ethanol each year.

For biodiesel, we have small producers in Berthoud and in Denver, and a new production and blending facility will come on line in Monte Vista this year that should be producing biodiesel fuel within the next two months and will employ 12 people around the clock. Once in full production, this Monte Vista plant should create a ripple effect of up to 200 additional jobs. And right now, in my own San Luis Valley, canola is being grown specifically for the production of biodiesel.

This amendment also includes potatoes as a possible feedstock for biofuel. The San Luis Valley grows, but cannot use, tons and tons of potatoes each year. The amendment allows for the possibility that someone in the San Luis Valley will pick up on this cheap feedstock and turn it into fuel.

Second, this amendment is good for America. It is a simple fact that our dependence on oil from a politically unstable region of the world puts our I national security at risk.

Remember what we are dealing with when we are so dependent on foreign sources of energy. Our four top sources for oil are Saudi Arabia, Canada, Mexico and Venezuela. It is no secret that stability in Saudi Arabia is an open question, and each week records a new outrage from the President of Venezuela.

Developing our own transportation fuels directly reduces this dependence on foreign oil and frees our nation to better protect its citizens from economic or other harms. The production and use of 8 billion gallons of ethanol and biodiesel by 2012 will displace more than 2 billion barrels of crude oil, and it will reduce the outflow of dollars to foreign oil producers by more than $60 billion.

By reducing our dependence on foreign oil and the unstable governments that provide it, we strengthen our national security. By reducing our trade deficit, we strengthen our economy. This amendment does both.

Finally, ethanol and biodiesel are good for the environment. There is no monopoly on concern for protecting our natural heritage. Everyone in this chamber share the goal of clean air, and ethanol is a simple, direct route to getting there. Net carbon dioxide emissions from biofuels are lower than from fossil fuels, because the carbon released during combustion was taken out of the air by the agricultural crops in the first place.

According to Argonne National Labs in Illinois, in 2004 ethanol use in the U.S. reduced greenhouse gas emissions by approximately 7.3 million tons, equivalent to removing the annual emissions of more than 1 million cars from the road. According to the EPA, ethanol can reduce the production of carbon monoxide, one of the chief ingredients of smog, by as much as 30 percent. In fact, ethanol can reduce urban smog more than any other fuel available.

Supporting this, amendment is the common-sense thing for the Senate today. It's a win for big cities and rural small towns alike. It benefits the environment while putting us on a stronger economic and national security footing. How often are we presented with an opportunity to implement policy that benefits every person in this country? To pass it up would be a I shame.

In closing, Mr. President, I reiterate that I am proud to cosponsor this amendment to establish a strong renewable fuels standard. It is a clear-cut case of what we can do when we work together—Republicans and Democrats—to fix problems that face our country. I wish it were not such a I unique development.

(At the request of Mr. REID, the following statement was ordered to be printed in the RECORD.)

● Mr. JEFFORDS. Mr. President, I regret that I am unable to be present for the vote on the Domenici renewable fuels amendment, No. 779. I support this amendment, and I am pleased that a majority of my colleagues do as well. The Domenici amendment makes a significant step toward reducing our Nation's reliance on foreign oil. For 30 years I have been a supporter of renewable energy and alternative fuels, and I support this amendment which will require 8 billion gallons of ethanol in gasoline by 2012.

The Energy Committee's reported Energy bill sought to promote the use of biomass ethanol, biodiesel, hydrogen and biogas. I appreciate that effort. But, as we move forward with increased production of these renewable fuels, we must do so in a manner that is environmentally sound.

We cannot separate energy policy from environmental policy. The Senate Energy Committee reported bill encompasses many provisions in the jurisdiction of the Environment and Public Works Committee. Unfortunately, the only provision in this bill that was actually considered by the Environment Committee is the renewable fuels program. The reason is that boosting the use of ethanol in gasoline has significant Clean Air Act implications, and we must ensure that conforming changes to the Clean Air Act are made to ensure no worsening of air quality. As included in the reported version of the Energy bill, giving the Department of Energy authority for a new billion gallon renewable fuels program does not accomplish our dual objectives of increasing the use of renewable fuels while maintaining our Nation's air quality.

Prior to the Energy Committee consideration of this renewable fuels provision, Senator INHOFE wrote Senator DOMENICI regarding the need for changes in the Clean Air Act for an ethanol mandate to be effective. The Environment and Public Works Committee has repeatedly approved legislation to make such changes in the Clean Air Act to make the ethanol mandate work and for the environment, air quality and public health to be protected.

