

Work on the energy bill has been suspended until the week of October 14. The Renewable Electricity Standards support letters organized by UCS have been effective as evidenced by the press from the last two days (see below).

Legislators Dispute Renewable Fuels
Tuesday September 30, 2003 6:31 PM
By H. JOSEF HEBERT
Associated Press Writer

WASHINGTON (AP) - Disputes over whether power companies should be made to use renewable fuels to make electricity and about liability protection for makers of a water-contaminating gasoline additive are complicating negotiations over a far-reaching energy bill.

Fifty-three senators, including eight Republicans, urged Monday that electric utilities be required to make at least 10 percent of their power from solar panels, wind turbines, biomass, geothermal energy and other non-hydro renewable sources.

A Republican partial draft of the legislation left out such a requirement although it had been in a Senate-passed bill. Aides to Sen. Pete Domenici, R-N.M., energy conference chairman, said there are no plans to put it into the bill being worked out with the House.

"A majority of the House (negotiators) are strongly opposed to it," said an aide to the senator. Most of the Republicans, including Domenici, involved in the energy talks, also oppose such a provision. Democrats could try to get it in the final bill, but they are likely to be overruled by Republicans, who hold a majority in the talks.

Rep. Billy Tauzin, R-La., who is leading the House negotiators, said the renewable fuels requirement would "penalize consumers in my state" and other areas where renewable fuel sources are not easily available. "My guess is it's not going to be in the (energy conference) report," he told reporters.

Tauzin said "we're very close" to a compromise that would resolve the dispute between the House and Senate over the future of MTBE, a petroleum-based gasoline additive that many senators want banned because it has been found to contaminate groundwater from California to New England.

But some key House Republicans, including Majority Leader Tom DeLay of Texas, not only oppose to a ban but want MTBE manufacturers to be protected from any lawsuits from the chemical leaking into water supplies. The industry has pushed hard for the legal protection.

DeLay has sought a meeting with Domenici to discuss the issue, but Marnie Funk, a spokeswoman for the senator, said late Monday that no such meeting is on Domenici's schedule. DeLay, whose district includes MTBE manufacturers, is not part of the energy conference and has been accused by Democrats of trying to inject himself into the talks.

Environmentalists and many senators from states where there has been MTBE contamination fear a waiver would let the MTBE makers off the hook. The industry says the waiver would be limited and cover only product defect cases, and not misuse of the product such as allowing leakage into waterways and groundwater.

The MTBE provisions are part of a package of automobile fuel proposals that also includes a requirement to double the use of corn-based ethanol as a gasoline additive, a measure widely popular among both Republicans and Democrats.

On the issue of renewable energy use by power plants, electric utilities have lobbied aggressively against the so-called "renewable fuels standard" which would require them to make 10 percent

of their power from non-fossil, non-hydro energy. They argue that some utilities would find it hard to comply because of a shortage of renewable energy sources in some regions, leading to higher electricity costs.

The industry maintains the issue should be left to states.

Separately, Domenici and Tauzin released a revised draft Monday, covering much of the proposed bill, except for the ethanol/MTBE section, electricity transmission issues and tax issues.

The draft included measures aimed at beefing up guard forces at nuclear power plants. Guards for the first time would be authorized to use deadly force and be given access to upgraded weapons. The penalty for acts of sabotage at a nuclear power plant would be increased from \$10,000 to \$1 million.

The Washington Post
September 30, 2003, Tuesday, Final Edition
SECTION: A SECTION; Pg. A04
LENGTH: 736 words

HEADLINE: Renewable Energy Provision Stalls; Conferees Will Not Consider Senate Requirement in Compromise Legislation

BYLINE: Dan Morgan and Peter Behr, Washington Post Staff Writers

BODY:

Rejecting an eleventh-hour plea by 53 senators, Republicans drafting a far-reaching energy bill have decided not to require most large utilities to increase the amount of electricity they generate from wind, solar, hydro, geothermal and other renewable sources.

Such a far-reaching mandate, which is a top priority of environmental organizations and the country's burgeoning renewable power industry, was included in the energy bill passed in July by the Senate. But the House has never approved a similar provision, and GOP aides said it would not be part of the compromise energy package being worked out by Sen. Pete V. Domenici (R-N.M.) and Rep. W.J. "Billy" Tauzin (R-La.).

The Senate bill -- originally written a year ago by Democrats when they were in power -- would require retail electricity suppliers other than small cooperatives and municipal power companies to increase their use of renewable fuels to meet an annual target, known as a Renewable Portfolio Standard (RPS). Starting with a minimum of 1 percent in 2005, the mandatory amount would rise to 10 percent in 2019. Utilities that fell short could buy credits from others that exceeded the target.

