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Senate

The Senate met at 9:45 a.m. and was called to order by the President pro tempore (Mr. STEVENS).

PRAYER

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

Let us pray.

Eternal Lord God, give us today the gifts that bring us meaning. Shower us with the gifts of wisdom and courage so that we may choose right and strive to do Your bidding. Give us the gifts of strength and prudence, so that we will resist temptation and anticipate traps and snares. Bless our Senators with the gifts of diligence and perseverance, enabling them to accomplish the difficult and to never give up trying to do Your will.

Give them also the gifts of loyalty and forgiveness, so that they will be true to their friends and patient with their enemies. Give each of us the gift of purity, so that we will find pleasure in simple things and a desire to honor You in our thoughts and deeds.

We pray in Your loving Name. Amen.

PLEDGE OF ALLEGIANCE

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

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

RESERVATION OF LEADER TIME

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

ENERGY POLICY ACT OF 2005

The PRESIDENT pro tempore. 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.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, this morning, following the opening statement of the two leaders, we will proceed to passage of the Energy bill. A lot of work has gone into this bill at this point, and this upcoming final passage vote is one further step toward a national energy policy. We look forward to a good conference with the House to produce a final Energy bill for the President to sign.

Following that vote, we will resume consideration of the Interior appropriations bill. Pending to that bill are approximately 40 first-degree amendments. The committee, over the course of the weekend and yesterday, had been reviewing those amendments and, hopefully, we can dispose of most of those amendments without rollcall votes. We will need to debate and vote on some of the pending amendments, and therefore we will have votes throughout the day. We would like to finish the Interior appropriations bill today, and I will be speaking shortly to the two managers with regard to progress that is being made.

We will be recessing from 12:30 to 2:15 today. When we conclude the Interior bill, the Senate will begin the Homeland Security appropriations bill, and we will finish that bill prior to the start of the July 4 recess. In addition to funding the work of the Department of Homeland Security, that legislation begins the hard work of enhancing the security of our borders. We will complete action on this piece of border security legislation this week.

It is also possible that the Senate could complete work on other appropriations bills beyond the two to which the minority leader and I have agreed. We will be working together with the chairman and the ranking member of the Appropriations Committee to see what we can accomplish in addition to the Interior and Homeland Security appropriations bills.

In addition, this morning, the Finance Committee is working on our free-trade agreement with several Central American countries. If the committee completes action on that, we would also take that up this week. Under the law, debate on the free-trade agreement would total no more than 20 hours equally divided, and we will do that later this week.

As I mentioned last week, we will also consider any other available conference reports or legislative or executive items that are ready for action throughout the week—the highway conference report extension, a welfare extension, as well as a series of important nominations that could be resolved this week as well: Lester Crawford to run our Food and Drug Administration, Tom Dorr to serve in the Department of Agriculture, Gordon English to serve in the Department of Homeland Defense. All of these are possible for action before the recess.

We are going to have a very busy final week and, I know, a productive week. We will be working through Friday. I want to announce to our colleagues once again, as I have before, that in all likelihood we will be voting on Friday, and intend to vote on Friday.

In addition, I ask unanimous consent that I be recognized at 3:45 today, to be followed by Senator BUNNING, to be followed by Senator MCCONNELL.

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

Mr. DORGAN. Mr. President, will the majority leader yield for a question on the schedule?

The PRESIDENT pro tempore. Under the previous order, this is the time to vote on H.R. 6.

Mr. DORGAN. Mr. President, I ask unanimous consent we be allowed to have the majority leader respond to a question.

The PRESIDENT pro tempore. Is there objection?

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

Mr. FRIST. I will be happy to respond.

Mr. DORGAN. The majority leader suggested that perhaps CAFTA might be brought up later this week. As the majority leader knows, CAFTA is brought to us under something called fast-track procedures, No. 1, and No. 2, an expedited procedure by which, when it is brought to the floor, it is given 20 hours of debate. Some of us feel very strongly that fast track is wrong, but, nonetheless, that is the process.

I ask the majority leader if he is intending to bring up CAFTA under fast track as the last order of business because the suggestion then would be you bump fast track up against the Fourth of July recess. I think that would mistreat a very serious issue.

My hope is that the majority leader will not decide to make the CAFTA trade agreement the last order of the day in this week because, if so, that will suggest that there is a desire to truncate the debate, to shrink the 20 hours, and not have a thoughtful and full debate on a very important trade issue at a time when we have the largest trade deficit in the history of this country.

My question would be, is there consideration to bringing up the Central American Free-Trade Agreement when we return from the Fourth of July recess?

Mr. FRIST. Mr. President, as I mentioned, the Central American Free-Trade Agreement is currently being addressed by the committee. That will be done today and possibly into tomorrow. Before we make any definitive scheduling beyond that, we will let it get through the committee. I will be talking to the Democratic leader. It is an issue that we could, through a fast-track mechanism, address before we leave for our July recess. No final decision has been made. I will be in discussion with the Democratic leader.

The PRESIDENT pro tempore. Does the Democratic leader seek recognition?

Under the previous order, the hour of 9:45 having arrived, we will proceed to a vote on H.R. 6. The yeas and nays have not been ordered.

Mr. FRIST. I ask for the yeas and nays.

The PRESIDENT pro tempore. The Senator from New Mexico.

Mr. DOMENICI. I wonder if, in regular order, would it be appropriate for the Senator from New Mexico and two Senators to speak for 3 minutes on the bill?

The PRESIDENT pro tempore. By unanimous consent that could be the order.

Mr. DOMENICI. Mr. President, we will soon vote this morning on final passage of the Energy Policy Act of 2005. I hope and expect that my colleagues will vote overwhelmingly to pass it for a number of reasons, but I want to concentrate on two of the most significant.

First, this bill is a huge step forward in our quest to enact policies that will ultimately move us away from our dependence on foreign sources of energy. There are no quick fixes for the predicament we have created for ourselves over the past 50 years.

But Senator BINGAMAN and I, of all people, are keenly aware of the promise that research and development of new technologies holds for our future energy independence. He and I have had the good fortune to witness the tremendous accomplishments of the scientists at Los Alamos and Sandia over the years. We know that partnerships in science and technology between the government and the private sector can spur significant advancements in technologies we need for our future—a future where we become more productive, more efficient, less dependent on foreign sources, and more protective of our environment in the process.

We have provided in this bill the opportunities for those partnerships as well as other incentives for the private sector to make the advances we need to have for our energy future.

Secondly, this is a bipartisan product that deserves broad support. Senator BINGAMAN and I have worked together on the Energy and Natural Resources Committee for over 20 years.

We have struggled through the issues we address in this bill for many years. Over the past six months, we have garnered the fruits of that association into this bipartisan bill to create what I believe is a fine product to get us started on solving our energy problems.

This bill isn't perfect. No bill ever is. But Senator BINGAMAN and I believe it is a worthy product that deserves your support. We look forward to a speedy conference with the House of Representatives and hope to soon deliver a conference report to this body for passage.

I also express my sincere thanks to my staff, as well as Senator BINGAMAN's staff, for their many, many days of long hours and hard work to make this bill a reality. They have been open to all of you and your staffs, and, I believe, have honestly attempted to address any issue Senators have brought to them.

I especially want to thank Alex Flint, Staff Director, and Judy Pensabene, Chief Counsel, for managing this entire process. Other members of the staff who also lent their expertise and professionalism to the process are: Carole McGuire, Deputy Staff Director; Karen Billups, Deputy Chief Counsel; Counsels Kellie Donnelly, Lisa Epifani, and Frank Macchiarola; Professional staff members Dick Bouts, Kathryn Clay, Frank Gladics, Josh Johnson, John Peschke, and Clint Williamson; Mamie Funk, Communications Director, and Angela Harper, Deputy Communications Director; Colin Hayes, Legislative Aide; Carol Craft, Chief Clerk; Cherstyn Monson, Executive Assistant; and Staff Assistants David Marks, Amy Millett, and Steve Waskiewicz.

Lastly, I sincerely thank the majority leader and his excellent staff for helping us shepherd this bill through the Senate.

I believe today we will pass, for the first time in many years, a new policy for the United States with reference to our energy production, the energy needs of the future.

I think this is a very good bill. I think it will provide us with a significant number of alternative energy supplies, all of which will be predicated upon the proposition that energy should be clean, the energy that we produce in the future; much of it should be renewable; that, indeed, we have conservation; that nuclear should become part of our arsenal; that, in addition, innovation will be the order of the day.

Along with production of ethanol, the rest of the bill will produce jobs, jobs, jobs, and will secure jobs for our future.

With reference to natural gas, one of our most significant and serious problems today, we hope that there will be a new and invigorated supply which will give us an opportunity to have prices for natural gas stabilize or even come down, without which we have a very difficult future for millions of jobs that are dependent upon natural gas or derivatives from natural gas.

All in all, I think this is an exciting and good bill. I thank the Senate for its support, the leader for his support, Senator BINGAMAN for his support. This is truly the first major bill in a long time that is bipartisan in nature. That made it possible, and I am very proud to have been part of it.

I yield the floor.

The PRESIDING OFFICER (Mr. VITTER). The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, the bill before us is not perfect. It does not go as far I would have liked, or others may have liked, to reduce our dependence on foreign oil, to improve our automobile fuel efficiency, or to reduce greenhouse gas emissions.

But it makes a good start. The bill puts the Senate on record, for the first time, as saying that global warming is a problem and that we need to take serious action to address it. The bill stops short of taking those actions itself, but it acknowledges the problem, and that is an important—indeed essential—step in the right direction.

The bill also takes major steps toward increasing the amount of energy we use to make our electricity and to fuel our cars and trucks from renewable energy sources. It promotes the development and deployment of new energy technologies, improves energy efficiency, and modernizes our electricity laws. It was a good bill coming out of committee and it has been made better on the floor.

Much of the credit for the bill goes to Chairman DOMENICI for the fair, open, and bipartisan process he used to draft the bill and shepherd it through the committee and on the floor. Not all issues were resolved the way he would have liked or I would have liked, but he let the committee and the Senate work their will. It has resulted in a good bill.

Special thanks must also go to the committee staff, both majority and minority, who put in long hours and hard work on the bill over the last several months. Everyone on the Democratic staff of the committee contributed to this effort: Bob Simon, Sam Fowler, Patty Beneke, Tara Billingsley, Jonathan Black, David Brooks, Michael Carr, Mike Connor, Deborah Estes, Amanda Goldman, Leon Lowery, Jennifer Michael, Scott Miller, Sreela Nandi, Dominic Saavedra, Al Stayman, Vicki Thorne, Bill Wicker and Mark Wilson. I especially wish to thank our Democratic staff director, Bob Simon. I would also like to single out Jonathan Epstein and James Dennis on my personal staff for their contributions to the bill.

I would also like to acknowledge the constant and valuable help given to us by the Democratic cloakroom staff and the staff of the Democratic Leader.

Our task now will be to keep our bipartisan bill from being undermined in conference. Twice before the Senate has sent an energy bill to conference, only to see it die in conference or on the floor. But I am confident that the third try is the charm.

Again, I commend Senator DOMENICI for his leadership and bipartisan approach to this effort. I think we have come up with a bill which should enjoy good bipartisan support here on the Senate floor.

There are obviously some provisions I wish were in the bill that are not. But I think we are going into conference with a good piece of legislation. I hope we are successful in persuading the House to agree with us on that. I do think we still have many hurdles to overcome, as we have learned from previous Congresses, but I am optimistic that this time we will succeed in completing action on an energy bill.

Mr. FEINGOLD. Mr. President, energy policy is an important issue for America and one which my Wisconsin constituents take very seriously. Crafting an energy policy requires us to address important questions about, for example, the role of domestic production of energy resources versus foreign imports, the need to ensure adequate energy supplies while protecting the environment, the need for additional domestic efforts to support improvements in our energy efficiency, and the wisest use of our energy resources. Given the need for a sound national energy policy, a vote on an energy bill is a very serious matter and I do not take a decision to oppose such a bill lightly. In my view, however, this bill does not achieve the correct balance on several important issues, which is why I will oppose it.

The Congressional Budget Office, CBO, estimates that implementing the bill will cost $5.1 billion in 2006 and $35.9 billion over the 2006–2010 period. I am concerned that this estimate does not include the at least $10.1 billion in unpaid-for tax breaks. The $10.1 billion includes $5.7 billion in production tax credits and $4.4 billion in various subsidies to the oil, gas, and nuclear industries. Although I support the extension of the wind energy production tax credit and incentives for alternative fuels such as biodiesel, I am concerned that these tax expenditures are not offset. This billion dollar figure does not include the potential costs of the billions of dollars in loan guarantees provided in the bill, which could prove extremely costly to taxpayers. According to the CBO, loan default risk is ‘‘well above 50 percent’’ leaving taxpayers to foot the bill. The oil, gas, coal, hydroelectric and nuclear industries are mature industries that do not need to be propped up by the taxpayers. I am also especially concerned about the tax subsidies for the oil and gas industry, which is already experiencing windfall profits as oil nears $60 a barrel.

Even before the Senate added the tax title to the bill or any other amendments, CBO estimated that implementing the bill would cost $5.1 billion in 2006 and $35.9 billion over the 2006–2010 period. None of this spending is offset, or paid for. Our nation's budget position has deteriorated significantly over the past few years, in large part because of the massive tax cuts that were enacted. We now face years of projected budget deficits. The only way we will climb out of this deficit hole is to return to the fiscally responsible policies that helped put our nation on a sound fiscal footing in the 1990s, and that means making sure the bills we pass are paid for. Otherwise we are digging our deficit hole even deeper and adding to the massive debt already facing our children and grandchildren.

In addition, this bill repeals the proconsumer Public Utility Holding Company Act, the Federal Government's most important mechanism to protect electricity consumers. The bill does include language from my colleague from Washington, Ms. CANTWELL, banning Enron-like energy trading schemes. I also welcome the addition of new language that gives the Federal Government more oversight of utility mergers. This language, however, in my opinion, does not adequately prevent utilities from using affiliate companies to out compete small businesses.

That is why I joined with the Senator from Kansas, Mr. BROWNBACK, in filing the consumer protection, fair competition, and financial integrity amendment. We believe that small businesses and consumers should be protected from abuses involving public utility companies' related businesses. We also share the belief that repeal of the Public Utility Holding Company Act in the underlying bill creates a serious regulatory void and market flaw that Congress should correct.

Our amendment would have improved the bill by making clear the actions that the Federal Energy Regulatory Commission—or FERC—must take to ensure that deregulated holding companies do not outcompete our small businesses, damage their financial standing, and then pass the costs of bad investments to consumers.

Our amendment was supported by a wide and impressive coalition of business, labor, financial, and consumer groups which include AARP, American Iron and Steel Institute, American Public Power Association, American Subcontractors Association, Associated Builders and Contractors, Association of Financial Guaranty Insurers, ACA Financial Guaranty Corporation, Ambac Assurance Corporation, Assured Guaranty Corporation, Blue Point Re Limited, CIFG, IXIS Financial Guaranty, Financial Guaranty Insurance Company, Financial Security Assurance, MBIA Insurance Corporation, Radian Asset Assurance Inc., RAM Reinsurance Company, XL Capital Assurance, ELCON, International Brotherhood of Electrical Workers, Mechanical Contractors Association of America, National Electrical Contractors Association, Plumbing-Heating-Cooling Contractors—National Association, Public Citizen, Public Interest Research Group, Sheet Metal and Air Conditioning Contractors' National Association, Small Business Legislative Council, and Wisconsin Public Power, Incorporated.

My State of Wisconsin is acutely interested in and concerned about the repeal of PUHCA and about ongoing abuses involving the unregulated corporate affiliates of regulated utilities. I have also heard from contractors and other small businesses across the Nation who have been harmed by unfair competition by affiliates of public utilities.

I am pleased this consumer protection amendment was a bipartisan effort. I believe we have broad support in this body and beyond for this amendment, which is why I was disappointed that we were not able to offer this amendment because of the threat of another amendment being offered that would eliminate the oversight provisions currently in the bill.

I am pleased, however, that we were able to obtain assurances from the chair and ranking member that they would hold a hearing on abusive affiliate transactions. I also appreciate the ranking member's commitment to request a GAO investigation of the potential for abusive transactions involving affiliates of public utility companies.

During debate on this important measure, I supported several efforts to improve the underlying bill and the bill contains many provisions that I support. Specifically, I strongly supported the amendment offered by the Senator from New Mexico, Mr. DOMENICI, No. 779. I am pleased that the Senate overwhelmingly passed this important measure. I support the national ban of methyl tertiary butyl ether, MTBE, and the measures in the bill that increase the supply of ethanol. I am also pleased that the amendment includes language I drafted to consolidate the number of Federal reformulated gasoline blends. I have worked closely with Congressman PAUL RYAN in an effort to reduce the number of Federal reformulated gasoline blends and increase gasoline supplies for consumers.

In recent years, fuel supply shocks such as pipeline problems and refinery fires have contributed significantly to gasoline price spikes in southern Wisconsin. Chicago and southeast Wisconsin use a specialized blend of reformulated gasoline to meet Federal Clean Air Act requirements that is not used elsewhere in the country. When supplies of this type of gasoline run low, Wisconsin is unable to draw on supplies of gasoline from other areas. Consolidation of the number of boutique fuels will help Wisconsin and consumers across the country. I look forward to working with my colleagues on both sides of the aisle to ensure that the boutique fuels issue is adequately addressed in the energy bill conference report.

I also supported Senator BINGAMAN's amendment to mandate a renewable portfolio standard requiring electric utilities to generate or purchase 10 percent of the electricity they sell from renewable sources by 2020. The Senate has previously considered renewable portfolio standards of 20 percent. We can do even better on renewable energy sources, but I am pleased that the Senate took a positive step forward on this important issue.

I am also pleased with the many energy efficiency incentives and the reauthorization of the Energy Performance Savings Contracts Program. I also support the inclusion of mandatory electricity reliability standards to prevent blackouts.

I supported the Cantwell energy security amendment, No. 784, because it would have helped to put America on the path towards independence from foreign oil. Reducing our dependence on foreign oil by 40 percent by 2025 will make our country stronger and safer. For years, the American economy has been subject to the whims of the Organization of Petroleum Exporting Countries, OPEC, cartel. The amendment did not address which technology should be used to reduce our dependence on foreign oil and does not mandate changes in fuel economy standards. The language is simple—it sets our goal and we have to figure out how to get there. We are a country of innovators. Whether it is wind, solar, biodiesel, or a technology we still have not dreamed of yet, we can—and we must—break our addiction to foreign oil. This bold, aggressive amendment would have ensured that we meet our goal of real energy independence. I was disappointed that the Senate did not adopt this amendment.

In sum, the American people deserve a more fiscally responsible energy policy than that is reflected in this bill, and I cannot vote in favor of it. This measure will need to be improved in conference to get my vote.

Ms. FEINSTEIN. Mr. President, I start by thanking Chairman DOMENICI and Senator BINGAMAN for all of their hard work on this bill. They said they were going to work to get a bipartisan bill and they accomplished their goal.

Overall, however, I believe that this Energy bill will help the country meet its energy needs in a number of important ways.

This bill provides strong consumer protections, aggressive energy efficiency standards, and a focus on new technologies to meet our energy needs in a more environmentally friendly manner.

Additionally, the bill takes a step in the right direction to reduce our consumption of fossil fuels, especially natural gas. This is a major improvement over past Energy bills, which have done nothing to reduce our use of fossil fuels.

As we learned during the Western energy crisis, Federal energy regulators did not have enough authority to prevent widespread market manipulation.

Through the course of the crisis in California, the total cost of electricity soared from $7 billion in 1999 to $27 billion in 2000 and $26.7 billion in 2001. The abuse in our energy markets was pervasive and unlawful.

So I am pleased to report that this bill includes provisions that I have sought over the past 4 years to strengthen consumer protections and hopefully prevent another energy crisis like the one we experienced in the West.

These consumer protections include: a broad ban on manipulation in the energy markets; stronger criminal and civil penalties in the energy markets to provide stronger deterrents to violations of Federal energy laws; elimination of the unnecessary 60-day waiting period for refunds at FERC, which may cost Californians millions of dollars; new provisions to make the energy markets more transparent; and a ban on traders who manipulated the natural gas or the electricity markets from ever trading in energy markets again.

I am also very pleased that Senators GRASSLEY and BAUCUS included in the Energy bill much of the energy efficiency tax incentives that Senator SNOWE and I sponsored.

The simplest, most effective thing we could do today to reduce our electricity use would be to use more energy-efficient appliances, such as air conditioners, refrigerators, and clothes washers.

We know that energy efficiency works. In California, efficiency programs have kept electricity consumption flat for the past 30 years, in contrast to the rest of the United States, where consumption increased 50 percent.

During the Western energy crisis, California faced energy shortages and rolling blackouts, but it could have been much worse. Ultimately, the State was able to escape further blackouts because Californians made a major effort to conserve energy. This reduced demand for electricity and helped ease the crisis.

By creating incentives to reduce demand, the energy efficiency tax incentives will help us avoid power shortages and blackouts in the future.

In addition, encouraging more efficient technologies will also reduce pollution and save consumers billions of dollars in the long run.