The Domenici amendment is basically the same as the measure, S. 606, approved earlier this year by the Environment and Public Works Committee but with a higher ethanol mandate and updated to prevent backsliding on toxic emissions. The amendment phases out the use of methyl tertiary butyl ether, or MTBE, within 4 years. This phase-out will be accomplished more safely because refiners will be required to maintain no worse toxic emissions than occurred in 2001–2002. Those were much better performing years than the 1999–2000 baseline in S. 606. The amendment also provides EPA with authority to regulate fuels and fuel additives for the protection, not just of air, but of water resources too. This is an important provision that will allow EPA to take action should another fuel additive prove a threat to drinking water.

In addition, the amendment eliminates the oxygen content requirement for reformulated gasoline—RFG—that was put into the 1990 Clean Air Act Amendments. EPA is required to issue regulations to ensure that all non-attainment areas use RFG that contributes less to smog. The Agency must also regularly require fuel and fuel additive manufacturers to conduct health and environmental studies and make them public and to update its complex model for vehicle emissions from the outdated 1990 baseline vehicle. Further, governors in the ozone transport region may opt-in to the RFG program for their entire State, not just a non-attainment area. The amendment also sets up an automatic check-back to see what impacts the fuel system changes, the ethanol mandate and the MTBE phase-out will have on health, air quality, gasoline prices and supply, and other factors.

Oil companies began adding MTBE to gasoline as early as 1979 and by 1991, 1 year before the Clean Air Act oxygenate requirement went into effect, oil companies were using more than 100,000 barrels of MTBE per day.

These facts belie the oil companies' argument that Congress made them use MTBE and therefore Congress should stop the lawsuits. It is a well-established fact that oil companies were using MTBE years before the Clean Air Act oxygenate requirement went into effect. The Clean Air Act does not mandate the use of MTBE, and the fact that there was any oxygenate requirement in the Clean Air Act at all was due in part to oil industry lobbying.

Earlier today there was also a rollcall vote on the Schumer amendment, No. 782. Had I been present, I would have voted in opposition to the amendment offered by the Senator from New York, Mr. SCHUMER.

The Senator from New York, Mr. SCHUMER, was proposing to strike the whole second subtitle, Subtitle B, from the Domenici amendment. While the Senator from New York, Mr. SCHUMER, argues that his strike merely eliminates the ''mandate'' of requiring ethanol in gasoline, it does much more. First, the fact that it eliminates a national commitment to use ethanol in gasoline at significant volumes should not be overlooked. Second, the Domenici provision would promote diversification in ethanol production by promoting the development of cellulosic biomass ethanol. This is an important new technology, designed to produce ethanol from wood waste, plant materials, and animal waste, in addition to corn and soybeans. It will allow more States the opportunity to produce ethanol with locally appropriate and available materials.

In addition, to address the concerns of the Senator from New York, Mr. SCHUMER, there is detailed language in the part of the Domenici amendment he seeks to strike that would allow States to seek waivers from the use of ethanol in the event that there is disproportionate economic hardship. I think that this is the appropriate way to proceed. High gasoline prices and dependence upon foreign sources of oil are already causing economic hardship, and now is the time to try to get more domestically produced ethanol blended with our gasoline so that we can reduce that dependence.

Though I support removing the liability shield for renewable fuels in Subtitle B of the Domenici amendment, I think that the Schumer amendment is too drastic a tool to deal with the price concerns of his State and moves us away from a serious national commitment to renewable fuels. For those reasons, I would have opposed Senate Amendment 782 had I been present.

I support efforts to increase the use of renewable fuels. I believe it can and should be done in a way that is protective of this country's air, land and water. That means not allowing gasoline to become dirtier. And that means maintaining EPA's role in regulating fuels to improve air quality while protecting current and future drinking water sources and not transferring these authorities to the Energy Department. The Domenici amendment accomplishes those objectives and I am pleased it has been added to the bill.●

Mr. DURBIN. Mr. President, I rise today in support of the renewable fuels standard, RFS, amendment. This important amendment, which I have cosponsored, will create a nationwide standard for the use of renewable fuels.

A renewable fuels standard is created that will increase the use of domestically produced renewable fuels to 8 billion gallons by 2012. The bill also allows the Nation's refiners to buy credits from refiners that use ethanol in other States to meet the requirement, ensuring additional refiner flexibility to use ethanol where it is most efficient and economical.

In Illinois, roughly one in every six rows of corn, approximately 280 million bushels is the source for ethanol. Illinois ranks second in the Nation in corn production, with more than 1.5 billion bushels produced annually, and is the Nation's leading source of clean-burning ethanol. Illinois currently has five ethanol plants, with two other plants in production. Corn grown in Illinois is used to make 40 percent of the ethanol consumed in the United States. More than 95 percent of the gasoline sold in the Chicago area contains 10 percent ethanol.

Investment in the ethanol industry in Illinois exceeds $1 billion, generating 800 jobs in plant operations and 4,000 jobs in the industry-related service sector. In fact, Illinois ethanol production alone has increased the national market price for corn by 25 cents per bushel.