Thirteen states have adopted or are considering setting goals for use of renewable energy by utilities. But the proposed federal provisions have been fiercely opposed by big utilities, the coal industry and oil companies, which contend the targets are unrealistic given the country's dependence on fossil fuels to produce the bulk of electricity.

"RPS will not be in the Domenici-Tauzin [package]," said Marnie Funk, spokeswoman for the Senate Energy and Natural Resources Committee, which Domenici chairs.

About 2 percent of the nation's electricity is produced by renewable sources, most of it wind power, but the industry is growing, in response to higher costs of some fossil fuels and environmental pressures for cleaner energy sources. In Maine, electricity production from biomass -- such as wood chips -- has become big business.

Developers of wind generators that produce electricity from huge, rotating turbine blades say their projects are expanding in part because of improvements in technology.

The American Wind Energy Association predicts that more than 1,400 megawatts of wind power projects will be built this year. That would bring the nation's total to 6,000 megawatts, enough to power nearly 1.6 million average homes.

In the House, where southern oil- and gas-producing states are a key part of the GOP majority's base, opposition has been strong. "From our perspective, RPS is not going to affect the outcome of the bill," said Kenneth Johnson, Tauzin's spokesman. "Many who support RPS will vote no on the bill regardless of how much ground we give."

But in the closely divided Senate, the absence of a renewable-fuels provision could present potential problems for GOP leaders.

During a meeting yesterday with representatives of the Union of Concerned Scientists, Republican Sen. Charles E. Grassley (Iowa) said he would vote for an amendment restoring the language if one were offered at a meeting of the House-Senate energy conferees, his spokeswoman confirmed.

Grassley, whose state boasts a growing wind-power industry, chairs the Senate Finance Committee. He is playing the main role in drafting tax provisions in the overall energy package.

Even if senators participating in the House-Senate conference should vote to restore the renewables mandate, the House conferees would have to approve that action for it to be made part of the package -- an unlikely event.

But the issue could still cause problems for the compromise package when it reaches the Senate floor. An attempt to strike the requirement from an energy bill before the Senate in 2002 was defeated 58 to 40.

Yesterday a letter with 53 signatures, circulated by Sens. Susan Collins (R-Maine), Jeff Bingaman (D-N.M.) and James M. Jeffords (I-Vt.), urged Domenici and Tauzin to include the RPS provision, calling it "an essential component" of the energy bill.

Along with several Republican signatories, the letter was endorsed by a number of southern Democrats from oil- and gas-producing states, including both Louisianans.

But it was unclear whether an attempt would be made to filibuster the energy Tough Going as Negotiators Hammer Out Energy Bill

New York Times
September 30, 2003
By CARL HULSE

WASHINGTON, Sept. 29 - Six weeks after the worst blackout in United States history, Congressional Republicans are entering the difficult final stage of negotiations over an energy policy that goes far beyond electricity issues to encompass a host of power initiatives, including new coal and nuclear plants and stepped-up domestic oil production.

The authors of the developing legislation had hoped to bring a measure before a joint House-Senate conference committee as early as Friday. But the chairman of the conference committee, Senator Pete V. Domenici, Republican of New Mexico, said tonight that negotiators were still thrashing out agreements on central elements of the bill, like electricity legislation, increased use of ethanol, aid for an Alaska natural gas pipeline and industry tax breaks.

"It is pretty tough," Mr. Domenici said, suggesting that the deadline could slip.

Resolving some of those same issues, which are fraught with political and regional tensions, has stalled energy legislation before in Congress. Backers of the legislation are counting on the blackout to provide momentum to carry it over the finish line and allow the passage of initiatives that have been on the industry's wish list for years.

"It includes provisions we have sought for a decade now," said Jeff Eshelman, a spokesman for the Independent Petroleum Association of America. "In order to get more oil and natural gas for this country, we need access to land where the resources are located, we need access to capital and we need regulatory reform."

Critics of the measure say it is being written almost solely by Republicans with ties to power producers and is skewed too heavily in the industry's favor.

"Rather than crafting a long-term energy strategy that balances conservation with supply and alternative sources with investment in the grid, the Republicans are advancing the energy industry's short-sighted goal of drilling America first," said Senator Bob Graham, a Florida Democrat and presidential candidate on the conference committee. "At this point, industry lobbyists are effectively writing this bill."

With talks continuing over major parts of the bill, the last-minute lobbying is getting fierce, as those with a stake make one final push to get their interests protected or make sure their competition does not win some advantage, a Republican aide said. Major energy legislation comes along infrequently, with the last broad bill passed a decade ago.

"This is the mother lode," said Frank Maisano, an energy lobbyist working for producers of a gasoline additive that want some legal protection in the new bill.

On the crucial issue of electricity, Mr. Domenici and others say negotiators are still trying to bridge a divide between Southern and Western lawmakers who do not want utilities forced to join regional transmission groups and those from the Northeast and Midwest who see such groups as central to preventing future blackouts.