America cannot solve its energy challenges by simply adding more supplies. We must find ways to reduce demand for energy and create more efficient technologies. Including the energy efficiency tax incentives is a big step in the right direction.

For all of those reasons, I am supporting this bill. However, I still have some major reservations about the legislation as it now stands. Among them are:

Ethanol. The bill includes an 8 billion gallon mandate for ethanol when my State does not need it to meet clean air standards. I think this mandate is bad and costly public policy.

LNG Siting. This bill gives the Federal Energy Regulatory Commission exclusive authority over siting LNG terminals. I believe States should have a strong voice in this process.

Global Warming. Although we can already see the real effects of global warming, this bill takes no effective action to curb greenhouse gases.

Outer Continental Shelf. This bill provides for an inventory of the resources off our shores. This is not necessary unless we plan on drilling, to which I remain very much opposed.

Essentially, this bill takes no risks whatsoever to do the right thing. And though I will vote in favor of this bill, I would like to discuss these serious reservations that I have with it.

I am extremely concerned about the bill's 8 billion gallon ethanol mandate.

First, though, I would like to thank the committee for accepting an amendment I offered to protect California's air quality. It waives the requirement that California use ethanol in the summer months when it can end up polluting the air more than protecting it.

Despite this win for California's air quality, I still have concerns about the impacts of mandating that refiners use 8 billion gallons of ethanol by 2012.

President Bush has said over the past few months that this Energy bill will not do anything to reduce gas prices at the pump. I would like to add another note of caution: I hope this bill does not actually increase the price at the pump for consumers.

According to the Energy Information Administration, gas prices in California have been anywhere between 4 and 8 cents higher since ethanol replaced MTBE in California's gasoline, starting in 2003.

In May 2005, 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 national average. To be clear, adding ethanol to our gasoline has increased the cost at the pump.

In addition, when the 8 billion gallon mandate is fully implemented in 2012 it will only reduce U.S. oil consumption by one-half of 1 percent.

Since ethanol has a somewhat lower energy content than gasoline, more of it is required to travel the same distance. This results in a vehicle's fuel economy being approximately 3 percent lower with ethanol-blended gasoline.

Further, this provision is both a mandate and a subsidy. Ethanol receives a tax credit of 51 cents per gallon. An 8 billion gallon mandate means a $2 billion loss to the U.S. Treasury over today's receipts.

I do not believe that we should be imposing this huge mandate at a time when there is already such a huge subsidy to the ethanol industry, and when the Nation has such huge budget deficits.

We should have either the subsidy or the mandate, but not both.

I also remain concerned about the provision in the bill that provides exclusive authority over siting onshore liquefied natural gas terminals to the Federal Energy Regulatory Commission.

Increased demand for natural gas means we need new natural gas supplies, and liquefied natural gas is one of the options available to us.

States will be responsible for the safety of these facilities for a long time after they are sited. That is why it is so important to preserve the rights of the States to participate in the process to determine where these facilities should be located.

For LNG facilities that are sited more than 3 miles offshore, the Governor has the right to approve or veto a project.

Yet for facilities that are located onshore, in our busy ports and near our closely packed communities, States have less input.

That is why I offered an amendment to provide Governors the same authority for siting onshore facilities that they already have for offshore facilities.

To give a remote Federal agency control when States are concerned about the safety of residents near a proposed site is a mistake.

I firmly believe that States should have the right to veto a project that could endanger the public safety of its citizens.

I thank Senators LIEBERMAN and MCCAIN for their efforts to address the growing and imminent problem of global warming.

I strongly supported their amendment to cap greenhouse gas emissions at the year 2000 levels by 2010 and implement a market-based emissions cap and trade system.

The United States has only 4 percent of the world's population, and yet we produce 20 percent of the world's greenhouse gas emissions. As the world's largest greenhouse gas emitter, the United States has a duty to act.

We have already begun to see the very real effects of global warming. The polar ice caps are shrinking, glaciers are melting, snowpacks are dwindling, and coastlines are falling away.

If we do not act, these problems will only grow worse. California depends on the Sierra Nevada snowpack as its largest source of water. It is estimated that by the end of the century, the shrinking of this snowpack will eliminate the water source for 16 million people—equal to all of the people in the Los Angeles Basin.

Much of the world is already reducing their greenhouse gas emissions and they are counting on us to do the same.

It is time that the United States—the world's largest contributor to climate change—stepped up and took responsibility for our actions and their impact on the world. Global warming is too serious a problem for us to keep ignoring it.

Yet the Senate voted against the McCain-Lieberman amendment. We missed a big opportunity to do the right thing for our country and for the world.

I am also concerned because the bill includes a provision that would allow the Department of Interior to conduct an inventory of the resources in the Outer Continental Shelf.

I joined my colleagues from Florida and New Jersey to strip this provision from the bill. Unfortunately, the amendment was not agreed to.

Why would we need to inventory the resources on the Outer Continental Shelf unless we intend to drill there? I believe this provision is the proverbial ''nose under the camel's tent.''

I strongly oppose lifting the moratoria on drilling on the Outer Continental Shelf and my State is unified in its opposition as well. Our coast is too important to California's economy and to our quality of life.

Despite soaring gas prices, this bill does not take any steps towards reducing our oil consumption, which could easily be done by holding SUVs and light trucks to the same fuel economy standards as passenger vehicles.

SUVs have gained popularity to the point that they now make up more than half of new car sales in the United States. That is why I believe SUVs and light trucks should be held to the same fuel efficiency and safety standards as the smaller passenger cars they are replacing on our roads.

This would both reduce our oil consumption and imports as well as curbing greenhouse gas emissions that cause global warming. In addition, increasing fuel economy in SUVs and light trucks would save owners hundreds of dollars each year at the gas pump.

Consumers are concerned about high gas prices, yet we do next to nothing in the bill to increase the fuel economy of our vehicles so that they use less gasoline.

Our dependence on oil is reaching critical levels. Crude oil is hitting record highs at nearly $60 per barrel this week and it is not going to fall any time soon.

Crude oil is a global commodity and global oil demand is rising, especially in China and India.

In the past 5 years, China's oil imports have doubled, and show no signs of slowing down. Chinese demand for oil is expected to double again by 2025, while its imports will quadruple to 60 percent of its total oil consumption.

China is now the world's second biggest oil consumer, behind only the United States. And today we heard the news that China wants to buy an American oil company.

In addition, India's oil needs are expected to grow rapidly in the coming years. Last year alone, India's oil consumption grew by 10 percent.

Their rapidly growing economies are fueling their growing dependence on oil—which makes continued higher prices inevitable.

The most effective step we can take to reduce gas prices is to reduce demand. We must use our limited fuel supplies more wisely.

That is why I am so disappointed that the Senate did not include any provisions to increase fuel economy in the bill.

I am pleased that the chairman and ranking member were able to work together on a bill that does not roll back environmental protections, as the House bill does.

I want to take a minute to point out the most egregious House provisions that I hope we will not see in a conference report. They include:

Retroactive liability protection for MTBE producers despite the fact that the courts have already found that they make a defective product. This provision protects oil companies from having to pay billions of dollars to clean up the water supplies across the country that MTBE has contaminated.

Even though I am supporting the Senate Energy bill, I will not hesitate to vote against the conference report if it includes MTBE liability protection.

Allowing communities to get out of requirements to clean up their air if they claim that part of its problem is a result of transported air pollution. This provision severely weakens the Clean Air Act.

Exempting the underground injection of chemicals during oil and gas development from regulation under the Safe Drinking Water Act.

Weakening the ability of States to have a say in Federal activities that affect their coasts, including limiting appeals related to pipeline construction or offshore energy development under the Coastal Zone Management Act.

Opening the Arctic National Wildlife Refuge to drilling.

Further, the House $8 billion tax package is completely lopsided in favor of oil and gas production—only 5 percent of the $8 billion goes toward incentives for renewable energy production.

While I am pleased that the bill includes strong consumer protections that will hopefully prevent another energy crisis, incentives for energy efficiency, and promotes new energy technologies, I am disappointed that the bill does not do the right thing on global warming, ethanol, fuel economy, the Outer Continental Shelf, or LNG siting.

And so, it is with reluctance that I cast my vote in favor of this Energy bill.

Mr. LEVIN. Mr. President, I am supporting the energy bill before us today because I feel that it is a step forward in establishing a sound energy policy for our Nation. With oil prices soaring to over $60 per barrel, consumer gasoline prices continuing to rise, and the impacts of global climate change increasingly apparent, we need to move toward diversity of our energy supply and reduction of our dependence on oil.

The bill before us today includes provisions that will increase the diversity of our Nation's fuel supply, encourage investment in infrastructure and alternative energy technologies, increase domestic energy production, take critical steps to improve the reliability of our electricity supply, and improve energy efficiency and conservation. This bill is not a perfect bill, but on balance it moves toward a sound energy policy that will lead the way to greater energy security and efficiency for the United States. It will increase our domestic energy supplies in a responsible manner, provide incentives to move toward more and diversified supply options, and provide consumers with affordable and reliable energy. When we consider energy policy, it is always a balance. Many factors must be taken into account—the environment, national security, our economy and jobs. Each and every vote on this bill required a balancing of these factors to determine what is best for Michigan and for our country.

Our policies have long ignored the problem of U.S. dependence on foreign oil, and we remain as vulnerable to oil supply disruptions today as we have been for decades. Taking the steps necessary to reduce our dependence on foreign oil is an important objective for this country. I have long supported a broad array of Federal efforts to meet that objective. I believe that we need a long-term, comprehensive energy plan, and I have long supported initiatives that will increase our domestic energy supplies in a responsible manner and provide consumers with affordable and reliable energy.

There are provisions included in this bill that will help take important steps in this direction—particularly those provisions of this bill that address energy efficiency and renewable energy and will lead us toward greater uses of alternative fuels such as ethanol and biodiesel. I have also long advocated Federal efforts that will lead to revolutionary breakthroughs in automotive technology that will help us reduce our oil consumption. We need a level of leadership similar to the effort of a previous generation to put a man on the moon. I believe we need our own ''moon shot'' in the area of automotive technology to develop alternatives to petroleum and to make more efficient use of all forms of energy.

I am pleased that the bill before us today is a bipartisan bill and, as such, it is a significant improvement over what the Senate has considered in previous years. This proves that when we work together in a bipartisan fashion, not only is the process better but so is the resulting policy.

The bill includes a wide range of energy efficiency provisions that will ensure that conservation and efficiency are a central component of our Nation's energy strategy. These provisions address Federal, State, and local energy efficiency programs, provide funding for important programs such as home weatherization, and establish efficiency standards for a wide variety of consumer and commercial products. Provisions of the bill will also ensure more efficient operation of Federal facilities, setting an important example by the Federal Government. The bill will also accelerate advances in energy-efficient appliance technologies by providing a tax credit for the production and sale of products such as super energy-efficient washing machines, refrigerators and dishwashers. Increasing the sale of these products will result in significant energy and water savings, thereby reducing dependency on foreign energy, reducing emissions and conserving water. Finally, because the tax credits apply only to U.S.-manufactured products, the bill can stabilize or increase American manufacturing jobs.

This legislation also takes critical steps to improve the reliability of our electrical grid and promote electricity transmission infrastructure development. Our economy depends upon electric power, and, in some cases, electric power literally saves lives. Failures in the electric system interrupt many crucial activities. Our current industry-developed, voluntary standards for the reliability of the electrical grid have long been in need of improvement. That need for improvement was underscored painfully by the August 2003 blackout. There were two key lessons from the blackout—the need for strong regional transmission organizations to ensure that reliability standards are carried out and enforced, and the need for additional transmission upgrades to maintain reliability. I regret that it has taken 2 years to get to a consensus on these issues. Nonetheless, I am pleased that the provisions of this bill authorize the creation of an electricity reliability organization to establish mandatory and enforceable reliability standards, which is a critical and necessary step forward.

The bill puts an increased emphasis on renewable energy technologies, such as wind and solar power. These technologies are becoming more economical every year. In fact, in some areas of the country these technologies are competitive with traditional fuels such as coal and natural gas. With this in mind, this bill includes a renewable portfolio standard, which requires sellers of electricity to obtain 10 percent of their electric supply from renewable energy sources by the year 2020. Existing hydroelectric pumped storage facilities—such as the Ludington pumped storage facility in Michigan—are included in the definition of hydroelectric facilities, which will ensure that these reliable existing sources of renewable power are calculated in a utility's base generation and can continue to be utilized to full potential. Finally, to promote the use of renewable fuels, the bill also includes a requirement for refiners to use 8 billion gallons of ethanol or biofuels by 2012. Overall, the increased use of renewable technologies will reduce our dependence on foreign oil and lead to the creation of tens of thousands of new jobs.

The bill also puts increased emphasis on diversity of supply and includes a broad range of provisions intended to encourage the use of new and cleaner technologies, particularly for power generation. Nearly 60 percent of electricity generation in Michigan is generated from coal, which will remain a vital resource well into the future. Programs authorizing research in clean coal-based gasification and combustion technologies will ensure that the most advanced technologies are developed for power generation. Other provisions of the bill also encourage the use of innovative technologies for both power generation and other end-uses.

Increased emphasis on diversity of fuel supply will help to take the pressure off of our tight natural gas supply, which is important for States such as Michigan with a large manufacturing base. Over the past 6 years, the tight natural gas supply and volatile domestic prices have had significant impacts on the U.S. manufacturing sector, which depends on natural gas as both a fuel source and a feedstock and raw material for everything from fertilizer to automobile components. As domestic production of natural gas has declined, demand for natural gas has increased dramatically, particularly in the area of power generation. Today, U.S. natural gas prices are the highest in the industrialized world, and many companies have been forced to move their manufacturing operations offshore. More than two million manufacturing jobs have been lost to overseas operations in the 5 years since natural gas prices jumped from $2.00 per million Btu to more than $7.00 per million Btu.

I am pleased that the Senate bill includes a significant research, development, demonstration and commercialization effort in the area of hydrogen and fuel cells. I believe that this program will help us make critical strides toward realizing the goal of putting hydrogen fuel cell vehicles on the road over the next 10 to 15 years.

We need a significantly larger effort than anything on the drawing boards, and we need to put greater Federal resources into work on other breakthrough technologies—such as advanced hybrid technologies, advanced batteries, advanced clean diesel, and hybrid diesel technology. Federal Government investment is essential not only in research and development but also as a mechanism to push the market toward greater use and acceptance of advanced technologies. Expanding the requirements for the Federal Government to purchase advanced technology vehicles will help provide a market for advanced technologies.

We also must have far greater tax incentives for advanced technologies than have been proposed to date. To that end, I had hoped to offer an amendment to the bill—along with Senators BAYH and ALEXANDER—to provide more generous consumer tax credits for purchase of advanced technology vehicles and to provide an investment tax credit to manufacturers to help defray the cost of re-equipping or expanding existing facilities to produce advanced technology vehicles. The Finance title of this energy bill includes laudable incentives, but I believe we need more generous consumer tax credits for a wider variety of vehicles—including advanced clean diesel, as well as hybrid and fuel cell vehicles—to encourage consumers to make the investment in these technologies. I also believe that an investment credit on the manufacturing side is necessary to offset the high capital costs of such an investment. I hope that more significant tax incentives for a wide range of advanced vehicle technologies will be considered during the House-Senate energy conference.

The Senate bill also includes an amendment I offered to have the National Academy of Sciences conduct a study and submit a budget roadmap to Congress on what level of effort and what types of actions will be required to transition to fuel cell vehicles and a hydrogen economy by 2020. If hydrogen is the right answer, we will need the equivalent of a moon shot to get there. We will need a significant Federal investment—well beyond anything we are doing today—in conjunction with private industry and academia to reach that goal. This study and roadmap will be an important step toward determining if that is the right path to follow.

I am also pleased to have cosponsored an amendment offered by Senator VOINOVICH to authorize $200 million annually for 5 years to fund Federal and State grant and loan programs that will help us to replace older diesel technology with newer, cleaner diesel technology. Our friends in Europe have taken advantage of the opportunities that diesel offers for improving fuel economy and reducing oil dependence. We have not been able to do so here in the U.S. because of our concerns about tailpipe emissions. Initiatives such as those included in this amendment will help the U.S. to develop advanced diesel technology that will be able to meet our emissions standards in a cost-effective manner.

Lastly, the Senate rejected resoundingly efforts to require significant and arbitrary increases in the corporate average fuel economy—CAFE—standards, adopting instead an amendment offered by Senator BOND and myself that offered a more balanced approach. Our approach requires an increase in both car and truck CAFE standards but it requires the Department of Transportation to set these standards looking at the maximum technological feasibility, taking into consideration a series of critical factors such as safety, the impact on manufacturing and jobs, and the lead-time required for developing new technologies. Other proposals offered in the Senate—but rejected—would have hurt domestic manufacturers and the U.S. economy, without doing much for the environment.

Gasoline prices have been extremely volatile over the past few years and are likely to stay high. Our demand for oil continues to increase while our supplies have remained about the same. To reduce the impact of high gasoline prices over the long-term, we need to reduce our consumption of oil by continuing to develop advanced vehicle technologies such as hybrids, advanced clean diesels, and fuel cells. In the short-term, however, I continue to be concerned about price fluctuations because gasoline prices can have a dramatic effect on not only the average consumer's wallet, but also the economy as a whole. During consideration of the energy bill, I supported an amendment offered by Senator BYRD designed to provide some relief to high gas prices, specifically for people who live in rural areas. This provision allows employers to provide tax-free commuter benefits to employees who live in a rural area and drive to work in an area that is not accessible by a transit system.

I was also pleased to support an amendment to help small businesses and farmers deal with the high price of fuel. This amendment, offered by Senator KERRY, gives small farms and businesses access to low-interest credit through disaster loan programs. These programs, through the Small Business Administration and the U.S. Department of Agriculture, will give much needed relief to these small businesspeople and small farmers who have been hurt by the price spikes in heating oil, natural gas, propane, gasoline and kerosene.

Lastly, I supported an amendment offered by my colleague from Michigan, Senator STABENOW, requiring the Federal Trade Commission to conduct an investigation and provide a report to Congress on whether the increase in gasoline prices is the result of market manipulation or price gouging. In 2002, as chairman of the Permanent Subcommittee on Investigations, I lead an investigation into how gas prices are set. Since that time, gas prices have continued to rise, and I believe a new investigation and report is warranted to hopefully result in some protection for consumers.

I am pleased that this bill contains an amendment that I offered with Senator COLLINS to direct the U.S. Department of Energy to develop and use cost-effective procedures for filling the U.S. Strategic Petroleum Reserve. The amendment requires DOE to consider the price of oil and other market factors when buying oil for the SPR and to take steps to minimize the program's cost to the taxpayer while maximizing our energy security. Since early 2002, DOE has been acquiring oil for the SPR without regard to the price or supply of oil. During this period the price of oil has been very high—often over $30 per barrel—and the oil markets have been tight. Many experts have stated that filling the SPR during the tight oil markets over the past several years increased oil prices. With this amendment, the bill directs DOE to use some common sense when buying oil for the SPR.

Any successful businessperson knows the saying, 'Buy low, sell high.' It makes sense for buying oil as well as pork bellies.

Finally, I want to mention an issue that was a source of strong debate in the Senate but which this bill does not adequately address: global warming. For years, almost all scientists have agreed that human actions are causing temperatures around the world to increase. Experts also agree that this global warming will lead to environmental problems and economic hardship, but there has been no consensus in the United States about what we should do to stop climate change.

The threat is real and growing, and the longer we wait to reach a reasonable consensus, the more painful the solutions will be. I believe two major policy changes are needed at the federal level: support for a new, binding international treaty that includes all countries, and a massive new federal investment in research, development and commercialization of new technologies. Both of these steps would provide real environmental and economic benefits while being fair to American workers. The Senate considered several well-intentioned proposals on this issue, though I did not believe they would have taken us in a comprehensive direction. I supported a sense of the Senate resolution that acknowledges the problem and calls on the administration to work with the Congress to enact a comprehensive national program to address this issue.

The energy bills considered by the Senate over the last couple of years have been doomed by a heavy-handed, partisan approach and by a conference committee that added many objectionable provisions before the bill came back to the Senate. We lost valuable time in putting us on the course toward a sounder energy policy. It is my sincere hope that the majority will pursue a different approach this year and produce a bill that will have strong bipartisan support.

Mr. INOUYE. Mr. President, I rise today to discuss two amendments that I filed concerning the Federal Energy Regulatory Commission hydro relicensing process and its impact on Indian tribes.

The two amendments were simple amendments that I had hoped to have included in a managers' package.

As presently drafted, section 261 will authorize license applicants to have veto authority over the Secretary's decision on whether to accept alternative conditions. This will have substantial adverse effects on Indian reservations that are occupied by hydroelectric project facilities as well as fishery resources that the United States holds in trust for Indian tribes.

The Federal Government has an obligation, a trust responsibility, to protect the resources and related property rights in them that we hold in trust for Indian tribes.

A cornerstone of Federal Indian policy regarding tribal natural resources is that development of them will not occur without the consent of the tribe for which the United States holds the resources in trust.

By injecting the judgment of a hydroelectric dam operator—whose interests may well be adverse to a tribe's—to override the Secretary's determination of the Federal trust responsibility for tribal resources affected by a license application seems to me to be a clear violation of our trust responsibility. In certain cases this could result in an applicant having a virtual veto over conditions relating to the protection of Indian lands and resources.