Illinois farmers stand ready and eager to contribute to our Nation's energy security, and the benefits extend to the environment as well. Replacing Mideast oil with Midwest ethanol is a winner for everyone but the oil sheiks. When we can use our Illinois agricultural expertise to reduce our dependence on foreign suppliers, the whole Nation benefits.

This expanded role for renewable fuels means more than a boost to industry; it means jobs to rural America, and increased energy security. And in contrast to the environmental damage that can be caused by drilling for oil, the only drilling required to produce ethanol is the initial inch and a half deep planting of the corn seed. And for the soybeans used to make biodiesel, the seeds are only drilled an inch into the ground.

American farmers are the foot soldiers in our battle for energy independence. Farmers throughout the country have come together to build ethanol production facilities that, in many instances, have become the backbone of a regional rural economy. In fact, farmer-owned ethanol plants, taken together, are the single largest segment of the U.S. ethanol industry. As we look for solutions to high oil prices, we must remember that renewable fuels are viable alternative fuels—domestically produced and environmentally friendly.

Cleaner burning biofuels, that can be produced, transported and combusted with major environmental benefits will contribute to cleaner and healthier air and less water and soil pollution. Importantly, biofuels, being essentially greenhouse gas neutral, will also contribute to achieving environmental goals while advancing the economies of rural America.

According to an analysis completed by renowned economist John Urbanchuk of LEGC, Inc., an RFS that grows to 8 billion gallons of ethanol by 2012 would have a significant impact on both the farm and overall economy over the next decade.

It would reduce crude oil imports by 2 billion barrels and reduce the outflow of dollars largely to foreign oil producers by $64 billion.

It would create 234,840 new jobs in all sectors of the U.S. economy.

It would increase U.S. household income by $43 billion.

It would add $200 billion to GDP between 2005 and 2012.

It would create $6 billion in new investment in renewable fuel production facilities.

And it would result in the spending of $70 billion on goods and services required to produce 8 billion gallons of ethanol and biodiesel by 2012.

Renewable fuels provide for a dependable domestic source of energy that increases fuel supplies, reduces our reliance on foreign oil, and enhances our ability to control our own security and economic future—while helping our farmers by increasing demand for their crops. Increasing the use of ethanol and other renewable fuels achieves many positive public policy goals.

This amendment should be adopted.

Mr. DOMENICI. Mr. President, we are ready to vote on the ethanol amendment, as modified.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The question is on agreeing to the amendment.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. MCCONNELL. The following Senators were necessarily absent: The Senator from Idaho (Mr. CRAPO), the Senator from Alaska (Ms. MURKOWSKI), and the Senator from Alaska (Mr. STEVENS).

Further, if present and voting, the Senator from Idaho (Mr. CRAPO) would have voted ''yea.''

Mr. DURBIN. I announce that the Senator from Vermont (Mr. JEFFORDS) is necessarily absent.

The PRESIDING OFFICER (Mr. BURR). Are there any Senators in the Chamber desiring to vote?

The result was announced—yeas 70, nays 26, as follows:

[Rollcall Vote No. 139 Leg.]

YEAS—70

Akaka	Byrd	DeWine
Allen	Cantwell	Dodd
Baucus	Carper	Dole
Bayh	Chafee	Domenici
Bennett	Chambliss	Dorgan
Biden	Cochran	Durbin
Bingaman	Coleman	Enzi
Bond	Collins	Feingold
Brownback	Conrad	Frist
Bunning	Cornyn	Graham
Burns	Craig	Grassley
Burr	Dayton	Hagel

Harkin	Lugar	Sarbanes
Hatch	Martinez	Sessions
Hutchison	McConnell	Smith
Inhofe	Mikulski	Snowe
Inouye	Murray	Stabenow
Isakson	Nelson (FL)	Talent
Johnson	Nelson (NE)	Thomas
Kerry	Obama	Thune
Kohl	Pryor	Vitter
Landrieu	Reid	Voinovich
Levin	Roberts	
Lincoln	Salazar	

NAYS—26

Alexander	Gregg	Rockefeller
Allard	Kennedy	Santorum
Boxer	Kyl	Schumer
Clinton	Lautenberg	Shelby
Coburn	Leahy	Specter
Corzine	Lieberman	Sununu
DeMint	Lott	Warner
Ensign	McCain	Wyden
Feinstein	Reed	

NOT VOTING—4

Crapo	Murkowski
Jeffords	Stevens

The amendment (No. 779), as modified, was agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. SUNUNU. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RECESS

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived, the Senate stands in recess until 2:15 p.m.

Thereupon, at 12:30 p.m., the Senate recessed until 2:18 p.m. and reassembled when called to order by the Presiding Officer (Mr. SUNUNU).