There are also details to be worked out covering the corn-based gasoline additive ethanol, which is critical to winning political support for the bill from farm-state lawmakers. Alaskan lawmakers are pressing for federal aid for a pipeline project. Negotiators have also not settled on the level of industry tax incentives to be included in the measure. The White House has pushed for \$8 billion, the Senate \$13 billion and the House \$18 billion or more.

Mr. Domenici and his chief co-author, Representative Billy Tauzin, Republican of Louisiana, have unveiled agreements on new oil and gas drilling incentives, drilling in the Arctic National Wildlife Refuge, hydrogen power research, clean coal and nuclear projects, among other areas. Some of those proposals have drawn criticism from Democrats and conservation groups, and Mr. Domenici and Mr. Tauzin today released revisions in response to the objections, though many of the changes were technical. The Arctic drilling and a contentious plan to inventory offshore resources remain in the proposed measure at this point. New attention is also being focused on what is not in the emerging legislation. Lawmakers and interest groups today stepped up pressure on the negotiators to consider a popular plan to require that renewable fuel sources like wind, solar and geothermal power account for 10 percent of the nation's electricity production by 2020. Mr. Tauzin and Mr. Domenici have said they do not intend to put that requirement in their proposal despite two votes on the Senate floor in favor of it.

Fifty-three senators sent the two lawmakers a letter today, urging them to include the fuels

requirement. They said the so-called renewable portfolio standard would reduce the nation's growing reliance on natural gas.

The Energy Bill Gets Worse
New York Times (editorial), September 29, 2003

This country needs a purposeful long-term energy strategy that reduces its dependence on foreign oil and deals with climate change and all the other air-quality issues that are directly related to the burning of fossil fuels like oil and coal. So how has Congress chosen to develop such a strategy? By passing two mediocre energy bills and then handing the task of reconciling them to Senator Pete Domenici and Representative Billy Tauzin, both reliable allies of the fossil fuel industry (although Mr. Domenici is also a big fan of nuclear power) and neither a visionary thinker. Since Labor Day, these two veteran deal makers have been cherry-picking provisions they like, discarding those they don't and for good measure infuriating their colleagues by adding new items of their own.

This process is undemocratic even by Congress's clubby standards. Even worse is the almost certain outcome: a tired compendium of tax breaks and subsidies for energy producers leavened by a few gestures toward energy efficiency. The best evidence of Congress's bias in favor of production as opposed to conservation is the fact that the legislation would authorize oil drilling in the Arctic National Wildlife Refuge while doing nothing to improve the fuel economy of automobiles and light trucks - a more certain and less destructive path to both energy independence and cleaner air.

Indeed, we can think of only a handful of positive provisions in these bills. One - a Senate proposal that Mr. Tauzin is trying to kill - would require power plants to generate 10 percent of their electricity from renewable sources by 2020. A second would open up the huge natural gas reserves on Alaska's North Slope, where oil drilling already occurs. Exploiting these reserves would obviate the need to go poking around in ecologically sensitive areas elsewhere, which the administration seems determined to do. A third provision would devote serious money to promising ways of cleaning up coal, the dirtiest but most plentiful of fossil fuels.

None of this, however, propels the country toward a new energy future. What America needs, and what the bill comes nowhere near providing, is a game-changer: a huge effort to help Detroit build entire fleets of fuel-efficient vehicles using available technology, for instance, or an equally ambitious program to convert cellulose to fuel - not just corn but grasses, wood and agricultural wastes of all kinds - in quantities large enough to make a real dent in oil imports.

Instead, Congress insists on thinking small, settling for timid research programs and unnecessary tax breaks for established industries that, as it happens, provide lots of campaign money. Since the Democrats also benefit from this money, they are unlikely to do the honorable thing, which is to filibuster this bill into extinction.

Excerpt
Transcript of press conference
Senator Tom Daschle
9/30/03

Q: Senator, I wanted to ask not on any of these subjects, I apologize, but on the subject of the energy bill. I understand you had a meeting yesterday with Chairman Tauzin. Could you give us an idea of the -- what you discussed with him regarding the energy bill? Are you pleased with how the energy bill is going at this point?

SEN. DASCHLE: Well, I think that there are a number of issues outstanding on the energy bill that will have to be resolved before I can say whether I'm pleased or dissatisfied. I think that,

obviously, I was very dissatisfied with the announcement yesterday by staff that the renewable portfolio standard would be eliminated from the bill. Fifty-three senators, ironically, yesterday, the very day that it was announced, indicated that that was a critical issue for them. So, to take that out moves us farther back in the effort to find bipartisan consensus and some resolution to the questions that still are in front of us with regard to the bill itself. We haven't resolved the issue of ethanol which, of course, is very important. ANWR is unresolved, and that's very important. So, we're going to have to see a lot more before we can come to any conclusion.