Congress acted to create reservations to fulfill solemn obligations to Indian tribes and vested in the Secretary the special responsibility to be the repository of expertise in the management and protection of those reservations as well as fisheries in which many tribes reserved rights in their treaties with the United States—treaties that were ratified by this Senate.

The tribal land and fishery resources that would be adversely affected by section 261 are vested property rights that the United States holds in trust. There is no justification for subordinating those rights to the activities and interests of a licensee in the manner provided for in this legislation.

The Federal Government has continuously broken its promises to Indian tribes. Over the past 60 years or so, this has cost us, and the taxpayers, hundreds of millions of dollars, if not more for breaking those promises. And we continue to face additional liability in the billions of dollars for breaking other promises and violating our trust responsibility. This has got to stop.

Justice Black once wrote at another critical juncture in the history of the Federal Power Act's relationship to tribal property rights: ‘‘Great nations, like great men, should keep their word.''

Although I am disappointed that we may once again be violating our solemn obligation to the Indian tribes who have contributed so much to our great country, I note that Senator DOMENICI has assured me that he will continue to look at this matter.

I call on my colleagues in the conference of this legislation to work to ensure revision of the language that is antithetical to tribal rights and longstanding Federal Indian policy.

Mr. OBAMA. Mr. President, during the 2 weeks or so that we have been debating this Energy bill in the Senate, the price of crude oil has climbed to a record high of $60 a barrel. Gas is now up to $2.24 per gallon. The Saudis are pumping at near-full capacity, and their own oil minister says that the price of crude will probably stay at this level for the rest of the year.

At this price, the United States is sending $650 million overseas every single day. That is $237 billion a year—much of it to the Middle East, a region we have seen torn by war and terror. It doesn't matter if these countries 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.

As demand continues to skyrocket around the world, other countries have started to realize that guzzling oil is not a sustainable future. What's more, these countries have realized that by investing early in the energy-efficient technology that exists today, they can create millions of tomorrow's jobs and build their economies to rival ours.

China now has a higher fuel economy standard than we do, and it has got 200,000 hybrids on its roads. Japan's Toyota is doubling production of the popular Prius in order to sell 100,000 in the U.S. next year, and it is getting ready to open a brand new plant in China. Meanwhile, we are importing hydrogen fuel cells from Canada.

These companies are running circles around their American counterparts. Ford is only making 20,000 Escape Hybrids this year, and GM's brand won't be on the market until 2007. As falling demand for gas-hungry SUVs has contributed to Standard and Poor reducing the bond rating of these companies to junk status, these giants of the car industry now find themselves in the shadow of companies and countries that realize the time has come to move away from an oil economy.

So here we are. We have people paying record prices at the pump and America sending billions overseas to the world's most volatile region. We have countries such as China and India using energy technology to create jobs and wealth while our own businesses and workers fall further and further behind.

And we have the Energy bill that is before us today.

Now, this bill takes some small steps in the right direction. It will require utilities to generate 10 percent of their electricity from renewable sources. It will help us realize the promise of ethanol as a fuel alternative by requiring 8 billion gallons to be mixed with gasoline over the next few years, and by providing a tax credit for the construction of E85 stations all over America. It will provide funding for the clean coal technologies that will move America to use its most abundant fossil fuel in a cleaner, healthier way, including for low-emission transportation fuels. It will support the development of 500 mile-per-gallon automobile technology. And it will provide a good mix of tax incentives to move America towards more energy efficiency instead of simply rewarding the oil and gas industries, as the House bill does. The good that these proposals will do is reason enough to vote for this bill, and I will do so.

But we shouldn't kid ourselves today. This isn't time to pat ourselves on the back and think we have put America on the path to energy independence. Experts say that this bill will reduce our foreign oil consumption by 3 percent. Three percent. Our own Department of Energy predicts that American demand will jump by 50 percent over the next 15 years. So 3 percent doesn't amount to much—and it certainly won't make a difference at the pump. Even President Bush admits this. We tried to pass an amendment that would have reduced our foreign oil dependence by 40 percent in 2025, but too many Senators said no.

And so when you look at this energy crisis and realize that it is about so much more than energy, when you realize that our national security is at stake and that the global standing of our economy hangs in the balance, when you see prices continue to rise and other countries continue to innovate, you can't help but ask yourself, ‘‘Is this the best America can do?'' The country that went to the Moon and conquered polio? The country that led the technological revolution of the 1990s?

It would be one thing if the solutions to our dependence on foreign oil were pie-in-the-sky ideas that are years away. But the technology is right at our fingertips. Today, we could have told American car companies, we will help you produce more hybrid cars. We could have made sure there were more flexible fuel tanks in our cars. We could have addressed the big reason why car companies are hurting in this country—legacy health care costs. Had we taken all of these actions, we could have put America on the path to energy independence once and for all.

We also could have addressed the fact that global warming is threatening us with higher temperatures, more drought, more wildfire, more flooding, and more erosion of our coastal communities. People who don't believe this can yell about it as loudly as they want, but it doesn't change the fact that the overwhelming scientific evidence proves this over and over again. We could have taken care of this problem now and left a better world to our children.

With each passing day, the world is moving towards new technology and new sources of energy that will one day replace our current dependence on fossil fuels.

And so America has a choice.

We can continue to hang on to oil as our solution. We can keep passing Energy bills that nibble around the edges of the problem. We can hope that the Saudis will pump faster and that our drills will find more. And we can just sit on our hands and say that it is too hard to change the way things are and so we might as well not even try.

Or we could realize that this issue of energy—this issue that at first glance seems like it is just about drilling or caribou or weird-looking cars—actually affects so many aspects of our lives that finding a solution could be the great project of our time.

It won't be easy and it won't be without sacrifice. Government can't make it happen on its own, but it does have a role in supporting the initiative that is already out there. Together, we can help make real the ideas and initiatives that are coming from scientists and students and farmers all across America.

Abraham Lincoln, who first opened our National Academy of Sciences, once said that part of Government's mission is to add ''the fuel of interest to the fire of genius in the discovery of new and useful things.''

Today, when it comes to discovering new and useful solutions to our energy crisis, the fire of genius burns strong in so many American innovators and optimists. But they're looking for leadership to provide the fuel that will light their way. This bill is a reasonable first step, but I know that we can do much, much better.

Mrs. BOXER. Mr. President, for several years now we have been debating a national energy policy. In 2002 and 2003, I voted against the Energy bills because I believed they were bad for California and emphasized expanding old, dirty sources of energy instead of investing in clean, renewable energy.

Today's bill, however, is slightly better. It is more balanced and more protective of consumers. I will, therefore, vote for it.

However, this is not a perfect bill, and it contains many provisions that I oppose. I am voting to move the process forward today, but if the bill returns to us from conference more like the House bill, I will have to vote against it.

Let me begin with how this bill is better than previous bills. For the first time, we have an Energy bill that creates a Renewable Portfolio Standard, RPS. What that means is that utility companies will have to get 10 percent of their energy from renewable resources, such as wind and solar, by the year 2020. That is enough to supply 56 million U.S. homes with electricity generated by renewable sources.

There are a variety of other provisions in the bill that will encourage conservation, energy efficiency, and development and use of clean sources of energy. For example, there are $6.4 billion in tax breaks in the bill to provide incentives for alternative and renewable fuels. That includes something I have been advocating for several years—extending and strengthening the tax break for people who purchase hybrid cars. It also includes a tax deduction for energy-efficient buildings, the production of energy-efficient appliances, and the expansion of the credit for environmentally friendly geothermal facilities.

Unlike previous Energy bills, this bill actually contains some protections for consumers. We in California know all too well what happens when energy companies are allowed to manipulate the market and gouge consumers. This bill specifically prohibits manipulative practices in the electricity market, and it contains provisions for better accountability and more transparency so that consumers can know what is happening.

Speaking of the electricity crisis in California, we are still waiting for the refunds that are owed to us. The Federal Energy Regulatory Commission, FERC, found that rates were unjust and unreasonable; they found that markets were manipulated. They have ordered some refunds, but California has yet to see a penny 4 years later. And FERC continues to drag its feet in ordering the full $8.9 billion that is owed to my State.

That is why I am pleased that this bill includes my amendment calling on FERC to conclude action on the refunds issue and requiring FERC, if it has not done so by the end of this year, to explain to Congress what exactly has been done and to spell out a timetable for the rest of the process. Californians deserve their refunds, and I hope my amendment will finally bring this matter to a conclusion.

I am also glad the Senate approved an amendment Senators DORGAN and STABENOW and I offered that requires the Federal Trade Commission to investigate the possible manipulation of the price of gasoline. We are seeing unprecedented prices at the pump that cannot be completely explained by the rise in crude oil prices. Oil companies should not be making undeserved, windfall profits at the expense of consumers who, in many cases, have no alternative but to drive to work.

While I oppose the ethanol mandate in this bill, I am pleased that the bill includes a proposal I originally offered with Senator LUGAR to count each gallon of ethanol made from agricultural waste products as 2.5 gallons toward meeting the mandate. This will be a big help to both the farmers and consumers of California. I am also pleased that this bill contains my original proposal to provide grants for the construction of agricultural waste ethanol production facilities.

As I mentioned, one of the bad things about this bill is the ethanol mandate. Even with the Feinstein provision to exempt California during the summer months, I am still concerned about what this mandate will mean for future gasoline prices in my State.

I am also adamantly opposed to the provision of this bill that requires an inventory of energy resources in America's Outer Continental Shelf. This could easily lead to future oil and gas development in some coastal areas. And an ''inventory'' is not as innocuous as it sounds. It will be conducted with seismic airguns, which shoot sounds into the seafloor for mapping. These sounds can injure marine mammals and fish, possibly leading to beachings and reduced fish catches.

The bill grants FERC the sole authority over the siting of liquefied natural gas terminals onshore, denying States the right to have a say in the decision.

This bill lacks what is probably the surest way to reduce our crippling dependence on foreign oil—increasing mileage standards on automobiles. Raising the fuel economy of passenger automobiles to 40 miles a gallon by 2016 would save about 95 billion gallons of oil by 2016.

Finally, I want to mention my disappointment at this bill's heavy reliance on nuclear energy at a time when we still have no solution for the nuclear waste problem and still have safety concerns about nuclear facilities. The bill reauthorizes the Price-Anderson Act to put the taxpayers on the hook in case of an accident, and it provides tax incentives and loan guarantees to encourage the construction of more nuclear powerplants. This does not make sense. We are subsidizing and encouraging the production of more nuclear waste when we have no place to put it.

As you can see, this is not a perfect bill. But, again, I will vote for it today in order to move the process forward and because it is better than the previous two Energy bills. I hope that the Senate conferees will fight to maintain the Senate's language during the conference. If they do not—if this bill returns to the Senate looking more like the backward-thinking House bill—I will have to vote against it.

Mr. OBAMA. Mr. President, I would like to express my gratitude to the managers of the energy bill, Senators DOMENICI and BINGAMAN, for their support of two amendments that I offered. I am proud that these amendments have been included in the legislation that the Senate will vote on today, and I believe that their enactment will help America increase its energy independence and transition our energy industry to full usage of 21st century technologies.

The first adopted amendment, which was cosponsored by Senator LUGAR, provides $85 million to three universities for research and testing on developing Illinois basin coal into transportation fuels, including Fischer-Tropsch jet fuel, a type of low-emissions diesel that can be used in jets and diesel. The funds provided in this amendment will assist Southern Illinois University, Purdue University, and the University of Kentucky in upgrading existing facilities and constructing new facilities to conduct research and testing on this technology. It is critical that our Government invests in domestic fossil fuel supplies in an innovative manner, and this is a commonsense way to expand our coal industry in an environmentally friendly manner.

The second adopted amendment, which was cosponsored by Senator BAYH, provides $40 million for research on combined plug-in hybrid and flexible fuel vehicles. Today, we have the technology to produce both plug-in hybrid vehicles, which run partly on electricity rather than fuel, and flexible fuel vehicles, which run on a blend of 85 percent renewable fuel and 15 percent petroleum. But we don't yet have the technology to combine both technologies into the same car. If we could do this, there is the potential for developing a car that could get 500 miles per gallon of gasoline. At a time when our country spends billions of dollars a year on importing foreign oil, it is imperative that we take meaningful, proactive steps that not only stem our future oil dependence but also reduce our reliance on overseas sources. My amendment would do just that by stimulating the commercialization of this technology at a cost of only 6 percent of our Nation's daily spending on foreign oil.

Again, I thank the bill managers for their assistance with these amendments.

I ask unanimous consent to have the following two articles on the potential of combined plug-in hybrid/flexible fuel vehicles printed in the RECORD.

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

[From Newsweek, Mar. 7, 2005]

IMAGINE: 500 MILES PER GALLON

(By Fareed Zakaria)

The most important statement made last week came not from Vladimir Putin or George W. Bush but from Ali Naimi, Saudi Arabia's shrewd oil minister. Naimi predicted that crude prices would stay between $40 and $50 throughout 2005. For the last two years OPEC's official target price has been $25. Naimi's statement signals that Saudi Arabia now believes that current high prices are not a momentary thing. An Asian oil-industry executive told me that he expects oil to hit $75 this decade.

We are actually very close to a solution to the petroleum problem. Tomorrow, President Bush could make the following speech: "We are all concerned that the industrialized world, and increasingly the developing world, draw too much of their energy from one product, petroleum, which comes disproportionately from one volatile region, the Middle East. This dependence has significant political and environmental dangers for all of us. But there is now a solution, one that the United States will pursue actively.

"It is now possible to build cars that are powered by a combination of electricity and alcohol-based fuels, with petroleum as only one element among many. My administration is going to put in place a series of policies that will ensure that in 4-years, the average new American car will get 300 miles per gallon of petroleum. And I fully expect in this period to see cars in the United States that get 500 miles per gallon. This revolution in energy use will reduce dramatically our dependence on foreign oil and achieve path breaking reductions in carbon-dioxide emissions, far below the targets mentioned in the Kyoto accords. "

Ever since September 11, 2001, there have been many calls for Manhattan Projects and Marshall Plans for research on energy efficiency and alternate fuels. Beneath the din lies a little-noticed reality-the solution is already with us. Over the last 5-years, technology has matured in various fields, most importantly in semiconductors, to make possible cars that are as convenient and cheap as current ones, except that they run on a combination of electricity and fuel. Hybrid technology is the answer to the petroleum problem.

You can already buy a hybrid car that runs on a battery and petroleum. The next step is "plug-in" hybrids, with powerful batteries that are recharged at night like laptops, cell phones and iPods. Ford, Honda and Toyota already make simple hybrids. Daimler Chrysler is introducing a plug-in version soon. In many states in the American Middle West you can buy a car that can use any petroleum, or ethanol, or methanol—in any combination. Ford, for example, makes a number of its models with "flexible-fuel tanks." (Forty percent of Brazil's new cars have flexible-fuel tanks.) Put all this technology together and you get the car of the future, a plug-in hybrid with a flexible-fuel tank.

Here's the math (thanks to Gal Luft, a tireless—and independent—advocate of energy security). The current crop of hybrid cars get around 50 miles per gallon. Make it a plug-in and you can get 75 miles. Replace the conventional fuel tank with a flexible-fuel tank that can run on a combination of 15 percent petroleum and 85 percent ethanol or methanol, and you get between 400 and 500 miles per gallon of gasoline. (You don't get 500 miles per gallon of fuel, but the crucial task is to lessen the use of petroleum. And ethanol and methanol are much cheaper than gasoline, so fuel costs would drop dramatically.)

If things are already moving, why does the government need to do anything? Because this is not a pure free market. Large companies—in the oil and automotive industry—have vested interests in not changing much. There are transition costs—gas stations will need to be fitted to pump methanol and ethanol (at a cost of $20,000 to $60,000 per station). New technologies will empower new industries, few of which have lobbies in Washington.

Besides, the idea that the government should have nothing to do with this problem is bizarre. It was military funding and spending that produced much of the technology that makes hybrids possible. (The military is actually leading the hybrid trend. All new naval surface ships are now electric-powered, as are big diesel locomotives and mining trucks.) And the West's reliance on foreign oil is not cost-free. Luft estimates that a government plan that could accelerate the move to a hybrid transport system would cost $12 billion dollars. That is what we spend in Iraq in about 3 months.

Smart government intervention would include a combination of targeted mandates, incentives and spending. And it does not have to all happen at the federal level. New York City, for example, could require that all its new taxis be hybrids with flexible-fuel tanks. Now that's a Manhattan Project for the 21st century.

[From the Los Angeles Times, March 24, 2005]

THE 500–MILE-PER-GALLON SOLUTION

HIGH-TECH CARS, ARCTIC DRILLING, NEW GAS TAXES: WE MUST HAVE THE WILL TO DO IT ALL

(By Max Boot)

Soaring oil prices—crude is over $55 a barrel and unleaded gasoline over $2 a gallon—are not much of an economic or political issue. Yet.

In absolute terms, today's prices are still half of the 1970s peaks, and the U.S. economy has become much less dependent on petroleum since then. (Computers run on electricity, not gasoline.) But imagine what would happen if Al Qaeda were to hit the giant Ras Tanura terminal in Saudi Arabia, where a tenth of global oil supplies are processed every day. Prices could soar past $100 a barrel, and the U. S. economy could go into a tailspin. As it is, high oil prices provide money for Saudi Arabia to subsidize hate-spewing madrasas and for Iran to develop nuclear weapons.

Both Democrats and Republicans know this, but neither party is serious about solving this growing crisis. Democrats who couldn't tell the difference between a caribou and a cow grandstand about the sanctity of the Arctic National Wildlife Refuge, even though 70 percent of Alaskans are happy to see a bit of drilling in this remote tundra. Republicans, for their part, pretend that tapping ANWR will somehow solve all of our problems. If only. A government study finds that, with ANWR on line, the U.S. will be able to reduce its dependence on imported oil from 68 percent to 65 percent in 2025.

How to do better? Biking to work or taking the train isn't the answer. Even if Americans drive less, global oil demand will surge because of breakneck growth in India and China. The Middle East, home of two-thirds of the world's proven oil reserves, will remain of vital strategic importance unless we can develop alternative sources of automotive propulsion and substantially decrease global, not just American, demand for petroleum. An ambitious agenda to achieve those goals has been produced by Set America Free, a group set up by R. James Woolsey, Frank Gaffney and other national security hawks.

They advocate using existing technologies—not pie-in-the-sky ideas like hydrogen fuel cells—to wean the auto industry from its reliance on petroleum. Hybrid electric cars such as the Toyota Prius, which run on both electric motors and gas engines, already get more than 50 miles per gallon. Coming soon are hybrids that can be plugged into a 120-volt outlet to recharge like a cellphone. They'll get even better mileage.

Add in ''flexible fuel'' options that already allow many cars to run on a combination of petroleum and fuels like ethanol (derived from corn) and methanol (from natural gas or coal), and you could build vehicles that could get—drum roll, please—500 miles per gallon of gasoline. That's not science fiction; that's achievable right now.

Set America Free estimates that if we convert entirely to flexible-fuel, plug-in hybrid electric vehicles, U.S. gasoline imports in 20 years will drop by two-thirds. As important, because Americans are the world's biggest car buyers, U.S. preferences would reshape the global automotive industry. Carmakers would wind up shipping hybrid electrics to Europe and Asia too. President Bush could hasten the transition through an international agreement to move major economies away from oil dependency. This would not only reduce the Middle East's strategic importance but also help reduce emissions to Kyoto-mandated levels.

There is, of course, a catch. Moving to hybrid electric cars won't be cheap. Automakers would have to retool their wares, gas stations would have to add alcohol-fuel pumps, parking lots would have to add electric outlets. Set America Free puts the price tag at about $12 billion over the next four years. It sounds like a lot of money, but it could easily be financed by slightly raising U.S. gasoline taxes (currently about 43 cents a gallon), which are much lower than in Europe and Japan. Higher taxes could also be used to encourage more domestic oil exploration and production, given that petroleum will never be entirely eliminated as an energy source.

There are many untapped sources of gasoline in North America, such as the tar sands of Alberta, Canada, and the shale of Utah, Wyoming and Colorado. But extracting oil from such sources costs at least three times more than pumping it out of the Arabian desert. Congress could make this more economically feasible by imposing a higher tax on oil that doesn't come from North America.

Needless to say, this runs smack dab into Republican orthodoxy that opposes new taxes and regulations, while the prospect of more drilling raises the hackles of Democratic environmentalists. Absent some political courage in both parties, we will continue to be at OPEC's mercy.

Mr. JEFFORDS. Mr. President, I intend to vote in favor of H.R. 6, as amended by the Senate, the Energy bill. I want to explain in detail my reasons for supporting this legislation and highlight my serious concerns regarding the House-passed version of H.R. 6. I strongly oppose many of the provisions in the House-passed bill, and the Senate conferees should hold strongly to the Senate-version of this bill and reject the House legislation.

Energy policy is an important issue for America and one my Vermont constituents take very seriously. The bill before us seeks to address important issues, such as the role of domestic production of energy resources versus foreign imports, the tradeoffs between the need for energy and the need to protect the quality of our environment, and the need for additional domestic efforts to support improvements in our energy efficiency, and the wisest use of our energy resources. Given the importance of energy policy, this bill is a very serious matter. I do not take a decision to support such a bill lightly. Although this bill is not exactly as I would have written it, it begins to move this Nation toward a more balanced approach to our energy needs.