ENERGY POLICY ACT OF 2005—Continued

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. 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. DOMENICI. Mr. President, I note the presence of the distinguished Senator from Washington, Ms. CANTWELL, on the floor. We have agreed heretofore that her amendment would now be the subject matter before the Senate. I understand the Senator is prepared to offer it.

Ms. CANTWELL. Mr. President, yes.

Mr. DOMENICI. Mr. President, may we have a copy of the final draft of the amendment?

Ms. CANTWELL. Yes, we will send the amendment to the desk.

Mr. DOMENICI. We have it. I wonder if we can discuss what the Senator's pleasure is. We have nothing else pending but her amendment for at least a couple of hours or more. How much time does the Senator think she might need?

Ms. CANTWELL. Mr. President, I know there are many colleagues who want to talk on this issue. I do not know how many members on the other side of the aisle want to speak. I would think we can dispose of this within a couple of hours. That would be my guess.

Mr. DOMENICI. Mr. President, we will not set a specific time, but let's talk about a couple of hours. I gather that the Senator would not need all that time continuously, if somebody desired to speak. I ask the Chair to recognize the Senator to answer my question.

The PRESIDING OFFICER. The Senator from Washington.

Ms. CANTWELL. That is correct. I think we will start the debate on the Cantwell amendment, and if other Members want to address that or other issues, we are happy for them to come down and address those issues as the afternoon progresses.

Mr. DOMENICI. It is the understanding—and I hope Senator CANTWELL would comply—that there will not be any other subject matter come up. I ask unanimous consent that no other amendments be in order while this discussion is taking place, other than discussing the amendment.

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

Mr. DOMENICI. Mr. President, having said that, Senators on our side have heard we will be on this amendment for 2 hours, probably longer. If any of my colleagues desire to come down and debate the issue, I would very much appreciate them letting us know or, in fact, come to the floor and we will arrange for them to speak.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

Ms. CANTWELL. Mr. President, I thank the chairman of the Energy Committee for his participation and help in clarifying this next segment of debate on the Energy bill. While I think we have several issues left to discuss, I think it is very important to realize what a milestone we have achieved. After a couple of sessions of the Senate trying to get energy legislation, we are now on the precipice of having an energy bill that has great bipartisan support.

I compliment the chairman of the Energy Committee for his hard work and diligence in getting an energy bill that has such great bipartisan support. As a member of the Energy Committee and as a relatively new Member of the Senate, I can tell you how honored I was that Senator DOMENICI visited me in my office to talk about the issues impacting the Northwest—because we have been hard hit by an energy crisis in the last several years—and his willingness to work with my office on those Northwest issues, particularly related to the hydro system.

I can say with certainty that just about every member of the Senate Energy Committee participated in the markup of this legislation by getting ideas and concepts into the Energy bill. While each of us have different perspectives because we represent different regions of the country, people should realize that getting an energy bill is a very important step forward in our Nation.

I contrast that to the House version. The House version reminds me of where we were in the Senate version 2 years ago, except for the House version just kept going in the wrong direction. It basically has what I call ''gratuitous special interest deals'' relating to groundwater pollutants. This includes letting MTBE manufacturers off the hook from their liability, something I know the Presiding Officer has concerns about. The House bill also has rollbacks of the Clean Air Act, the Clean Water Act, the National Environmental Policy Act and the Safe Drinking Water Act. I think these are bad precedents to set.

I am trying to bring attention to the fact that the product we are starting with in the Senate is good legislation. The next week and a half will probably make this legislation even better, as Members who are not on the committee bring up issues, some of which, Members who are on the committee left to be discussed by all the Members on the Senate floor.

Something of particular importance to the Northwest is the electricity title in this legislation. Establishing the electricity title was a very meaningful step toward responding to the scandalous Enron crisis and the unethical practices of market manipulation. We are really getting tough on energy traders and executives who perpetrate the kinds of abuses that we saw in the western energy market. We are sending a message to those industries and businesses that the consumer will not provide the deep pocket for Enron kinds of bankruptcies.

I am grateful to the chairman and the ranking member from New Mexico for their hard work on this legislation. There was a great irony taking place the moment the Senate was about to make a decision on changing the filibuster rules. Members of both sides of the aisle and all their staffs were hard at work marking up a very comprehensive energy bill in a very bipartisan fashion. If people were there, they would have realized it was the Senate at its best doing its best work.

There are still outstanding issues that we decided we were going to bring to the Senate floor. Some of those issues were related to a variety of concerns that we thought were best addressed on the Senate floor. One of the issues that I think is important to bring up is my amendment on energy security. It is an amendment that will set a national goal for getting off our overdependence on foreign sources of oil. I am pleased to be able to offer that amendment with Senators DURBIN, SALAZAR, and KERRY because it is important that energy independence be