During floor debate, the Senate modified the renewable fuels standard contained in the Energy Committee reported bill to more closely resemble legislation reported by the Environment and Public Works Committee, S. 606. Specifically, the bill would repeal the Clean Air Act requirement for oxygenated gasoline, and phase out the use of the additive methyl tertiary butyl ether, or MTBE, in 4 years. It would require refiners to use biofuels, presumably mostly ethanol, in volumes of 8 billion gallons by 2012. This is a much more aggressive goal than the 108th Congress Senate-passed bill that I supported, which included a 5 billion gallon by 2012 mandate. It is my hope that such a significant commitment will begin to reduce our dependence upon foreign oil.

I would like to share the history of the renewable fuels provisions included in this bill we are adopting today. I've long supported a more aggressive approach to replacing petroleum-based motor fuels with fuels made from domestic resources, including ethanol produced by farmers growing grains and fibers. I commend Senators DOMENICI and BINGAMAN on their leadership on this important matter.

Back in 1991, I introduced S. 716, the Replacement Fuels Act, to require gasoline refiners to replace increasing percentages of their product with domestically produced, nonpetroleum liquids. Many of us knew then that it was technologically possible, and now it seems that a majority has crossed that threshold of understanding.

When I first introduced my Replacement Fuels Act, many did not take it seriously. The oil industry certainly did not. But I made the rounds with several of my colleagues to convince them of the benefits of such a program, including the national security benefits of weaning ourselves from our dependency on foreign oil. At the time, I argued that the costs to our military, in terms of personnel and dollars, of protecting the shipping lanes of the Persian Gulf, and of attempting to quell the political unrest of the Middle East, were staggering then and only apt to grow larger.

I recall meeting with the distinguished Senator from New Mexico, now the chairman of the Energy Committee, in his office to discuss my bill. We agreed on the domestic benefits of moving in this direction—for our farmers; for our environment; for our national and domestic security. After considerable discussion, Senator DOMENICI agreed to cosponsor my bill.

I made the rounds to other members of the Energy Committee for their advice and support. Many of those committee members who cosponsored my bill are still here today—Senators BINGAMAN, BURNS, CRAIG and CONRAD, SHELBY and AKAKA. Four other committee members, since retired, also were cosponsors, making a majority of the committee and ensuring committee approval. Other Members who cosponsored my bill and who are here today include Senators GRASSLEY, REID, and WARNER.

In the end, the bulk of the language of my Replacement Fuels Act was included as title V of Public Law 102–486 the Energy Policy Act of 1992. Before final passage of that act, however, in every instance that ''shall'' appeared in my bill, it was changed to ''may'' in the final law. In other words, it changed from a mandate to an option, and we've only made modest gains in the past dozen years, when we could have made bold progress.

So, again, I commend Senators DOMENICI and BINGAMAN for their leadership to move us more aggressively toward domestic production of transportation fuels and away from our growing foreign dependence.

I urge Senators and the public to take note of the Sense of the Senate on climate change successfully included in the bill due to the efforts of Senators BINGAMAN, DOMENICI, SPECTER, and many others. It says that Congress should enact a comprehensive and effective national program of mandatory, market-based limits and incentives on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions at a rate and in a manner that, one, will not significantly harm the United States economy; and, two, will encourage comparable action by other nations that are major trading partners and key contributors to global emissions. Such a program regarding air pollution and environmental policy is clearly in the jurisdiction of the Environment and Public Works Committee, and I am strongly committed to holding hearings and reporting implementing and bipartisan legislation from that committee, on which I serve as the ranking member, as soon as possible.

During debate on the renewable fuels provisions, I agreed to modify the absolute deadline for EPA's long-awaited and long-delayed mobile source air toxics, MSAT, rule from July 2005 in Domenici amendment No. 779 to July 2007. EPA is widely expected to promulgate a final rule well before that later date, but this provision provides additional certainty and protection. In addition, the provision as amended and included by Senator INHOFE in the last manager's package, will allow EPA to regulate more stringently than the 2001–2002 toxics emissions reductions baseline in the final MSAT rule.

That more stringent rule will take the place of the baseline so long as it will achieve and maintain greater overall reductions in emissions of air toxics. Such reductions must occur in the same timeframe and result in overall reductions of each and every one of the air toxics emitted in the combustion of gasoline, when compared to the 2001–2002 baseline. This provision should not be construed to permit EPA to count reductions of less toxic pollutants like aldehydes equal in effect or equivalent to reductions of more toxic pollutants like benzene. The intent of this provision is not to allow EPA to avoid toxics potency weighting or sensible risk analysis and exposure assessment in determining the meaning of ''overall reductions.'' This provision should also not be viewed as a vehicle for changes to the liability system for fuel additives. The Senate has spoken very strongly on this point, and the conferees should be aware that any new MTBE language addressing the issue of retroactive liability is likely to jeopardize passage of the conference report in the Senate.

I am also pleased that the Senate included a 10-percent renewable portfolio standard in this bill. I have worked for more than 20 years to boost the percentage of renewable sources used to generate our Nation's electricity. While I believe we could be taking a much more aggressive step, we need to take a serious first step, and the provisions in this bill do just that. Though I understand that the House has concerns with adding an RPS, it is my hope that the conferees will acknowledge that, for many States, renewable energy can and should be a bigger energy source.

I am pleased that the Senate has also chosen to promote renewable energy by accepting three amendments I offered to the bill during floor debate. It is my hope these modest provisions will be retained in conference. My first amendment will make significant reductions in energy use in the Capitol complex by requiring the Architect of the Capitol to review the possibility for energy savings in the Dirksen Building. The second two amendments expand the sources of grant financing available to utilities for projects involving renewables and efficiency. The Senate has agreed to add livestock methane, a promising source of energy in Vermont, as an energy source that is eligible to compete for grants under the Department of Energy's Renewable Energy Incentives Program. The Senate has also agreed to create a new $20-million-per-year grant program for upgrade of electric transmission.

As I mentioned, though, the bill is not perfect, and the conferees should carefully review several provisions. In title XIII there are a number of sections authorizing investigations that will recommend changes to environmental laws, such as the Clean Water Act, the Safe Drinking Water Act, the Clean Air Act, and the National Environmental Protection Act. Unfortunately, in a number of these areas the Environmental Protection Agency, whose responsibility it is to ensure the air we breath and the water we drink is safe, is not involved in developing or approving these recommendations.

While I proposed amendments to include the Environmental Protection Agency in these sections, not all of changes were adopted. The sections needing amending include: section 1306 Backup Fuel Capability Study; section 1309 Study of Feasibility and Effects of Reducing Use of Fuel for Automobiles; and section 1320, Natural Gas Supply Shortage Report. It is my belief that any studies that involve environmental compliance should include the involvement of the agency whose mission it is to oversee the implementation of these environmental laws.

I am pleased that my Recycling Investment Saves Energy, RISE, provisions were included as section 1545 of the final bill. The provisions will provide almost $100 million in tax incentives for recyclers over the next decade to preserve and expand our Nation's recycling infrastructure. The targeted 15 percent tax credit for equipment used in the processing and sorting of recyclable materials will increase quantity and quality of recyclable materials collected. This national investment is necessary to reverse the declining recycling rate of many consumer commodities, including aluminum, glass and plastic, which are near historic lows. It will also generate significant energy savings as increasing the U.S. recycling rate to 35 percent will result in annual energy savings of 903 trillion Btus, enough to meet the energy needs of an additional 2.4 million homes.

The Finance title includes an amendment that I authored to improve future Federal energy investment and policy decisions. It requires the Secretary of Treasury to contract with the National Academy of Sciences to complete a study and report to Congress on the health, environmental, security and infrastructure externalities associated with energy activities and how they may or may not be affecting revenues, the economy and trade. Such information will dramatically improve our ability to review the costs and benefits of energy legislation and tax policy changes.

I am pleased that my amendment to section 1305, the coal bed methane study, was adopted. My amendment requires that as it studies the issue the Department of Energy consult with States and the Environmental Protection Agency on the impacts of coal bed natural gas production on surface water and ground water resources. This consultation should occur, especially before making recommendations to Congress on changes to the Clean Water Act and the Safe Drinking Water Act.

This bill does a reasonable job in balancing support for traditional fossil fuels and nuclear power and renewable energy, but I am perplexed by provisions in the Energy bill that provide $1.82 billion in grants for oil, gas and coal industries. With oil hovering around $60 a barrel and gasoline prices at record highs, I question the wisdom of providing additional subsidies for oil and gas exploration and production. While Americans pay more at the pump, multinational oil companies continue to report record profits. The bill also waives royalty payments for oil companies drilling in Federal waters and rewards these already profitable companies while depleting the U.S. economy of $100 million over 10 years.

The bill gives $1.8 billion to the dirtiest powerplants to build new coal powerplants, thereby giving them an economic advantage over powerplants that installed pollution control technologies. I am also concerned about provisions in the coal title that unfairly benefits mining companies with current leases on federal lands by doubling the acreage, 162 to 320 acres, of coal-leased lands; removing the 40-year limitation for leases; and doubling the time (from 10 to 20 years) current leaseholders can pay advanced royalties. These provisions will have the most significant impact on the Powder River Basin where three mining companies dominate current production. I question the wisdom in subsidizing these fossil fuel industries that will only continue to encourage our Nation's dependence upon these polluting and expensive energy sources.

I also urge the conferees not to include the Leaking Underground Storage Tank, LUST, reform provisions in the final bill. The Senate Environment and Public Works Committee is actively considering these issues and has planned a hearing for July 2005. Our Committee's actions led the Senate to enact bipartisan comprehensive LUST reform legislation last Congress by unanimous consent. Adding LUST reform onto the Energy bill would needlessly bypass our legislative consideration and prevent this issue from getting the careful attention that it requires.

The LUST provisions of the Senate's Energy bill, section 210, are problematic. Most significantly, the section raids the LUST Trust Fund and diverts dollars from their intended purpose—cleaning up contamination from leaking USTs. Without increasing the amount of money to be appropriated to the States, the provision expands the eligible uses of the LUST Trust Fund to pay for cleanup of spills from non-UST sources, such as pipelines, cars, and above ground storage tanks. In a letter to Rep. W.J. ''Billy'' Tauzin on May 7, 2003, former EPA Administrator Christine Todd Whitman opposed these provisions because they ''would change the historical scope of the program, and could stress the Agency's ability to adequately address releases from USTs.''

I am concerned because this section will go to conference with the House-passed LUST provisions that also contain significant flaws. The House provisions add a new periodic inspection requirement for USTs that is weaker than the 2-year minimum inspection frequency recommended by EPA and the 3-year minimum requirement recommended by the Government Accountability Office. For example, a tank last inspected in 1999 wouldn't need to be inspected again for over a decade. In addition, the House delivery prohibition provisions may preempt existing authority in 24 States. Finally, the provisions requiring secondary containment within 1,000 feet of existing community water systems includes an exemption that ignores prevention in favor of expensive cleanup.

So we have our work cut out for us. Today, the Senate is passing a good bill that needs some work in conference, but not a substantial overhaul or weakening. To retain my support the conferees need to prevent substantial modifications to this bill, resist the addition of controversial items added in the House-version of H.R. 6, avoid substantive modification to core titles of the bill, limit adjustments to the bill's fiscal scope and cost, and consider additions of provisions to provide energy security.

This is a good effort to develop energy legislation for America, which is a goal widely shared in both Houses of Congress. It is my hope that conferees seek this year to reach consensus on issues such as: national electricity reliability standards, the use of renewables, the phase out of methyl tertiary butyl ether, MTBE, and production of suitable oxygenate replacements, and the fiscally responsible extension of needed energy tax provisions. With this bill I am supporting today we send them a good template to achieve that goal.

Mr. KYL. Mr. President, H.R. 6, the Energy bill, is an effort to improve our Nation's energy supply and reliability, and for that it should be praised. Like any bill of its magnitude, the Energy bill includes a variety of good and bad provisions, and it has to be weighed for the relative good and bad it will do. I've come to the conclusion after careful study that the bad outweighs the good, particularly for the State of Arizona. And it is for that reason that I must vote no. This bill will likely raise the price of gasoline in Arizona, hurt our air quality, and raise the price of our electricity, all while increasing the Federal deficit with enormous subsidies, special projects, and tax breaks for everything from fish oil to luxury hybrid cars. I support the President in his efforts to reduce our dependence on foreign oil, and I wish this bill did more to accomplish that goal.

As I have said, some important provisions of this bill have much to recommend them. Unfortunately, the ethanol ''Renewable Energy'' title is not one of them. The ethanol provisions of the Energy bill are truly remarkable. They mandate that Americans use 8 billion gallons of ethanol annually by 2012. We use 3.4 billion gallons now. For what purpose, I ask, does Congress so egregiously manipulate the national market for vehicle fuel? No proof exists that the ethanol mandate will make our air cleaner. In fact, in Arizona, the State Department of Environmental Quality has found that ethanol use in the summer will degrade air quality, which will probably force areas in Arizona out of attainment with the Clean Air Act. Arizonans will suffer. California also expects that the summertime use of ethanol would harm air quality, but in the Senate bill, California is exempted from the summer mandate. If Arizona had the same exemption, then the ethanol mandate would still be expensive and unwarranted, but at least it would not actually cause physical harm.

An ethanol mandate is not needed to keep the ethanol industry alive. That industry already receives a hefty amount of Federal largesse. CRS estimates that the ethanol and corn industries have received more than $40 billion in subsidies and tax incentives since 1996. I repeat, $40 billion Yet, this bill not only mandates that we more than double our ethanol use, but provides even more subsidies for the industry. In the next 5 years, CBO estimates that the loan guarantee program by itself will cost $110 million, while CRS estimates that the tax incentives for ethanol will cost taxpayers $37.7 billion. Furthermore, according to the Energy Information Administration, a mandate of five billion gallons would cost between $6.7 and $8 billion a year—forcing Americans to pay more for gasoline. Not surprisingly, the 8 billion gallon mandate will cost even more.

Professor David Pimentel, of the College of Agriculture and Life Sciences at Cornell, has studied ethanol. He is a true expert on the ''corn-to-car'' fuel process. His verdict, in a recent study: ''Abusing our precious croplands to grow corn for an energy-inefficient process that yields low-grade automobile fuel amounts to unsustainable, subsidized food burning.'' It isn't efficient, and will impede the natural innovation in clean fuels that would occur with a competitive market, free of the government's manipulation.

Ethanol is not the only mandate in the bill. This Energy bill also ignores state law and mandates a national one-size-fits-all renewable portfolio standard (RPS) for electricity. Currently, 19 States, including Arizona, and the District of Columbia have their own renewable standards. In Arizona, a State that gets its electricity mainly from coal, natural gas, and hydro facilities, our Corporation Commission has tailored the State's renewable standard to our unique circumstance as a desert State that receives a lot of sunshine, little wind, and has few other renewable resources. The current Arizona standard is 1.1 percent, of which 60 percent must come from solar energy. While solar energy is abundant in Arizona, it costs 3–5 times more than conventional energy and 2–4 times more than other more cost effective renewable energy such as wind and geothermal—a fact that is reflected in the Arizona standard. The Arizona Corporation Commission has recently proposed raising the State's renewable standard and changing the mix of alternative sources that would be acceptable. This proposal, however, is part of an open, collaborative process. All stakeholders have had the chance to submit comments both supporting, opposing, and refining the change. The Corporation Commission will weigh the costs to Arizona ratepayers, and is more likely than the Congress to find a renewable standard that works for Arizona.

Unfortunately, the Senate RPS requirement does not have Arizona ratepayers in mind. Utilities in Arizona will be forced, under this bill, to comply with both the State mandate and the Senate's RPS mandate that has different requirements. To meet the Senate's mandate, the bill punishes States that lack reasonably priced renewable resources such as wind and geothermal, hydroelectricity cannot be used under the Senate bill, by forcing them to go buy credits from wind-rich parts of the country or to buy those credits from the Federal Government for $ .015/kwh, adjusted for inflation. That means that if a State cannot find a renewable source that costs less than the conventional price of energy plus $.015/kwh, then it is cheaper to buy the government credit. Arizona simply does not have renewable resources that can compete with the Senate bill's $0.015/kwh RPS penalty. Paying the penalty will be more cost effective than producing solar energy or acquiring other renewable resources. The effective result will be a transfer of wealth from Arizonans to renewable-rich states or to the Federal Government. For my home State of Arizona, electricity rates will rise.

A nationwide renewable portfolio standard is, therefore, not only duplicative in Arizona, it would raise consumers' electricity prices and create inequities among States. In simplest terms, an RPS mandate would require electric utilities to forego inexpensive conventional energy for more expensive renewable technologies or purchase renewable energy credits from the Federal Government. Either way, an RPS mandate will result in an expensive, hidden tax on electricity consumers.

Now for the tax title. My overarching concern is that Congress continues to try to use special interest tax subsidies to set an industrial policy—failed strategy of ''Government knows best''—on the strongest and most dynamic economy in the developed world.

I share the concerns of many of my colleagues that the budget deficit demonstrates a lack of wise stewardship of taxpayer dollars. The only way we will get the budget back into balance is to enact policies that support economic growth and spend taxpayer dollars with care.

Almost exactly 2 years ago, Congress, working with President Bush, approved one of the most important and best-designed tax cuts in recent memory: the jobs and growth tax bill. Quite simply, it cut tax rates on income and on dividends and capital gains. We know from widely accepted economic studies—most recently from our 2004 Nobel-Prize winning economist, Dr. Prescott from Arizona State University—that high tax rates discourage work, savings and investment and that to encourage these favorable economic activities, the best thing we can do is keep tax rates low and get out of the way.

When our economy is growing and businesses and individuals are making money they pay more in taxes, meaning the Government collects more revenue, even at lower rates—indeed, because of the lower rates. So far this year, Federal tax revenues are up significantly. From October 1 through April 30, revenues climbed by $146 billion to a total of $1.216 trillion; an increase of 13.6 percent over a year earlier and four or five times the inflation rate. Income tax receipts are up $66 billion, or 16 percent, to $547 billion. Corporate income tax receipts are rising even faster, up 48 percent to $134 billion.

Capital gains tax revenue is set to exceed the Government forecasts by $14 billion this fiscal year and by $16 billion in fiscal year 06. Roughly $5 billion of the dividend tax cut has been recouped through higher than expected dividend payments. These are the kind of tax policies Congress ought to be pursuing. Instead, we are spending over $18 billion on tax subsidies for the energy industry—subsidies that will not generate economic growth and that will not make a dent in our dependence on foreign oil.

The tax subsidies in this bill are exactly the wrong approach. Government should not try to force taxpayers into one favored type of investment by providing tax subsidies for that investment. If an investment is not economically viable without a Government subsidy, then perhaps it is not an activity that ought to be encouraged with taxpayer dollars. And if a technology is already viable without a taxpayer-financed subsidy, then we should not devote scarce resources to encourage what is already happening in the free market.

My primary complaint has to do with the use of tax credits by the Government. The Federal Government uses tax credits to induce individuals or businesses to engage in favored activities. This can distort the market and cause individuals or businesses to undertake unproductive economic activity that they might not have done absent the inducement. Tax credits are really appropriations that are run through the Internal Revenue Code and are a way to give Federal subsidies, disguised as tax cuts, to favored constituencies. It is something we should do sparingly—very sparingly. While tax credits can be effective in encouraging activities we consider laudable for one reason or another, I believe that, as stewards of the taxpayers' money, we must only support those credits that provide broad benefit to all taxpayers and that are worth the revenue they will cost the Federal Treasury.

I do not believe that any of the tax credits in the bill meet these tests. The bill extends and expands the credit provided in section 45 of the Code. This credit is available on a per-kilowatt-hour basis for energy produced from wind, solar, closed-loop biomass, open-loop biomass, geothermal, small irrigation, and municipal solid waste. I believe that the credit for wind energy should have sunset several years ago. Wind energy has been provided this credit since 1992, and if it is not competitive after a decade of taxpayer subsidies, it will never be competitive. In 2001, the wind industry was in fact touting its great success and competitiveness with other forms of energy, but here we are extending the wind credit for 3 more years. I wager that we will still be paying for the ''temporary'' advantage being given to these new energy forms a decade from now.

At best, we don't know whether the existing tax subsidies that this legislation extends work at all because we have never subjected them to a comprehensive review. At worst, we are simply funneling taxpayer dollars that could be better used by private individuals in the free market to favored constituencies. During the markup of the tax title in the Finance Committee, many of my colleagues on the Committee expressed sympathy with my concern that Congress passes a myriad of credits and incentives to encourage favored activities, but we never go back to see if the subsidies are working as intended. I am hoping that I can work with my colleagues who expressed these concerns to ask for a Government Accountability Office study of the many subsidies and incentives included in this legislation to track their cost and effectiveness.

One subsidy we ought to watch closely is the alternative fuel vehicle subsidy. As much as we all support the goal of cleaner air, we must be careful not to create more problems than we solve. In my own State of Arizona, an alternative fuels subsidy program had to be repealed when its many scandalous deficiencies were exposed. Nor has there been any evidence that the vehicles to which the subsidy applies aren't simply priced higher by the amount of the subsidy. I have serious questions about whether the incentives are necessary and whether it is appropriate to use the tax code to persuade taxpayers to purchase one type of vehicle over another.

I know hybrid cars and alternative fuel cars are very popular, so Senators may hesitate to stand in the way of tax incentives for people to buy them. But I believe their very popularity argues that there is no need for the tax incentives. People are buying them today without being coaxed by the Federal Government. I hope we can agree to have the GAO study this new credit to determine how much the provision is really costing, how effective it is at encouraging the purchase of alternative fuel vehicles, and how long the credit will be needed.

I have spoken of the ''bad'' in the bill, now I want to discuss what is ''good''. I have been particularly interested in the provisions in the electricity title that are designed to restructure our electricity markets. Some of my colleagues have been tempted to move immediately to completely unregulated electricity markets; others favored imposing a more stringent regulatory regime as a result of problems in California.

Representing Arizona, I was well aware of the problems stemming from the California energy crisis but cannot agree with those who say the solution is to return to a command-and-control regulatory structure. I continue to believe that the most efficient way to allocate resources is through competitive markets. The bill encourages competitive markets while ensuring that safety and reliability are maintained. The reliability provisions of the electricity title will convert the current voluntary system of reliability procedures to a mandatory system that all utilities must follow, but that is sensitive to regional differences in the electricity grid. The electricity title also repeals the Public Utility Holding Company Act of 1935. As we all know, our energy markets have evolved significantly since the era of the Great Depression. State regulators are smarter, more well equipped, and able to protect consumers from the ills that gave rise to the Public Utility Holding Company Act of 1935 nearly 70 years ago.

On the downside, the electricity title also contains unfortunate provisions that would grant the Federal Energy Regulatory Commission (FERC) additional authority to regulate generation, natural gas utilities, and holding companies. Giving FERC new merger authority is going in the wrong direction. Utility mergers and acquisitions are already subject to multiple and overlapping reviews by FERC, SEC, DOJ, FTC, and the States. FERC uses exactly the same merger review guidelines as the antitrust agencies, DOJ and FTC—thus FERC performs essentially the same review those agencies already perform. There is no need to add new layers of review.

I have often expressed my concern with what some industry officials have termed a jurisdictional reach by FERC into the delivery of power to retail customers. The service obligation amendment that I worked on with the chairman has been included in this package, and I believe it provides a commonsense way to promote competitive markets while preserving the reliability that retail electric consumers expect and deserve. In its actions governing access to transmission systems, FERC has not adequately ensured that the native load customers, for whom the system was constructed, can rely on the system to keep the lights on. The bill adds a new section 218 to the Federal Power Act to ensure that native load customers' rights to the system, including load growth, are protected.

It is also worth noting that the Energy bill expands jurisdiction over those stakeholders in electric markets that were previously unregulated by the FERC. The ''FERC-lite'' provision that addresses the Federal Energy Regulatory Commission's efforts to provide open access over all transmission facilities in the United States again, in my mind, strikes the right balance. It requires FERC to ensure that transmission owners—whether they are municipal utilities, power marketing administrations, or electric cooperatives—deliver power at terms that are not discriminatory or preferential. However, this provision is limited and does not give FERC the ability to begin regulating the rate-setting activities of these organizations. FERC-lite does not confer further authority to FERC over public power systems. FERC cannot order structural or organizational changes in an unregulated transmitting utility to comply with this section. For example, if an integrated utility providing a bundled retail service operates transmission distribution and retail sales out of a single operational office, the Commission cannot require functional separation of transmission operations from retail sales operations.

Gratifying, as well, is that the Senate bill has not pursued a command-and-control approach with respect to regional transmission organizations, or RTOs. I believe the best approach, which is captured in this bill, is for FERC to provide incentives to encourage membership in RTOs and independent system operators. As lawmakers, we need to be sensitive to the policy changes we propose and how the laws we draft will affect Wall Street and the markets, and we must make sure we promote the investments that are needed. This is a prime example of how the Energy bill has sought to advance policies to which the investment community can respond favorably.

So, in conclusion, while this bill includes several meritorious provisions, especially the electricity title, I must vote against it because of the $ 18.4 billion in tax subsidies and the bill's irresponsible manipulation of the energy markets through an ethanol mandate and a national renewable portfolio standard. I hope that the conference of the House and the Senate is able to address these issues so that I can support this bill in the future.

Mr. ALLEN. Mr. President, as we consider the possibilities and challenges that face our great Nation and the tremendous dependence we have on foreign sources of oil, every effort to reduce that dependence becomes a key point for consideration by the Congress. In addition, the growing demand for oil by China and India only intensifies the need for action. We must become less reliant on foreign sources of oil and natural gas from unstable parts of the world.

I have been made aware that by reducing fuel consumption in the aviation sector through implementation of an idle reduction technology we would see fuel reductions in excess of 90 million barrels of petroleum each year after full implementation.

Implementing this type of technology would also greatly reduce the associated mobile source emissions greatly benefiting our metropolitan areas facing EPA nonattainment and the losses associated this categorization. The airline industry and the general public would also benefit from such technology through reduced costs and environmental improvements.

According to DOT, expenses for U.S. commercial airlines, fuel and oil expenses were equal to those of labor which has historically been the single largest expense for the carriers. By reducing the amount of fuel required through idle reduction technology, the U.S. commercial airlines could save well over $4 billion in fuel costs at today's fuel prices, a large percentage of the estimated losses for this year.

Applying innovative technology applications in this manner will assist in reducing our overall dependence on foreign oil while providing other benefits as well.

The Energy bill that has passed today includes support for research and development for optimizing fuel efficiency for commercial aircrafts. This is an important step in the right direction for America's energy future.

Mr. LEAHY. Mr. President, today we are voting on the Energy bill, which provides Congress with a historic opportunity. We should seize this opportunity and ensure that as this legislation goes to conference, the NOPEC bill, S. 555, remains an essential part of the underlying legislation.

America's fuel crisis continues to take hard-earned money from our families, farmers, and businesses. When President Bush took office, the price of 1 gallon of regular gasoline was about $1.45. Today, that same gallon will cost an American at the pump more than $2.20. And yesterday, our financial markets closed with the ominous and unprecedented news that a barrel of crude oil now sells for more than $60 per barrel. We know that these prices have a real impact—a major shipping carrier announced disappointing earnings last week in part due to the high price of fuel—and yet the administration has done nothing to address the situation.

In the face of continued inaction from the White House, it is time for Congress to substitute action for talk. It is time for us to finally pass NOPEC as part of the larger Energy bill.

We should have considered and passed this bill, S. 555, on its own. This bill passed out of the Judiciary Committee for a second time with overwhelming support earlier this year. I have repeatedly called for its consideration by the Senate over the last several months. It is long past time for the Congress to hold OPEC accountable for its anticompetitive behavior. This amendment will release the United States from being at the mercy of the OPEC cartel by making them subject to our antitrust laws. It will allow the Federal Government to take legal action against any foreign state, including members of OPEC, for price fixing and other anticompetitive activities in this regard.

The President's solution to high gasoline prices this summer is to open the Arctic National Wildlife Refuge, pristine wilderness area, to oil drilling. But drilling in ANWR will not provide any new oil for at least 7 to 12 years and will take an environmental toll. ANWR drilling will do absolutely nothing to help working Americans who have sticker shock at the gas pump or who will be facing record-high home heating prices in a few months. The Bush administration admits that its energy policies include no immediate help for gas prices and no short-term solutions.

The NOPEC bill is a unique element of this legislation. It can do something immediately to help relieve the situation we face every time we fill-up at the pump. We should insist that it be retained, enacted, and implemented. I hope that Republican leadership does not demand this provision be removed but that if it does, the Senate stands firm on behalf of the American people. We should not squander this opportunity to address the real concerns of the American public.

Mr. FEINGOLD. Mr. President, I voted in favor of the Bond-Levin amendment regarding CAFE standards, and I want to explain my views in detail. Fuel efficiency is a critically important issue for our country, for my home State of Wisconsin, and for our future. I remain committed to the goal that significant improvements in automobile and light truck fuel efficiency can be achieved over an appropriate time frame. My vote for the Levin-Bond is entirely consistent with that goal.

The Levin-Bond amendment seeks to renew the Department of Transportation's role in setting CAFE standards, acting through the National Highway Traffic Safety Administration, NHTSA. If Congress does not act to try to restore normalcy to the NHTSA process, we will keep having these fights which Congress attempts to either block or set CAFE standards, every 20 years or so, when the political will is sufficient to do so. NHTSA will never be able to carry out the normal process of reviewing and incrementally improving fuel efficiency for automobiles and light trucks, as Congress originally intended when it passed the CAFE law in the 1970s.

Both interest groups battling over the CAFE issue, the auto manufacturers and the environmental community, have switched their positions in this debate on this bill over the past several years. The auto industry, which once wanted CAFE perpetually frozen with a rider to an appropriations bill, now supports the Levin amendment. The environmental community, which once opposed the rider and wanted NHTSA to act, now wants Congress to set the standard rather than NHTSA. With my vote, I am maintaining my consistent position on this issue.

As I stated on the Senate floor in the debate on the CAFE rider on June 15, 2000, my vote was about ''Congress getting out of the way and letting a Federal agency meet the requirements of Federal law originally imposed by Congress.'' I supported removing the rider back in 2000 because I was concerned that Congress has for more than 5 years blocked NHTSA from meeting its legal duty to evaluate whether there is a need to modify fuel economy standards.

As I made clear in 2000, 2002, 2003 and many other previous debates on this issue, I have made no determination about what fuel economy standards should be, though I do think that an increase is possible. NHTSA has the authority to set new standards for a given model year, taking into account several factors; technological feasibility, economic practicability, other vehicle standards such as those for safety and environmental performance, the need to conserve energy, and the recommendations of the National Academy of Sciences. I want NHTSA to fully and fairly evaluate all the criteria, and then make an objective recommendation on the basis of those facts. I expect NHTSA to consult with all interested parties—unions, environmental interests, auto manufacturers, and other interested citizens—in developing this rule. And, I expect NHTSA to act, and if it does not, this amendment requires Congress to act on a standard.

In opposing the Levin-Bond amendment, some subscribe to the view that NHTSA has a particular agenda and will recommend weak standards. I do not support that view.

NHTSA should be allowed to set this standard. Congress is not the best forum for understanding whether or not improvements in fuel economy can and should be made using existing technologies or whether emerging technologies may have the potential to improve fuel economy. Changes in fuel economy standards could have a variety of consequences. I seek to understand those consequences and to balance the concerns of those interested in seeing improvements to fuel economy as a means of reducing gasoline consumption and associated pollution.

In the end, I would like to see that Wisconsin consumers, indeed all consumers, have a wide range of new, more fuel efficient automobiles, SUVs, and trucks available to them, taking into account all appropriate energy, technological and economic factors. That balancing is required by the law. I expect NHTSA to proceed in a manner consistent with the law by fully considering all those factors, and this amendment ensures they do so.

In supporting this amendment, I maintain the position that it is my job to ensure that the agency responsible for setting fuel economy be allowed to do its job. I expect it to be fair and neutral in that process, and I will work with interested Wisconsinites to ensure that their views are represented and that the regulatory process proceeds in a fair and reasonable manner toward whatever conclusions the merits will support.

Mr. ALLEN. Mr. President, I rise today to talk about an important innovative in manufacturing related to America's needs for clean, reliable, and affordable energy that is important for national security, American jobs, and our competitiveness in the global marketplace.

In the Commonwealth of Virginia, we are fortunate to have a competitive manufacturing industry representing several sectors from pharmaceuticals to fire safety to paper products to refining. Virginia is also fortunate to have a strong base of smaller, progressive companies that are producing products that help America achieve cleaner air standards and decrease our dependence on foreign sources of energy.

One such company advancing these priorities is Afton Chemical located in Richmond, VA. Founded in 1921, Afton is a full-service global petroleum additives supplier. It has a strong commitment to innovative technology and world-class research. It operates a state-of-the-art research facility in Richmond and a European research and test facility in Bracknell, Berkshire, England. It has manufacturing facilities worldwide.

Afton develops, manufactures, blends, and delivers chemical additives that enhance the performance of petroleum products. One of these additives, MMT, is an organic-based fuel additive designed to boost octane levels in gasoline. MMT is used commercially in the United States and throughout the world. The product is added into fuel at very small concentrations.

MMT provides refiners with an economical octane improver. MMT achieves emission reductions by lessening the degree to which a barrel of crude oil has to be processed to make a gallon of gasoline. Because less refining is needed, fewer emissions are emitted to the air. Those fewer emissions include greenhouse gas emissions. Because less refining per barrel of crude is needed, a barrel of oil goes a lot further; thereby increasing refinery capacity.

In fact, refinery studies have shown that MMT, if used in all gasoline in the United States, would save up to 30 million barrels a year of crude oil, reducing our dependence on foreign oil. At today's crude oil prices, that is nearly $2 billion per year. Because refiners using MMT operate under less severe conditions, refinery emissions of greenhouse gases can also be reduced by millions of tons per year.

Now, more than ever, with high gasoline prices and greater dependence on foreign oil from unstable countries, we need products that help conserve oil and result in more efficient refining of oil. Afton Chemical has made production of cleaner burning fuel additives a priority. And because of their efforts in this area, I applaud their efforts in increasing energy efficiencies.

I am proud of all the companies in Virginia, like Afton, that are innovating to find solutions for more efficient, cleaner burning, and less toxic fuels for America's energy needs. Whether these companies are producing MMT or biodiesel made from home-grown Virginia soybeans, innovators from the Commonwealth are creating energy solutions to strengthen our national security, create new jobs and save current ones and most importantly, increase our competitiveness in the global marketplace.

Mr. BIDEN. Mr. President, today I joined my colleagues in voting for the Energy Policy Act of 2005 which passed the Senate by a vote 85 to 12. This legislation is not perfect, but it is a bipartisan framework that offers the basis of a comprehensive and balanced plan to address the energy needs of our country.

This bill takes important steps in shifting our dependence away from foreign oil. It spurs the development of renewable sources—biodiesel, wind, solar, and geothermal. Importantly, the Senate-passed bill contains a national renewable portfolio standard, requiring utilities to generate at least 10 percent of their electricity from renewable energy sources by 2020. The legislation also requires that we quadruple the amount of renewable fuels, such as ethanol, used annually in gasoline. Furthermore, this bill advances conservation by promoting energy-efficient homes and appliances, fuel cell vehicles, hybrid vehicles, and alternative fuel vehicles.

Among my greatest disappointments, however, is the Senate's failure to adopt the McCain-Lieberman climate stewardship amendment to establish an effective domestic program to reduce greenhouse gas emissions, and the Kerry-Biden resolution to return the United States to its leadership role in the global deliberations on climate change. We have to be creative and to recognize the many different ways we can begin to make real progress in reducing greenhouse gas emissions, with the goal of stabilizing the still-growing human impact on our climate. By not adopting these amendments, the Senate missed the chance to get back on the right side of history.

Although I supported passage of this bill before us today, I have grave concerns about what may be brought back to the Senate after final negotiations with the House of Representatives. If certain provisions in the House-passed Energy bill, including those that permit leasing the Arctic National Wildlife Refuge for oil and gas development, are in the conference report, I will not support passage of the bill. If the conference report steals from these new investments in renewable energy and diverts even more taxpayer dollars to oil companies, when this week oil is at $60 a barrel, I will not support passage of the bill. We have seen comprehensive energy policy legislation doomed in the past when those negotiating the final bill have sacrificed the long-term interests that we all share for short-sighted special interests. I urge my colleagues to preserve the progress toward energy independence promised in the bipartisan bill passed today.

Mr. KOHL. Mr. President, I rise today in support of the Energy bill. This country needs a coherent policy to meet the growing demand for energy that comes with economic growth. America needs a supply of affordable, reliable energy. We need an Energy bill that will give us lower prices, a cleaner environment, greater consumer protection and I believe this current version of the Senate Energy bill does just that.

We in Congress have had an opportunity to craft a far-reaching and progressive energy policy for this country. I believe we owe it to the American people to put together a well balanced plan that meets the needs of everyone, consumers and industry alike, instead of playing favorites and leaving the taxpayers with the bill. Unlike the House version, I am pleased that the Senate version of the Energy bill does not give the makers of the gasoline additive MTBE liability protection from environmental lawsuits. In the past MTBE has been a very contentious issue in the Energy bill, but I am optimistic that the Senate and House can garner an agreement on the MTBE provision. .

I support alternative energy development and I believe this legislation provides the necessary incentives for the development of alternative forms of energy. The bill protects the economic and environmental health of our country by encouraging the use of alternative power sources, including solar, wind, biomass, hydrogen, geothermal, and other renewable energy resources. By including a ten percent Renewable Portfolio Standard for utilities, the Senate took a bold step toward the promotion of clean, sustainable energy. I have long believed that our Nation must implement a sensible national energy policy which emphasizes greater energy conservation and efficiency, as well as the development of renewable resources.

Recent events in the Middle East, coupled with the environmental problems associated with the use of fossil fuels, have only increased the need for such a comprehensive policy. Simply put, we cannot continue to rely on imported oil to meet such a large part of our Nation's energy needs. This dependence places our economic security at great risk. At present, petroleum imports account for fully one-half of our national oil use and one-third of our trade deficit. In addition, the use of oil and other fossil fuels contributes to global climate change, air pollution, and acid rain. For these reasons I supported a strong ethanol mandate in the bill, to help improve our energy independence and help clean the environment.

This legislation, which I voted for, is not the perfect answer for solving our energy problems in this county. Few pieces of legislation that we vote on are, but I believe this legislation takes the right steps in helping our country move toward a more self-sufficient and well balanced society for our energy needs.

Mr. BUNNING. Mr. President, the provisions in the Energy bill will greatly improve the ability of electricity transmission operators to ensure the reliability of our grid, especially with the help of new technologies.

I want to make the Department of Energy and Federal Government aware that there is a company in my State that currently provides independent real-time energy information. This company's patented technology collects power supply information using a network of remote, wireless devices to monitor multiple points on the transmission grid. This information is provided to utilities, Federal agencies, and others responsible for monitoring our critical energy infrastructure and the markets associated with that infrastructure. I applaud them for their ingenuity and efforts to further increase the reliability of our electricity transmission grid.

It is my understanding that the Federal Government is looking at developing monitoring technology similar to the technology of other companies such as the one in my State and other States. I want to implore to the Department of Energy and other Federal Government agencies to not choke out these new innovations already being developed and deployed in the private marketplace. I ask that the Federal Government consider the new technologies already commercially deployed when examining the role the Federal Government should play when developing these new abilities.

Mrs. CLINTON. Mr. President, I rise to speak on the energy bill. I am pleased to say that I support this bill.

The bill includes provisions that will help develop new energy sources and technologies, encourage conservation and increased energy efficiency, improve the reliability of our electricity system, and address the challenge of climate change. I think that it should go further in some respects—particularly in making us less dependent on foreign oil. But overall, it represents a step in the right direction.

First, I want to discuss several provisions that I think are extremely important in helping us develop new energy sources and technologies. It is true that in the coming decades we will continue to rely heavily on traditional energy resources such as fossil fuels to heat and light our homes and power our cars. But there are new sources of energy and new energy technologies that offer great potential to help us meet many of these needs. We need to move beyond fossil fuels, and that goal must be a top priority of our national energy policy.

Hydrogen fuels cells are clearly one of the energy technologies that offer great promise. I am extremely pleased that the bill includes the major provisions of the Hydrogen and Fuel Cell Technology Act of 2005 that I have worked on for years with Senator DORGAN. This ambitious legislation authorizes significant funding for hydrogen research and development and sets aggressive goals for the deployment of hydrogen technologies. The research and development components authorize $3.75 billion over the next 5 years for work on hydrogen fuel cells, hydrogen powered automobiles, and a nationwide fueling infrastructure. But in addition to funding, the legislation sets ambitious goals for deployment of fuel cells in transportation: 100,000 hydrogen-fueled vehicles on the road in the United States by 2010, and 2.5 million on the road by 2020.

I am also pleased that the bill includes significant provisions to promote the development of renewable energy. It includes an extension of the wind production tax credit, which is critical to the continued deployment of windmills to generate electricity in New York and across the country. In addition, I am extremely pleased that the Senate adopted an amendment that I cosponsored to put a renewable portfolio standard into place. Under the amendment offered by Senator BINGAMAN, electricity producers will need to increase gradually the percentage generated from renewable sources to 10 percent by the year 2020. This is an important step forward, and I think it is critical that we retain this provision in conference.

In addition, the bill includes provisions to help us continue to develop clean coal technology. Coal is by no means new, but it is incredibly abundant here in the United States, and needs to continue to be a cornerstone of our future energy policy. Continued investment in clean coal technology not only offers the promise of new, clean coal plants here in the United States; it also means the development of technology that we can export. To accomplish these goals, the bill includes a Clean Coal Power Initiative that will provide $200 million annually for clean coal research into coal-based gasification and combustion technologies.

During Senate debate on the Energy bill, an amendment that establishes a renewable fuels standard was added to the bill. I strongly believe that ethanol has a role to play in helping to reduce our dependence on foreign oil, and the renewable fuels amendment contains elements that I support. For example, the renewables fuels standard provides incentives for the development of cellulosic ethanol, something that has the potential to be produced economically in New York. In fact, there is an exciting project underway to convert an old Miller Brewery in upstate New York to produce ethanol. This project, which is slated to begin production in the next year, will start with corn as a feedstock, but ultimately plans to use local hardwoods as feedstock. After extracting sugars from the wood, the chips would then be available as a raw material to pulp and paper mills in the area. The renewable fuels amendment can help to move this technology and this project along.

In spite of these and other positive aspects of the renewable fuels amendment, I could not support it as a whole because I believe it will lead to higher gasoline prices for New York consumers. In addition, I am concerned that unless measures are adopted to address the increased evaporative emissions caused by blending ethanol in gasoline, the amendment will make it more difficult for New York to reduce smog to meet the new federal health standards.

In addition to provisions to promote new energy sources, the bill includes excellent conservation and energy efficiency measures, which are the fastest and most lasting way to reduce our energy consumption. For example, the bill sets new efficiency standards for appliances and projects such as commercial refrigerators, freezers, and refrigerator-freezers, battery chargers, distribution transformers and commercial clothes washers. According to the American Council for an Energy Efficient Economy, these efficiency provisions, along with the others in the bill, will save 1.1 trillion cubic feet of natural gas and reduce peak electric demand by 50,000 megawatts by the year 2020. This reduction in peak demand means that we will eliminate the need to build 170 300 megawatt power plants. We need to retain these strong measures in conference.

While the bill does not go as far as I would like in terms of reducing our dependence on foreign oil, it does contain a provision that would reduce U.S. oil consumption by 1 million barrels of oil per day by 2015. It is critical that we retain this provision in conference.

As we approach the second anniversary of the August 2003 blackout, it is unbelievable to me that Congress has not yet adopted the top recommendation of the blackout task force—passing mandatory, enforceable reliability standards. I am pleased that this Energy bill contains these standards, but if the legislation stalls, then I will push for a stand-alone bill to put these standards in place, as I have in the past.

The Energy bill also includes legislation that I recently introduced as cosponsored with Senator VOINOVICH. The legislation would create a grant program at the U.S. Environmental Protection Agency to promote the reduction of diesel emissions. The bill authorizes $1 billion over five years to help in the retrofitting and replacement of existing diesel engines. This program will help to reduce harmful fine particulate emissions in a cost-effective way. In fact, EPA estimates that diesel retrofits yield $13 of health for every $1 spent on them.

Finally, I am pleased that the Senate is now on record in this legislation as supporting a mandatory program to start reducing the greenhouse gas emissions that are contributing to climate change. I think this represents a step forward for the Senate, and I hope that the Senate will follow this sense of the Senate amendment with the passage of legislation soon to put such a program in place.

This is by no means a perfect bill. I have mentioned some of the things that I think are lacking. But on balance, I think this bill represents a major step forward. I am pleased to back it.

However, as we pass this bill out of the Senate, I have to say that I am extremely wary of conference. I was dismayed that the Energy bill voted out by the House this year was even worse than what came out of the House last year. Again, it contains a liability waiver for the gasoline additive MTBE. MTBE has contaminated groundwater in New York and across the country. According to two new studies, commissioned by the American Water Works Association, AWWA, and the Association of Metropolitan Water Agencies, AMWA, the clean-up costs are likely to be in the range of $25–$33.2 billion and could be as high as $85 billion or more. If this provision is retained in conference, I will have no choice but to again oppose the Energy bill when it comes back from conference. In addition, I think it is critical that the many of the key features of the Senate bill—including the renewable portfolio standard and the strong energy efficiency provisions—be retained in conference.

Mr. CORZINE. Mr. President, I rise to express my opposition to the Senate Energy bill. I first want to commend and thank my colleagues, the Senators from New Mexico, for their hard work in getting this bill to the floor and ensuring fair debate on these important issues. They have worked tirelessly and in a bipartisan fashion to craft this bill and deserve our gratitude.

This Nation needs an energy policy that steers us toward energy independence, innovation and conservation. Unfortunately, however, I believe the bill in the Senate does not embody a sound overall energy policy, and requires a no vote.

The American people deserve an energy policy that truly reflects our national priorities and promotes energy independence. An effective energy policy must: reduce U.S. dependence on foreign oil; address climate change in a meaningful way; promote energy efficiency through fuel efficiency; expand our use of renewable energy sources; and protect the United States Outer Continental Shelf from offshore drilling.

Unfortunately, the bill we voted on today inadequately addresses these priorities.

We need an aggressive strategy to wean this country off of its reliance on foreign sources of energy. But this bill does nothing to reduce this Nation's dependence on foreign oil, or provide any relief for the soaring prices at the gas pump. The bill includes an oil savings goal of only one million barrels per day by 2015, and does not even provide a mechanism for enforcement. This is unacceptable. It would take savings of three to five million barrels per day to truly reduce our energy dependence. I supported the amendment offered by Senator CANTWELL to reduce imports of foreign oil by 40 percent over the next 20 years. Sadly, the majority of the Senate did not, and that amendment was not included in this bill.

In addition, the bill includes an 8-billion gallon ethanol mandate that will actually increase gas prices for many Americans. The cost of living in New Jersey is already one of the highest in the Nation, and the ethanol mandate will essentially add a new gas tax for New Jersey's residents. Furthermore, although the bill includes a higher renewable fuel standard level, this will not necessarily lead to more energy security, as its proponents claim. Increasing these levels would not significantly reduce U.S. oil imports because each gallon of gasoline blended with ethanol to make gasohol has less energy in it than regular gasoline, requiring increased petroleum product imports to make up that energy loss. Producing ethanol also requires a significant amount of fossil fuel. Finally, a larger renewable fuel standard could force the expanded use of ethanol in areas, such as New Jersey, and hinder—rather than help—state efforts to attain federal air quality standards.

Instead of establishing a national ethanol mandate, we should reduce the Nation's consumption of oil. A simple and cost effective way of doing this, would be to raise CAFE standards. In fact, improving the fuel economy of passenger vehicles not only reduces our dependence on foreign oil, but cuts global warming emissions and saves consumers thousands of dollars annually at the gas pump. Americans currently consume a little over 20 million barrels of oil per day. Senator DURBIN offered an amendment that would raise fuel economy standards from 27.5 to 40 miles per gallon by 2017 for all passenger vehicles and include SUVs in the passenger vehicle category. The amendment would also increase the standards for pickup trucks and other nonpassenger vehicles from 21 miles per gallon to 27.5 miles per gallon. Raising these standards would save over 95 billion gallons of oil by 2016.

The Energy Information Administration projects that if we do nothing to raise CAFE standards, by 2020 Americans will be consuming 12 million barrels of oil per day for fuel use alone. If the Durbin amendment were passed, however, we would be saving 3 million barrels of oil per day or a reduction of 25 percent in gasoline consumption by the year 2020. Furthermore, if we had implemented the Durbin amendment in 2001, Americans would be saving $5 billion per year at the pump. This is an aggressive strategy that I feel is not only necessary, but long overdue.

The Senate had an opportunity to make important choices with this bill, and if you do a cost-benefit analysis, it is clear the Senate has made many wrong choices. I supported stricter CAFE standards and more aggressive oil savings, yet these amendments were not included in the bill we voted on today.

Instead, this bill does include a provision that I strongly opposed, the seismic inventory of the Outer Continental Shelf. I have been very clear about my opposition to any provision in this bill that will weaken the moratoria on drilling in the Outer Continental Shelf. As my colleagues know, I spent many hours on the Senate floor last week to ensure that no amendments were offered to weaken the moratoria. This step onto a slippery slope is only reemphasizing our dependency on oil and gas.

It is important to note that New Jersey is a State that already does its part in supporting energy production and refining for the Nation. Along with traditional power plants, we have three nuclear power plants, support siting of an LNG terminal and are looking into alternative energy sources. And New Jersey is the East Coast hub for oil refining. New Jersey is doing its part. New Jersey recognizes the variety of ways to generate energy. It can be done without offshore drilling.

Yet this bill includes a provision that would allow an inventory of all potential oil and natural gas resources in the entire Outer Continental Shelf, including areas off of the New Jersey coast. It is a slippery slope toward drilling, which would devastate New Jersey's beautiful beaches as well as its coastal tourism industry, an industry that supports over 800,000 jobs and generates $5.5 billion in revenue. And the seismic explosions are themselves dangerous to the environment and our offshore fisheries.

That is why I voted with my Florida colleagues and others to strike the inventory provision from the bill. But that amendment failed. That was the wrong choice. It makes no sense to sacrifice the economies and environmental sanctity of coastal States for what many energy analysts have said would not end the long-term trend of growing dependency on foreign oil. It is the wrong analysis, and the wrong decision and just one more example of how this Energy bill includes wrong choices.

Another problem with the bill before us is that it fails to effectively address a crucial issue that is paramount to our health, our environment, our economy and our way of life—climate change. The science is increasingly clear that greenhouse gas emissions caused by human activity are changing the earth's climate. The rest of the industrialized world understands the danger of this problem. Unless Congress acts in a meaningful way, the effects of global warming may be devastating to the worldwide economy and environment. Recognition by the Senate that global warming is indeed a problem is a first step. However, we cannot stop here. I supported an amendment to ensure real, immediate action on global warming. This amendment would require a reduction in carbon dioxide emission levels to 2000 levels by the year 2010. But, this important program is not included in this bill. This is a significant failure and misses the opportunity to address a problem that, without quick action, we will pass on to our children and grandchildren.

Finally, the underlying bill gives the Federal Government too much authority over the siting of liquefied natural gas terminals in their communities. I am very supportive of the proposed terminal in South Jersey, which is projected to provide energy to 4 to 5 million residences. Unfortunately, the State of Delaware has hampered the siting of this facility. These complications, however, do not justify ceding authority over New Jersey's choices about its energy supply to Washington. I am disappointed that the Senate failed to pass an amendment that would ensure States have authority over LNG terminal siting.

As you can see, I have many concerns about this bill. But there are some provisions that are steps in the right direction. The Senate included an amendment, which I supported, that requires a 10 percent renewable portfolio standard. I am proud that New Jersey is one of the first States to adopt its own 20 percent portfolio standard, and I am pleased that the rest of the Nation will take a step to follow with this important effort to expand renewable energy sources. In addition, this bill includes important tax incentives that promote energy efficiency. I am especially pleased that I was able to secure provisions in the energy efficiency title that encourage the Department of Housing and Urban Development and the public housing authorities it oversees to increase energy efficiency in public housing projects.

But these provisions are not enough to plug the weaknesses left in this bill. I voted this bill out of committee with the hopes that by bringing it to the Senate floor, my colleagues and I could greatly improve the bill. The committee markup was a fair and bipartisan process, and I was pleased to be a part of it. But if the goal is to create a comprehensive energy policy that will move this Nation in a direction of energy security and independence, then the bill we voted on today in the Senate will not achieve that goal. It is my hope that this bill will be improved in the conference committee, and I urge my colleagues to take these important issues into account as we move forward.

Mr. REED. Mr. President, I would like to take this opportunity to say a few words about the Energy Policy Act of 2005, H.R. 6. While I did not support the bill for several reasons, I do acknowledge that the bill is, in many respects, better than the bill the Senate rejected in 2003. I am pleased, for example, that the bill we are sending to conference does more to address the reliability of our electricity grid, contains a 10 percent renewable portfolio standard for electricity production, and does not include an unnecessary liability waiver for the MTBE industry.

We all agree that reliable, affordable energy is critical to the economic well being of our Nation. And increasingly, our Nation's energy policy is central to our national security. As I considered how to vote on the energy bill, I asked myself three questions. First, would this bill take meaningful action to reduce our dependence on foreign oil? Second, would the bill enhance homeland security? And third, is this $48 billion bill fiscally responsible and does it set the right priorities for our Nation?

As for the first question, unfortunately, I find that this bill does not do nearly enough to reduce our dependence on foreign oil.

Oil prices have recently soared to around $60 a barrel, a level that, even when adjusted for inflation, has not been seen in over 15 years. Imports of foreign oil are draining valuable economic resources out of our communities and Nation. The U.S. imports 4.5 billion barrels of oil per year. With prices up $20 a barrel over the past year, an increase that appears to be with us for the foreseeable future, we are experiencing an effective annual reduction in domestic income of $90 billion. That is $90 billion that we could better invest in energy efficiency and renewable energy, as well as police, firefighters, workforce training, and education for our children.

Over the next 10 years the world's daily energy demand will grow to nearly 100 million barrels. We will have to find an extra 50 million barrels of oil per day to meet that demand. The industry is already spending $200 billion a year to find oil, but even at that extraordinary level of investment, there are enormous difficulties in finding recoverable reserves to fill the gap between supply and demand. The United States has about 2 percent of the world's oil reserves. We simply cannot drill our way out of this crisis.

Reducing our dependence on oil must be both a national energy and a national security priority. But that is not a high priority of this Energy bill. This bill fails to promote meaningful reductions in our oil dependence by casting aside a much-needed increase in CAFE standards for cars and by omitting Senator CANTWELL's 40 percent oil savings amendment.

According to the Rocky Mountain Institute, since 1975 the U.S. has doubled the economic activity wrung from each barrel of oil. Overall energy savings, worth about $365 billion in 2000 alone, are effectively the Nation's biggest and fastest-growing major energy source—equivalent to three times our total oil imports. CAFE standards were a primary reason for these savings. We must make even greater strides in fuel efficiency if we want to move our country towards true energy independence.

Gasoline consumption in the transportation sector represents about 44 percent of total oil consumption in the United States each year. If one includes diesel fuel, that number jumps to 57 percent. To bring about any serious reduction in our dependence on foreign oil we must increase the fuel efficiency of our cars and light trucks through an increase in CAFE standards, as well as by promoting the use of hybrids and vehicles that use alternative fuels. In model year 2002, the average fuel economy for cars and light trucks was 20.4 miles per gallon—a 22-year low. Yet, if performance and weight had stayed constant since 1981, the average fuel economy would have improved 33 percent—enough to displace the amount of oil we import from the Persian Gulf 2.5 times over. Not only will raising CAFE standards improve our energy security, it will also ensure our economic security. China is putting in place fuel efficiency rules that will be significantly more stringent than those in the United States. The Chinese standards call for new cars, vans, and sport utility vehicles to get as much as two miles a gallon of fuel more in 2005 than the average required in the U.S. and about five miles more in 2008. And they plan to export these cars to the United States. We need to improve efficiency to remain competitive.

For these reasons, I am an original cosponsor of S. 889, Senator FEINSTEIN's bill to close the SUV loophole by gradually increasing fuel efficiency standards for SUVs to 27.5 miles per gallon—the same standard that now applies to passenger cars—by 2011. The legislation would also require that the average fuel economy of new vehicles purchased by the Federal Government be increased by three miles per gallon by 2008 and six miles per gallon by 2011. In addition, the bill would increase the weight range within which vehicles are bound by CAFE standards, making it harder for automotive manufacturers to build SUVs too big to be regulated by CAFE standards. The legislation would save the United States 1 million barrels of oil a day; reduce our dependence on foreign oil imports by 10 percent; prevent about 240 million tons of carbon dioxide—the top greenhouse gas and the biggest single cause of global warming—from entering the atmosphere each year; and save SUV and light duty truck owners hundreds of dollars each year in gasoline costs. It is unfortunate that the Senate energy bill includes no provision to require increased CAFE standards so that we can make real progress in reducing our dependence on foreign oil.

Moving to my second question: would this bill enhance our homeland security? Unfortunately, it would not.

Consumption of natural gas is growing at a faster rate than for any other primary energy source and is growing in all sectors of the economy—families heat their homes with natural gas, businesses use natural gas to produce products, natural gas vehicles are becoming more common, and power producers generate cleaner energy with it. According to the Consumer Federation of America, since 2000, the toll of higher natural gas prices on consumers is an estimated $80 billion. Similar to oil, demand is growing faster than available supplies can be delivered and the tightening in supply is resulting in dramatic price volatility. One way to increase natural gas supply in the United States is through liquefied natural gas, known as LNG. Again, however, we would do well to learn from our lessons with oil. One-third of the world's proven reserves of natural gas are in the Middle East, nearly two-fifths are in Russia and its former satellites, and significant reserves exist in Nigeria and Algeria. Political stability and terrorism are very real threats to the reliability of natural gas from these countries.

On the domestic front, the siting of liquefied natural gas, LNG, import terminals is an issue that has taken on critical importance for me and for the people of Rhode Island in recent months, as the Federal Energy Regulatory Commission, FERC, is now considering proposals by KeySpan Energy and Weaver's Cove Energy to establish LNG import terminals in Providence, RI and Fall River, MA, respectively.

I recognize that natural gas is an important and growing component of New England and the Nation's energy supply, and that imported LNG offers a promising new supply source to complement our domestic natural gas supplies. In a post-September 11 world, however, we must consider the substantial safety and security risks associated with siting LNG marine terminals in urban communities and requiring LNG tankers to pass within close proximity to miles of densely populated coastline.

That is the major problem with the current siting process and with the underlying bill before us. While States do have certain environmental permitting authorities delegated to them under Federal laws like the Clean Water Act, the Clean Air Act, and the Coastal Zone Management Act, States have no clear authority over the siting of LNG terminals in the one area that everyone is most concerned about: public safety and security.

Senator FEINSTEIN and I offered an amendment that would have ensured that States have an authentic voice in the siting of LNG terminals by giving Governors the same authority to approve or disapprove onshore terminals that they now have over offshore terminals under the Deepwater Port Act. If a Governor has the right to say yes or no to an offshore LNG terminal, it only makes sense that he or she should have the same rights with respect to an LNG terminal located onshore or in State waters. The National Governors Association agreed and wrote in strong support of our amendment.

I know that some of the opponents of this amendment say this is all about NIMBY, or ''Not in My Backyard,'' as if the issue is that our constituents would just rather not have to see these storage tanks and large vessels. But it is a much more serious and complicated matter than that.

The Sandia National Laboratory released a report last December that said a terror attack on a tanker delivering LNG to a U.S. terminal could set off a fire so hot it would burn skin and damage buildings nearly a mile away. For the terminals proposed in New England, that means schools, libraries, and thousands of homes, all within the damage zone. We can argue about the odds of such an attack, but when new LNG terminals are already being developed nearby in the Canadian maritime provinces—an area with reliable pipeline access to New England—and the first U.S. offshore LNG facility recently began receiving deliveries, there is no justification for placing these terminals in the heart of our communities.

I again want to emphasize that I recognize LNG's important role in the energy infrastructure of Rhode Island and the Nation, and I look forward to working with my colleagues to ensure reliable supplies of natural gas to our homes and businesses. I am disappointed that the Feinstein-Reed amendment was defeated, but our efforts have just begun. For now, I hope the 45 votes the amendment received will send a strong message to FERC that the agency should work more closely with Governors and the State environmental and first responder agencies that have firsthand knowledge of the geography and population of our States, so that we can bring more natural gas to our communities while minimizing the risk to our citizens.

Finally, we must ask ourselves, is the $48 billion cost of this bill fiscally responsible given our growing national debt and cuts in funding for other priorities such as education, water infrastructure, and transit? For me, the answer is no.

Over 11 years, this bill would provide $18.2 billion in energy tax incentives for electricity infrastructure, fossil fuels supply, energy efficiency, renewables, and vehicle and fuel incentives. I want to commend the Finance Committee for its work on the energy efficiency and renewable energy incentives in the bill. However, I am disappointed that the bill provides nearly $6 billion in tax breaks for oil, gas, and coal, and in addition, provides tax credits for nuclear energy. These tax breaks are provided despite the fact that President Bush has repeatedly stated that we do not need tax breaks for the oil and gas industry given the high prices Americans are experiencing.

Regrettably, this Energy bill also contains the Archer Daniels Midland ethanol mandate. In 2003, the United States consumed only 2.8 billion gallons of ethanol. But starting in 2006, the Energy bill will require Americans to purchase 4 billion gallons of ethanol, then 8 billion gallons by 2012, and then increasing amounts every year after 2012 in perpetuity by a percentage equivalent to the proportion of ethanol in the entire U.S. gas supply. So in addition to the already high gas prices Americans are paying at the pump, they will now be charged a tax to unnecessarily subsidize the ethanol industry, which already benefits from an income tax credit of 51 cents per gallon of pure ethanol, as well as a 54 cents per gallon tariff on imported ethanol.

The bill also provides loan guarantees for so-called innovative technologies, including nuclear power, a provision that would cost taxpayers $600 million. The legislation sets no limits on the number of projects, or the total principal that could be guaranteed for these speculative investments. As the Congressional Budget Office, CBO, points out, if a borrower defaults on a loan, the Department of Energy could take over a facility to recoup losses, or the Department could take over a loan and make payments on the loan for the borrower. To quote the CBO, ‘‘Such payments could result in DOE effectively providing a direct loan with as much as a 100 percent subsidy rate—essentially a grant—that could be used by the borrower to pay off its debt.’’ Is this a responsible use of taxpayer dollars when we are dramatically cutting funding for education, clean water, and energy efficiency programs? In my opinion, the answer is no.

I believe the American people deserve a better Energy bill from the Senate. They deserve a bill that takes seriously the need to reduce our dependency on foreign oil. They deserve a bill that provides for both our national security and energy security. They deserve a bill that requires real reductions in the greenhouse gas emissions that cause global warming. They deserve a bill that reduces energy prices for consumers, not one that hands out unnecessary subsidies to industries. Unfortunately, if history is any indicator, this bill is going to get worse, not better, in conference with the House. I look forward to working with my colleagues to oppose the addition of MTBE liability waivers and any other onerous House provisions to the Energy bill. It is high time we gave the American people an Energy bill that deserves their full support.

Mr. MCCAIN. Mr. President, I regret that the Senate has once again produced an Energy bill that does not serve either the present or future energy needs of our Nation. The provisions in this bill will not make us less dependent on foreign oil, will not enhance the reliability of the Nation’s electricity grid, will not effectively promote energy efficiency and technological innovation, will not reduce the price of energy to consumers over time, and will not address our significant contribution to the serious problem of global warming.

While I commend the chairman and ranking member of the Energy Committee for the bipartisan process they have led throughout the debate, I cannot support the resulting bill. But I do want to acknowledge that compared to the last conference report on this issue, the measure before us is somewhat better in some respects and certainly more so than the recently passed House bill. For example, the Senate measure does include more emphasis on energy efficiency and renewable technology, doesn’t include an MTBE waiver or hand-outs to Hooters, and a few special interests were left behind, although not enough.

However, when the price of gas reaches $3 a gallon, which some experts believe will occur within a year, and more manufacturing jobs are lost overseas due to soaring energy costs, and the next blackout occurs, and the wait lists for fuel-efficient cars grow even longer, and climatic changes increasingly affect American lives and livelihoods, the American public is surely going to judge that this Congress did not live up to the great challenge before it by passing a sound, far-reaching, national energy policy measure, despite the multiple years in the making. And, as we all know, Congress doesn’t have any popularity points to squander at this time. But even more to the point is that we don’t have the time to squander, now is the time we need to act to avoid disastrous economic and environmental consequences.

I am not spinning a doomsday scenario here, most of my colleagues appreciate the uncomfortable fact that these are our present energy supply realities. That is why I believe a more appropriate title for this bill would be ‘‘The Lost Energy and Economic Opportunity Act of 2005.’’ Opportunity lost because as a body we should have the vision and the political courage to craft national energy policy that addresses the serious energy problems before us with effective, identified solutions that put us on a new course—a more secure, reliable, and smarter course. Not the same tired path this bill treads, and spending an estimated $16 billion from the Federal Treasury to provide taxpayers’ subsidies largely for wealthy energy producers and corporations.

With the passage of this bill, we will have lost the historic opportunity to craft a national energy policy that relies on the market realities of high priced oil and gas instead of taxpayer subsidies to drive our country in the direction of energy efficiency, security, and independence, as well as global environmental stewardship. It doesn’t make fiscal or common sense to provide billions of taxpayer subsidies to encourage the production of energy by companies that are already gaining tremendous riches at today’s sky high oil and gas prices. But this bill does just that—it gives tens of billions of taxpayer dollars to the oil, gas, and coal industries. And if this was not sufficient, the bill provides an unlimited number of loan guarantees for the construction and operation of fossil fuel and nuclear projects far into the future. As such, no one can accurately assess how much this bill will end up costing American taxpayers. We can say with certainty that it is many times more expensive than the $6.7 billion that the Administration wanted and even much more costly than the House bill at $8 billion. The tax incentives alone in the Senate bill are estimated to be more than $14 billion by the Joint Committee on Taxation. Remarkable generosity with scarce taxpayer funds.

My colleagues supporting this bill contend that these taxpayer subsidies are necessary to increase domestic energy supplies and provide incentives for technological innovation. I believe that these subsidies largely amount to a multi-billion-dollar maintenance of the status quo which will only perpetuate and exacerbate our current national energy and environmental problems for the foreseeable future.

Let me be clear. I understand the need to encourage the development and deployment of zero and low emission technologies. That is why Senator LIEBERMAN and I added a comprehensive technology title to the Climate Stewardship and Innovation Act which we offered as an amendment last week. But the incentives provided in our legislation are different in many respects from those in the Energy bill.

For example, we propose a cost-sharing program with industry for first-of-a-kind engineering designs of facilities using advanced coal gasification, nuclear, and solar technologies as well as large scale biofuel production. Subsequent users of the designs generated under the program would pay a ‘‘royalty fee’’ on a per facility basis which would be used to reimburse the overall costs of the program.

Following the design phase, loans or loan guarantees would be allowed for the construction phase of the first facility utilizing advanced coal gasification, nuclear, solar, and large scale biofuel production technologies. These loans would be repaid at the end of the construction phase, and in the case of loan guarantees, the guarantees would terminate at the end of the construction phase. This is very different from the programs authorized under the base Energy bill which provides loan guarantees over the operational life of the facilities. The approach in the underlying bill leaves the taxpayers liable for a very long time, 30 years in some cases, as opposed to a construction period of maybe 5 years in our legislation. And in our bill, we envision all assistance would be funded through the revenues from the early auction of carbon allowances to industry rather than entirely from the taxpayers pockets as would be the case in the underlying bill.

Instead of our approach, the American public is going to be saddled entirely with the expense of this bill, which is running on empty—empty of new ideas—and further running up our deficit. The fuel we should be relying on to drive our national energy policy is American consumer demand. If we allowed consumer demand to drive our legislative actions, this bill would emphasize energy efficiency across all sectors of the economy and include a reasonable and progressive CAFE standard for SUVs and all other passenger vehicles. If it were up to American consumers, we wouldn't be imposing a meaningless 8 billion gallon ethanol mandate, but instead would be making it possible for people to obtain and operate their automobiles using clean and abundant biofuels that actually reduce our dependence on foreign oil and not just provide subsidies to the ethanol producers. If it were to the American public, we would not be repealing the Public Utility Holding Company Act, PUHCA, without replacing it with alternative protections for utility ratepayers, investors, and pension plans. Finally, if it were up to the American public, we would pass a bill that addresses global climate change: more than 75 percent of Americans believe that we need to reduce our greenhouse gas emissions and participate with our allies and other countries in a united effort. And in the process of reducing emissions, we would also improve the health of millions of Americans who suffer from asthma and other air quality-related conditions.

If these kind of policies were to be found in this bill not only would it satisfy the majority of the American public but it would significantly reduce our dependence on foreign oil while providing new jobs and financial benefits to the agricultural sector and a host of energy, technology, and service providers economy-wide. So why aren't we doing that in this bill? Why aren't we seizing the economic and environmental opportunities that are within our grasp, the available solutions to our current and future energy woes? There must be some good reason that we aren't giving the public what it wants but are giving special interests and rich corporations exactly what they want. I will leave that for the supporters of this bill to explain to the American public as we continue on our well-worn and convoluted energy path leading us no further than where we are right now. Only in the future, fuel prices will be higher, greenhouse gas emissions will be greater, and our economy, international relations, and environment will be in greater peril.

Ms. CANTWELL. Mr. President, I rise today to discuss the Senate energy bill that this body has passed today, on a resounding bipartisan vote of 85 to 12. For those of us on the Senate Energy and Natural Resources Committee, this day has been long in coming. Today is another milestone in the effort to craft a new energy plan for America; legislation that has been swirling around Capitol Hill in one form or another for at least the last 4 years.

I thank the chairman and ranking member of the Energy Committee for the skill and consideration they have shown in navigating a path forward for this legislation. It has taken a lot of work. But today's vote represents a concerted, bipartisan effort to find the compromises that can help move our nation forward on an energy strategy to meet the needs of a 21st century economy. The result has been a cleaner, more transparent process, and a cleaner energy plan for America.

I will not stand before this body today and suggest that this legislation is the solution to all of the challenges we are facing—and will continue to face for decades to come—when it comes to our national energy security. There are provisions contained in this lengthy and complicated bill that I do not agree with; and there are areas where this legislation does not go nearly far enough, particularly when it comes to curbing our dangerous overdependence on foreign oil imports, and tackling the emerging threat of global climate change. However, I am supporting this legislation because it represents a modest improvement on the status quo; and because I believe that this legislation is the beginning—rather than the end—of the Senate's consideration of these issues.

I have participated in this debate in the Energy Committee and on the Senate floor for the past 4 years, and I have listened intently to many of my colleagues and what they have had to say. I can tell you this: it seems to me that there is more agreement in this body today than at any other point in my memory as to the nature of the energy challenges we are facing as a nation, and the critical importance of addressing these problems if we want to ensure American competitiveness and economic security in the coming decades.

Four years ago, I do not believe many of us were discussing the impact of foreign, state-owned oil companies on our energy security. Few of us had recognized the emergence of China and India and what those countries' growing thirst for petroleum could mean to the dynamics of world energy markets and the American economy. Many Senators were skeptical about the potential market transformation that could occur with new hybrid vehicle technologies. Four years ago, there was far less consensus about the promise of new biofuel technologies using an array of different crops and materials. These technologies are capable of transforming the U.S. renewable fuels business from a boutique industry dominated by corn-growers to a real, national industry capable of displacing significant amounts of imported petroleum.

This Senate has come along way in four years—in thought, if not yet in deed. The fact the majority of Senators now recognize the need to address in a meaningful and binding way the threat of global climate change; and the fact that the majority of my colleagues now seem to recognize the perfect storm of economic and national security issues posed by our dependence on foreign oil are significant milestones. But I am disappointed that we do not yet have the same degree of unanimity on what to do about it.

That is why this legislation—and the debate about this legislation's successes and failings—is just the beginning. Our national energy security is an issue with which this country and its leaders absolutely must continue to grapple. When it comes to our Nation's oil dependence, America can and must make more progress. We must acknowledge the realities of geology and the international marketplace. Given that the U.S. sits on just 3 percent of the world's known oil reserves, we cannot drill our way to energy independence. And when any policymaker looks at the distribution of where the rest of those oil reserves lie—two-thirds of them in the Middle East—it becomes painfully obvious that the U.S. must step up and tackle this challenge head-on. Anything less jeopardizes our economic future and our national security.

I fundamentally believe that securing our Nation's energy future is among the biggest challenge faced by our generation. It is a challenge by which future generations of Americans will measure us. We did not get the job done with this particular Energy bill when it comes to America's energy security and dependence on foreign oil. Nor did we finish the job when it comes to the issue of global climate change. So this year, next year and for the foreseeable future, this Senator will stand up and ask her colleagues to pay more than lip service to these issues. The spirited and thoughtful debate that has characterized our consideration of this bill must guide us as we move forward to tackle these challenges. I believe it can be done. It must be done. And this Senator stands ready to work with her colleagues on both sides of the aisle to reach meaningful solutions to what are some of the most difficult economic security issues of our time.

But as I said at the outset, I do believe that this legislation will move our Nation forward in a number of other important ways. A comprehensive Energy bill touches every sector of our economy. The nature of our existing energy infrastructure is complex and interdependent, yet regionally diverse. Moreover, a maze of interlocking Federal and State regulatory authorities guide the production and sale of energy supplies in this country. For all of these reasons, the task of crafting a ''comprehensive'' energy policy is a massive undertaking. But even as this legislation has failed to address certain issues to this Senator's satisfaction, we have taken a number of important steps forward.

While we have not done nearly enough to address our economy's petroleum dependence—and hence, our dependence on foreign petroleum—this bill does put in place the basics for creation of a robust, American biofuels industry that can someday displace significant portions of our energy imports. While agricultural producers across the U.S. have long touted the energy and economic security benefits of fostering a domestic biofuels production industry, this country has nevertheless lagged behind in developing the technologies that would make a national biofuels strategy a reality. For example, 90 percent of the ethanol production in the U.S. is derived from corn and is produced in just five Midwestern States. Meanwhile, other nations such as Brazil have taken the lead on producing biofuels from other crops, and in the process have diversified their economies and energy supplies, begun to minimize their dependence on foreign petroleum, and lowered prices for consumers.

The key to growing this industry for the U.S. is investing in the demonstration and commercialization of new technologies that will make it possible to produce biofuels from a more diverse array of crops, including wheat straw and other biomass readily available in places like Washington State.

The Senate Energy bill contains a number of provisions key to moving forward on a national biofuels strategy. Specifically, I was pleased to add a number of measures that will help spur biofuels production in the Pacific Northwest. Making ethanol and biodiesel from more diverse feedstocks—in more regions of the country—is essential to making biofuels a sustainable and cost-effective solution to our Nation's emerging energy needs.

The Senate Energy bill contains a provision I authored to establish an ''Advanced Biofuel Technologies Program.'' The new program provides $550 million over 5 years to demonstrate technologies for production of ethanol and biodiesel. The measure directs the Secretary of Energy to work toward developing and demonstrating no fewer than four different conversion technologies for producing cellulosic-based ethanol; and five technologies for coproducing biodiesel and value-added bioproducts. In other words, it would provide Federal support for universities, private sector researchers and entrepreneurs who are striving to invent the next generation of biofuels technology, and help demonstrate them in real-world applications. The program also directs the Secretary to prioritize the demonstration of projects that will enhance the geographical diversity of alternative fuels production, and focus on developing technology related to feedstocks that represent 10 percent or less of our Nation's existing ethanol and biodiesel production—agricultural products like wheat straw, canola and mustard that are readily available in Washington State and throughout the Pacific Northwest.

But in addition to pioneering the next generation of technologies, the Senate Energy bill would provide important market-based incentives for the very first producers of new sources of biofuel. The Senate bill is more ambitious that previous energy bills, as well as this year's House-passed version, in setting a target to produce 8 billion gallons of renewable fuel by 2012. But in addition, it contains my provision to more than double the incentives for refiners to use ethanol made from cellulosic sources such as wheat straw, and to ensure that by 2013 the U.S. is producing at least 250,000 gallons of ethanol from these new sources. These provisions are designed to help build a market for the very first producers of ethanol from nontraditional, noncorn sources—an important way to help move the technology toward broader commercialization.

The Senate Energy bill also recognizes that a national biofuels strategy is in the long-term energy security interests of the U.S., and provides Federal support for this emerging industry. First, the legislation authorizes Federal loan guarantees for the first cellulosic ethanol facilities that produce 15 million gallons of ethanol or more. Multiple sites in the Pacific Northwest are vying to be among the first in the U.S. to produce cellulosic ethanol. In addition, the bill would extend the biodiesel excise tax credit through 2010. Otherwise slated to expire in 2006, the tax credit is important to the very first refiners and distributors of biodiesel in Washington State, who are using this tax credit to lower costs to consumers at the pump. I believe all of these are valuable provisions that will contribute to our national energy security and put farmers across the country in the biofuels business.

In addition to the renewable fuels standard, this legislation will diversify our Nation's energy supplies with the inclusion of a renewable portfolio standard that would require 10 percent of our electricity to come from sources such as wind, solar and geothermal. This legislation also extends the renewable production tax credit and the renewable energy production incentive program to support the drive to diversify our sources of electricity.

I should also note that this legislation contains consensus reliability standards, to ensure mandatory rules are in place to govern operation of our electricity grid—an important provision that I have championed since I arrived in the Senate, and an effort that was initially begun by my predecessor, Senator Slade Gorton.

I was also pleased to have a role in crafting provisions to promote cutting-edge research and development in the area of ''smart grid'' technologies, which will build intelligence into our existing energy infrastructure in a way that improves both efficiency and reliability. This legislation also includes incentives for the adoption of existing technologies that can aid reliability such as ''smart meters,'' which give utilities and their customers real-time information about energy usage.

This legislation also takes an important step to ensure that we are meeting the workforce needs of the electric utility sector. The National Science Foundation and energy industry interests have noted that as the baby boom sector of our workforce retires, a lack of training capacity will lead to a growing shortage of qualified engineers and innovators. Language that I worked to add to the bill in committee will ensure that the Energy and Labor Secretaries are closely monitoring our energy workforce, including the availability of power and transmission engineers, and will authorize the Federal Government to provide grants for appropriate workforce training investments. All of these reliability-related provisions will help ensure the stability of the electricity grid, which powers every sector of the American economy.

While I am on the topic of electricity, I must mention some of what I believe are among the most notable achievements of this legislation. There are provisions of this bill that I have championed related to Enron and the market manipulation that occurred during the Western energy crisis, which I believe represent the first meaningful Congressional response to the massive public mugging that took place. Certainly, Congress enacted aggressive new accounting reforms in the wake of Enron's collapse. But we have not yet done the same when it comes to our Federal energy laws.

I spoke at the outset about how the Senate has at least turned the corner in recognizing the problems posed by climate change and foreign oil dependence. Similarly, some of my colleagues may recall that, 4 years ago, many at first didn't believe that any market manipulation had taken place in the West. But with the release of Enron's smoking gun memos outlining the manipulation schemes, additional audiotape evidence that has surfaced since then, the guilty pleas of energy traders who executed these schemes four years later, this Senate has reevaluated its position, based on facts that are now a matter of public record.

I am optimistic about the notion that this Senate, in the foreseeable future, will get serious about addressing climate change and oil dependence because I have seen a sea change occur in the Senate on an energy issue before—in particular, on the issue of market manipulation and the need to protect our Nation's consumers against later-day Enrons. The Energy bill we passed today contained a number of important provisions to incorporate the lessons we learned from the Western energy crisis.

First, it puts in place a broad statutory ban on all forms of market manipulation in our Nation's electricity and natural gas markets. Second, it gives Federal authorities the ability to ban traders and executives implicated in energy market manipulation schemes from participating in the utility industry.

The Securities Exchange Commission has had this authority for decades and used it in some high-profile instances of individuals engaged in securities fraud. However, this authority does not currently exist in Federal energy law. Added unanimously as amendments during the Senate Energy Committee's markup of the bill, these provisions were inspired by recent court cases in which it is alleged that some of the same energy traders overheard on the now-infamous Enron audiotapes have been implicated in subsequent market manipulation schemes in other regions of the country.

Lastly, this legislation contains a provision of particular importance to my Washington State constituents. Section 1270 of this bill would prohibit a Federal bankruptcy court from forcing Washington State's Snohomish Public Utility District—PUD—and its customers to fork over another $122 million to Enron. Specifically, the provision prohibits the bankruptcy court from enforcing payments on power contracts that are unjust, unreasonable or contrary to the public interest. The provision was written to target manipulated power contracts between Enron and utilities in the West. The contracts were cancelled when the energy giant began its scandalous slide into bankruptcy. But once they were cancelled, Enron turned around and sued utilities for ''termination payments,'' seeking to collect profits on power that was never even delivered.

While the Federal Energy Regulatory Commission—FERC—has been conducting its proceedings to provide remedies for the consumers harmed by market manipulation, Enron has nevertheless continued pursuing collection of these ''termination payments'' in bankruptcy court. In fact, the court has already ruled that other Enron victims—Nevada Power Company and Sierra Pacific Power Company—should have to pay these fees, which come to more than $330 million for the two Nevada utilities. The court went so far as to enjoin FERC from proceeding with its own specific inquiry into whether Enron is owed the termination payments in those cases.

The provision included in this bill says very clearly to FERC, ''Do your job to protect consumers, and when you make a decision, that decision will stand.'' Interpreting our Nation's energy consumer protection laws is not the job of a bankruptcy judge. This responsibility lies with the Federal Energy Regulatory Commission.

I am aware that these provisions are in stark contrast to those included in the legislation passed by the House of Representatives. The House bill would ban only one type of manipulation scheme made infamous by Enron—roundtrip trading. It would do nothing to ban proven market manipulators from future employment in the energy business. And most inexplicably, it would actually give later-day Enrons a license to steal. It would lock in profits for would-be market manipulators under the guise of ''contract sanctity.'' I recognize that reconciling these issues with the House may be difficult. But when it comes to the deeds of Enron—and putting in place tough new laws to make sure such a wide-ranging fraud is never again perpetrated against our Nation's consumers—I believe the Senate will have the American people firmly on our side.

In addition to these very important provisions, I must also make a few comments on other matters of importance in this legislation's electricity title. I regret that during the course of the debate on this bill, there was not enough time to discuss more fully its treatment of the Public Utility Holding Company Act—PUHCA. It is important that this silence not be confused with disinterest. It is because of the consumer protections provisions included in the bill— some that I have mentioned already—that this issue has not caused an uproar, as it has in the past.

It was crucial to me that, in PUHCA's stead, this bill include the refinements and enhancements of FERC's merger review authority that were worked out by Senators BINGAMAN and DOMENICI. I must still state my profound uneasiness with the notion that we are repealing one of our Nation's fundamental consumer protection laws at a time when many of us are concerned about mergers and consolidation within the utility industry. And I remain concerned that we have not done enough to address the issue of cross-subsidization of unregulated affiliates by utilities that are owned by the same holding company.

I ask my colleagues to remember: Enron was a company willing to turn a profit by any means necessary; but it was presented with a market and regulatory environment that presented innumerable opportunities for abuse. We have given FERC the tools in this bill to prevent those abuses; let's hope they take this responsibility seriously.

The bill's repeal of PUHCA is predicted by some to usher in a new wave of utility mergers. Consolidation can be beneficial, but it can also foreclose competition, frustrate effective regulation and create inefficiencies. Let us hope that Federal and State regulators both take their responsibilities to protect consumers seriously.

PUHCA repeal lifts diversification and investment bans that the leading financial rating agencies have determined were critical in protecting the financial health of utilities and preventing bad business investments. Let us hope that we don't regret this decision.

Again, this bill requires steps to prevent cross-subsidization when utilities merge, but is silent on the need to prevent cross-subsidization by those utilities that don't merge. Let us hope that consumers and independent competitors do not suffer from this decision.

I sincerely hope history will prove this Senator's instincts and skepticism wrong on the topic of utility cross-subsidization and PUHCA repeal—because otherwise, it is American ratepayers and investors who will be paying the price. But as I said, it is the consumer protections in this bill today that have led me to view this as a reasonable compromise. In addition to the provisions I mentioned before, this legislation also includes improved language on market transparency, accountability standards for the Nation's Regional Transmission Organizations—RTOs—and the protection of transmission rights needed to serve consumers, particularly in the Pacific Northwest.

Let me be perfectly clear: the provisions that I have mentioned, taken together, are the minimum needed in order to meet the needs of electric consumers. They were essential in earning the support of this Senator. Last Congress, one of the key factors that led to the defeat of the Energy bill was the failure of the conference report to protect electric consumers. While I believe we can and should do more, I commend both the Senators from New Mexico for their efforts. But their efforts will be wasted if the other body does not realize that these provisions are essential for final passage of an energy bill conference report.

It is also important to note that the Senate legislation we have passed today avoids the gratuitous special interest deals in the House bill—such as giving groundwater polluting MTBE manufacturers a free ride on clean up liability. It moves forward without the rollbacks of the Clean Water Act, Clean Air Act, National Environmental Policy Act, and Safe Drinking Water Act that are included in the House legislation. The Senate has spoken out against these bad environmental policies and we stuck to those principles in this bill.

We stuck to those principles and we worked across the aisle, in good faith at every turn. I hope the other body across the Capitol has paid some attention to this process. If leaders in the House are serious about delivering energy legislation to the President's desk for signature, then they will realize that a similar effort will be required during the conference on this legislation.

Make no mistake: the Senate Energy bill is far from perfect. There are missed opportunities. There are provisions that I outright oppose, such as surveying for oil and gas areas on the Outer Continental Shelf that are protected by drilling moratoria, originally established by President George H.W. Bush. But there are many, many more provisions in this legislation that I wholeheartedly support.

This bill positions the U.S. to make many of the right investments in energy research and development. It includes important measures to diversify both our domestic sources of biofuels and electricity. And it contains many important consumer protections for our Nation's energy ratepayers. In other words, the Senate Energy bill contains many of the basics necessary for our Nation to start moving in the right direction. It is a modest step. Yet I believe we should take this step, if we are committed to moving our country—even more aggressively in the coming years—toward an energy policy that will sustain American competitiveness in a rapidly-evolving global economy.

I thank my friends and colleagues who serve on the Senate Energy Committee, for the thoughtful and substantive consideration they gave a number of key aspects of this legislation. And again, my thanks to the chairman and ranking member for their leadership in navigating what were at times turbulent waters, with certain aspects of this bill. We will be counting on those navigational skills as this legislation moves toward conference with the House of Representatives.

Mrs. HUTCHISON. Mr. President, I see that my good friend and colleague, the senior Senator from Iowa, has come to the floor. I want to thank Mr. GRASSLEY for his hard work on the Energy Policy Tax Incentives Act of 2005. I commend my good friend and Senator BAUCUS for their efforts to complete this important section of the Energy bill.

The Energy Policy Tax Incentives Act of 2005 supports the development of energy production from renewable resources and complements the Energy bill that Senators DOMENICI and BINGAMAN have worked in a bipartisan fashion to put together. I agree with my colleagues that we must continue to seek alternative sources of energy; it is in the best interest of America.

I would mention, however, that we must also continue to sustain domestic production of oil and gas. According to the National Petroleum Council's Natural Gas Study, a $10-billion-per-year investment over 20 years will be needed in order to meet future natural gas needs. We cannot overlook the importance of developing our domestic oil and gas resources. Domestic production is a critical first step toward energy independence while alternative sources are more fully developed. I ask my colleague from Iowa if he would agree with me that U.S. imports of foreign energy are at unacceptable levels, and the need to develop our domestic resources is an important step toward energy independence.

Mr. GRASSLEY. I say to my colleague from Texas that I do agree that our dependence upon foreign sources of energy is dangerously high. It is a threat to our economic stability and national security. We cannot continue to rely on foreign imports for 60 percent of our supplies. We must utilize available domestic resources, and I believe the Energy bill before the Senate is a good step forward.

Mrs. HUTCHISON. I thank the Finance Committee chairman. A central goal of the Energy bill is to enhance the production of U.S. energy sources, including oil and natural gas, and thus allow us to reduce our reliance on imported energy. To do that we need to make domestic oil and gas exploration projects cost competitive with those abroad. Allowing geological and geophysical expenditures to be amortized over 2 years will help make U.S. projects more economical by reducing the administrative cost burdens to both taxpayers and the IRS. It will especially help small operators take more risks to find new sources of oil and gas. This provision has been in every Energy bill—House and Senate—over the past several years. It has enjoyed bipartisan support because it makes sense. These expenditures are similar to research and development expenditures paid by other industries. Research and development expenses are either currently expensed or they receive a tax credit. Shorter amortization of geological and geophysical expenditures, while not as generous a tax treatment as expensing or a credit, would help to equalize the tax treatment of similar expenditures for all industries.

I would also raise the importance of similar tax treatment of delay rental payments. Congress needs to pass legislation to clarify that delay rental payments can be amortized over 2 years to enhance and preserve domestic oil and gas production. This is important for developers who cannot afford to run continuous operations on the properties they hold. The current uncertainty of how these costs are to be treated has led to costly litigation; prompt clarification will eliminate needless administrative burdens on taxpayers and the Internal Revenue Service.

Unfortunately, these two provisions were not included in the Senate Energy Policy Tax Incentives Act of 2005. They are both important provisions for a comprehensive Energy bill. I would ask my colleague if he would work with me to see that they are included in the final conference package.

Mr. GRASSLEY. I say to my colleague that I understand the importance of these provisions in a comprehensive Energy bill. I have supported these in the past and included them in our bill in the 108th Congress. I agree that sensible tax treatment that will promote the development of domestic oil and gas sources should be a part of the final bill. As we move forward to conference, we will work to include these two important provisions.

Mrs. HUTCHISON. I want to thank Senator GRASSLEY for his consideration and willingness to work with me.

Mr. MCCONNELL. Mr. President, I rise today in support of the Energy Policy Act of 2005. With its passage, America will begin to declare its independence from foreign sources of energy.

A strong energy policy is crucial to America's economic security and national security. We must become less dependent on foreign sources of energy.

In 1985, 75 percent of the crude oil used in American refineries was domestically produced. Only about 25 percent came from beyond our borders. But today, those proportions have been turned upside down: Only about 35 percent of crude oil used here is produced at home, and 65 percent is imported from foreign countries.

That precarious balance leaves our Nation's energy needs, and even our Nation's economic strength, in the hands of others. America can do better. Four years of debate is enough: I urge this Senate to pass this much-needed energy bill now.

Kentucky has not escaped the ill effects of America's energy needs. Commercial natural gas prices in Kentucky rose by 53 percent from 2000 to 2004. Gasoline prices in the Commonwealth, and throughout the entire Midwest region of the United States, have risen by 86 percent since 2002. The same gallon of gas that cost $1.13 then costs Kentuckians a whopping $2.11 today. America's lack of a strong, focused energy policy has imposed a tax on all Kentucky drivers.

This bill will provide that strong, focused energy policy. It will not make gasoline prices drop overnight. But it includes some simple, smart provisions that will provide cheaper, safer, and more plentiful energy for generations to come.

Passing the Energy Policy Act of 2005 will provide $2.9 billion in incentives for the development of clean coal technology and generation. America contains enough coal to meet our needs for the next 250 years, and Kentucky ranks third among the States in coal production. Coal provides over 50 percent of the electricity in America, and 97 percent of Kentucky's. We must take full advantage of such a cheap, abundant resource while also making sure we protect the environment.

This bill will do that. It provides money to research technologies that will remove nearly all pollutants from coal-fired power plants. We will be able to continue using coal in an environmentally friendly way. That will benefit Kentucky, and America. The bill also includes $1.4 billion in incentives for increased domestic oil and gas production. America hasn't seen a single new oil refinery since 1976. We need to build more now, and we can do so in an environmentally sensitive way.

The bill includes $7.9 billion for the development of alternative fuels. We can unleash the American genius on creating or refining new and better sources of energy for the future, such as hydrogen, ethanol, and biodiesel. One day, automobiles can run on hydrogen instead of gasoline—and instead of exhaust fumes, they would emit pure water. Ethanol, made from corn, can be mixed with gasoline to make a cleaner, more efficient fuel. Increased production of biodiesel would further reduce our dependence on foreign sources of energy.

This bill also provides $278 million for more nuclear power facilities. Nuclear power is produced entirely here in America, and can create vast quantities of electricity. Nations such as France have long since realized the benefits of nuclear power. It is time America did the same. Nuclear power is safe and smart. It should be a major source of America's energy policy in the 21st century.

Passage of this bill will also provide money for increased energy efficiency and conservation, and a renewable fuels standard that will increase our amount of renewable fuel in the fuel supply to 8 billion gallons by 2012.

It is time America stopped outsourcing its energy production. The problems we face are simple to grasp—so simple that it is a wonder that Congress has waited this long to act. We must continue to use our primary source of energy, coal, while being sure to do so using environmentally safe technology. We must increase domestic oil and gas production, also using environmentally safe technology. We must develop cheap, safe, and clean alternative energy sources including nuclear energy. And we must increase energy efficiency and conservation.

American know-how has made us the economic envy of the world. We can lead the way in technologically advanced methods to take great care with our environment, while still meeting our energy needs, as well. This bill will accomplish these goals.

Mr. FRIST. Mr. President, the Senate will soon vote on final passage of the Energy bill. I want to applaud my fellow Senators for their hard work and cooperation. Senator PETE DOMENICI deserves special recognition. Senator DOMENICI's expertise on energy issues is unparalleled in the United States Senate, as he has demonstrated for a number of years on both the Energy Committee and the Energy and Water Subcommittee of the Appropriations Committee. His determination to produce a comprehensive national energy policy, and his hard work with his ranking member, Senator BINGAMAN, as well as the other members of his committee, is the reason why we stand here, today, on the cusp of final passage of a balanced, bipartisan energy bill. I congratulate Chairman DOMENICI and Senator BINGAMAN. I am confident that they will continue to work together in conference to deliver a strong Energy bill that will provide the clean, affordable energy we need to keep America moving forward.

Anyone who has filled a tank of gas recently, or paid an electric bill, knows that we've reached a crisis point. Energy prices are skyrocketing. Suddenly, instead of the lowest natural gas prices in the industrialized world, we have the highest. Because of high natural gas prices, manufacturing and chemical jobs are moving overseas. Farmers are taking a pay cut. Consumers are paying too much to heat and cool their homes. Communities across the country are suffering. And as many as 2.7 million manufacturing jobs have been lost because of soaring prices. All the while, we have grown dangerously reliant on foreign sources of energy. And some of those foreign sources do not have America's best interests at heart.

In the 1960s and early 1970s, the U.S. produced almost as much oil as we consumed. Imports were relatively small. But since then, U.S. oil production has been on the decline, while consumption has steadily increased. As a result, we've become more and more dependent on imported oil.

As we remember all too well, in the early 1970's, large oil exporters in the Middle East adopted an oil embargo against many Western countries. This marked the first time that oil was used as a political weapon. At the time, the U.S. imported 35 percent of our oil needs. Since then, we have become much more dependent on foreign sources of oil and natural gas. We are more vulnerable than ever to the use of energy as a political weapon.

In addition, many non-democratic countries and others maintain their hold on power through the redistribution of oil revenues. We see this happening in Venezuela. We currently import over one million barrels of oil a day from Venezuela. Meanwhile, its president, Hugo Chavez, actively opposes the United States, supports rogue states such as Cuba, and is working to destabilize Latin America. President Chavez maintains his political support with the aid of Venezuela's oil revenues. These revenues have also given him the ability to purchase arms and play a major role on the international stage.

These dynamics are equally evident for energy suppliers in the Middle East. President Bush and many of my colleagues here in the Senate have correctly argued that the spread of democracy, human rights, and the rule of law is essential for peace and stability, and for victory in the War on Terrorism. But regimes in the Middle East have been able to use their oil revenues to hang on to power and maintain nondemocratic political systems. As a result, the conditions that breed hatred, violence, and terrorism often go unaddressed, and the problems of terrorism persist.

Passing the energy bill today will be a major step forward in addressing these serious national security challenges. It will also be a major step forward for our economic productivity and prosperity. The Energy bill promises to deliver exciting new technologies. Hydrogen fuel cells are one example. If just 20 percent of cars used fuel cell technology, we could cut oil imports by 1.5 million barrels every day.

The Senate Energy bill authorizes $3.7 billion over 5 years to support hydrogen and fuel-cell research, as well as the infrastructure we need to move toward this goal.

Last week, Senator HATCH and I had the opportunity to attend a hydrogen car demonstration here at the Capitol. The cars were stylish. They drove well. The technology is very promising. Hybrid cars are already gaining in popularity. Just this past week, Nissan announced that its first hybrid vehicle will be built at the Smyrna plant in Tennessee. This is one example of how technology can simultaneously promote conservation and efficiency, and boost the manufacturing sector.

In addition, the Energy bill's conservation and energy efficiency provisions far exceed those of other energy bills considered by the Congress in recent years.

According to the American Council for an Energy Efficient Economy, the Senate Energy bill will save 1.1 trillion cubic feet of natural gas by 2020, equivalent to the current annual consumption of the whole state of New York. It will reduce peak electric demand by 50,000 megawatts by 2020, the equivalent of 170 new power plants. And it will reduce U.S. oil consumption by 1 million barrels a day by the year 2015.

It encourages the use of home-grown renewable fuels such as ethanol and biodiesel, as well as wind and solar and geothermal energy. It provides incentives to facilitate the development of cutting edge technologies like coal gasification and advanced nuclear plants, which will produce clean, low-carbon energy to help address the issue of global climate change. And it will modernize and expand our Nation's electricity grid to enhance reliability and help prevent future blackouts.

The Senate energy bill will help us both conserve more energy, and produce more energy. It will also help produce more jobs. It is estimated that the energy bill will save over two million jobs and create hundreds of thousands more. The ethanol provision, for example, is expected to generate 230,000 new jobs over the next 7 years. Incentives for wind generated energy are expected to create another 100,000 jobs in the next 2. The investment in clean coal technology will create 62,1000 jobs, and 40,000 new jobs in the solar industry will come on line. These are good jobs, well paying, and right here at home.

The energy bill is good for America, It will move our country toward a more reliable supply of clean, affordable energy. I urge my colleagues to vote for this comprehensive, forward leaning plan. Casting a vote for the Energy bill is a vote for a safer and more secure America.

I ask for the yeas and nays.

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

The yeas and nays were ordered.

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. REID. Mr. President, there is so much negative written in the press about all the infighting that goes on in the Senate, how we don't work together. We work together on a lot of things. We don't get much appreciation from the public for that because they see all the negative that the press conjures up. But here is an example of two Senators, both very experienced, both from the same State, who are in positions of prominence in that very important committee that brought the Energy bill here. They worked together.

They had meetings where Senator BINGAMAN met with Republicans, Senator DOMENICI met with Democrats, and they crafted this bill. It wasn't a perfect bill, but there is not anything we do around here that is perfect. We did improve it and we had the opportunity to try to improve it even more. It was a free debate. And to indicate there was enough time on the debate, the cloture vote was overwhelming.

Mr. President, I hope as we proceed through the conference process on this—and as the distinguished majority leader knows, we have set the example of how a conference should be conducted with the highway bill—we are going to move forward on this and do everything we can in conference to sustain and uphold the position of the Senate.

This is a good bill. I commend and applaud the two managers, Senator DOMENICI and Senator BINGAMAN, for doing an outstanding job and setting the example of what should be the future of all bills that come before the Senate.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. McCONNELL. The following Senator was necessarily absent: the Senator from Alabama (Mr. SESSIONS).

Further, if present and voting, the Senator from Alabama (Mr. SESSIONS) would have voted "yea."

Mr. DURBIN. I announce that the Senator from Connecticut (Mr. DODD) and the Senator from Connecticut (Mr. LIEBERMAN), are absent attending a funeral.

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

The result was announced—yeas 85, nays 12, as follows:

[Rollcall Vote No. 158 Leg.]

YEAS—85

Akaka	Dayton	Lott
Alexander	DeMint	Lugar
Allard	DeWine	McConnell
Allen	Dole	Mikulski
Baucus	Domenici	Murkowski
Bayh	Dorgan	Murray
Bennett	Durbin	Nelson (NE)
Biden	Ensign	Obama
Bingaman	Enzi	Pryor
Bond	Feinstein	Reid
Boxer	Frist	Roberts
Brownback	Graham	Rockefeller
Bunning	Grassley	Salazar
Burns	Hagel	Santorum
Burr	Harkin	Sarbanes
Byrd	Hatch	Shelby
Cantwell	Hutchison	Smith
Carper	Inhofe	Snowe
Chafee	Inouye	Specter
Chambliss	Isakson	Stabenow
Clinton	Jeffords	Stevens
Coburn	Johnson	Talent
Cochran	Kennedy	Thomas
Coleman	Kerry	Thune
Collins	Kohl	Vitter
Conrad	Landrieu	Voinovich
Cornyn	Leahy	Warner
Craig	Levin	
Crapo	Lincoln	

NAYS—12

Corzine	Lautenberg	Reed
Feingold	Martinez	Schumer
Gregg	McCain	Sununu
Kyl	Nelson (FL)	Wyden

NOT VOTING—3

Dodd	Lieberman	Sessions

The bill (H.R. 6), as amended was passed.

(The bill will be printed in a future edition of the RECORD.)

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

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

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

DEPARTMENT OF INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS ACT, 2006

The PRESIDING OFFICER. The clerk will report the pending bill.

The assistant legislative clerk read as follows:

A bill (H.R. 2361) making appropriations for the Department of the Interior, Environment, and Related Agencies for the fiscal year ending September 30, 2006, and for other purposes.

Pending:

Burns (for Voinovich) amendment No. 1010, to prohibit the use of funds to take certain land into trust without the consent of the Governor of the State in which the land is located.

Burns (for Frist/Reid) amendment No. 1022, to provide for Congressional security relating to certain real property.

Dorgan (for Boxer) amendment No. 1023, to prohibit the use of funds by the Administrator of the Environmental Protection Agency to accept, consider, or rely on third-party intentional dosing human studies for pesticides or to conduct intentional dosing human studies for pesticides.

Dorgan amendment No. 1025, to require Federal reserve banks to transfer certain surplus funds to the general fund of the Treasury, to be used for the provision of Indian health care services.

Sununu/Bingaman amendment No. 1026, to prohibit the use of funds to plan, design, study or construct certain forest development roads in the Tongass National Forest.

Dorgan (for Kerry) amendment No. 1029, making emergency supplemental appropriations for the fiscal year ending September 30, 2005, for the Veterans Health Administration.

Dorgan (for Bingaman) amendment No. 1030, to modify a provision relating to funds appropriated for Bureau of Indian Affairs postsecondary schools.

Dorgan (for Bingaman) amendment No. 1031, to set aside additional amounts for Youth Conservation Corps projects.

Dorgan (for Durbin) amendment No. 1032, to prohibit the use of funds in contravention of the Executive order relating to Federal actions to address environmental justice in minority populations and low-income populations.

Dorgan (for Reed) amendment No. 1036, to modify certain administrative provisions relating to the brownfield site characterization and assessment program.

Dorgan (for Reed) amendment No. 1037, to authorize recipients of grants provided under the brownfield site characterization and assessment program to use grant funds for reasonable administrative expenses.

Salazar amendment No. 1038, to provide additional funds for the payment in lieu of taxes program, with an offset.

Salazar amendment No. 1039, to provide that certain user fees collected under the Land and Water Conservation Act of 1965 be paid to the States.

Burns (for Bond) amendment No. 1040, to set aside funds for the University of Missouri-Columbia to establish a wetland ecology center of excellence.

Burns (for Warner) amendment No. 1042, to set aside funds for the replacement of the main gate facility at the Wolf Trap National Park for the Performing Arts, Virginia.

Burns (for Ensign) amendment No. 1012, to provide for the conveyance of certain Bureau of Land Management land in the State of Nevada to the Las Vegas Motor Speedway.

Burns (for Coburn) amendment No. 1002, to reduce total appropriations in the bill by 1.7 percent for the purpose of fully funding the Department of Defense.

Burns (for Coburn) amendment No. 1003, to require conference report inclusion of limitations, directives, and earmarks.

Burns (for Coburn) amendment No. 1015, to transfer funding to Wildland Fire Management from the National Endowment for the Arts and the National Endowment for the Humanities.

Burns (for Coburn) amendment No. 1019, to transfer funding to the Special Diabetes Program for Indians and the Alcohol and Substance Abuse Program within the Indian