

# Staff Draft Summary

March 25, 2003

## TITLE I—OIL AND GAS

### Subtitle A—Oil and Natural Gas Production Incentives

#### **SEC. 101. PERMANENT AUTHORITY TO OPERATE THE STRATEGIC PETROLEUM RESERVE.**

Permanently authorizes the Strategic Petroleum Reserve.

#### **SEC. 102. STUDY ON PETROLEUM AND NATURAL GAS STORAGE CAPACITY.**

Requires the Secretary of Energy undertake a review of our national minimum operating working storage levels across the nation and prepare a report for Congress on the storage outlook and the minimum inventories the U.S. economy can function on without interruption or rationing.

#### **SEC. 103. PROGRAM ON OIL AND GAS ROYALTY-IN-KIND.**

Allows the Secretary of Interior the discretion to take royalties owned by oil and gas lessees in actual oil and gas volumes when it is determined that such payment would be within the best interest of the government and would not result in lost revenue. Allows the Secretary of Interior to direct RIK oil to the Strategic Petroleum Reserve. MMS has been operating the RIK program as an annual pilot project.

#### **SEC. 104. MARGINAL WELL PRODUCTION INCENTIVES.**

Allows the Secretary of the Interior to provide incentives to encourage lessees to extend the life of wells that are approaching abandonment due to economic factors. Establishes commodity triggers during periods of low prices.

#### **SEC. 105. INVENTORY OF OCS RESOURCES.**

Requires the Secretary to survey all OCS resources currently in production and under moratoria to develop an inventory of potential oil and gas resources of the U.S. The Secretary is authorized to collect data from existing production from Canada and Mexico, as well as using 3D seismic technology, to develop the most accurate data possible of our domestic oil and gas resources.

#### **SEC. 106. ROYALTY RELIEF FOR DEEP WATER PRODUCTION.**

Provides royalty relief to development of oil and gas resources located in water over 400 meters deep in the Western and Central Gulf of Mexico. This section would provide investment certainty by providing the current royalty relief to all lease sales for the next five years in order to increase domestic deep water oil and gas production in the Gulf.

**SEC. 107. ALASKA OFFSHORE ROYALTY SUSPENSION.**

Provides Secretary of the Interior with the authority under the Outer Continental Shelf Lands Act to give royalty relief to existing, non-producing leases for deep water production in Alaska frontier regions. This would encourage producers to make the investment in the technologically challenging but costly deep water frontier in Alaska and bring additional domestic production to the U.S. market. This section could encourage the production of an estimated 110 million barrels of oil worth \$3 billion and generate royalties of \$250 million.

**SEC. 108. SUSPENSION OF OPERATIONS IN OCS LEASE TO REEVALUATE TECHNOLOGY.**

Allows the Secretary of the Interior to suspend operations in order to reevaluate using new technology if the Secretary determines that such action will improve production or environmental impact.

**SEC. 109. ORPHANED, ABANDONED, OR IDLED WELLS ON FEDERAL LANDS.**

Provides a five-year, \$20,000,000 annual authorization to the Secretary of Interior to develop a program to reclaim orphaned or abandoned wells on federal lands.

**SEC. 110. INCENTIVES FOR NATURAL GAS PRODUCTION FROM DEEP WELLS IN THE SHALLOW WATER OF THE GULF OF MEXICO.**

Directs the Secretary of the Interior to publish a final rule providing royalty relief for shallow water, deep gas production on the Outer Continental Shelf. Deep Gas reserves are estimated at 15 trillion cubic feet. Deep subsurface drilling is technologically challenging and cost prohibitive. By providing royalty relief, producers will be bring additional domestic gas to market immediately.

**SEC. 111. ALTERNATE ENERGY-RELATED USES ON THE OUTER CONTINENTAL SHELF.**

Clarifies permitting and rights-of-way authority for traditional and non-traditional energy projects such as wind, wave and solar, as well as offshore liquid natural gas facilities and staging facilities on the Outer Continental Shelf (OCS) to support deep water drilling. The OCS Lands Act currently doesn't authorize the permitting of these activities. This provision grants the Secretary of the Interior permitting responsibilities. This language was developed in consensus with other Federal agencies involved in OCS permitting.

**SEC. 112. COASTAL IMPACT ASSISTANCE.**

Provides impact assistance payments to states and political subdivisions from 10 percent of qualified Outer Continental Shelf revenues. Of the funds provided, 65 percent is allocated to the governor and 35 percent allocated to eligible political subdivisions for coastal impact assistance. This section is subject to appropriations.

**SEC. 113. NATIONAL ENERGY RESOURCE DATABASE.**

The Secretary of the Interior shall develop the National Energy Data Preservation Program. This program would archive geological, geophysical, and engineering data related to oil and gas development.

## Subtitle B—Access to Federal Lands

### **SEC. 121. OFFICE OF FEDERAL ENERGY PERMIT COORDINATION.**

Authorizes the creation of the Office of Federal Energy Permit Coordination within the Executive Office of the President. The office will assist federal agencies in coordinating the permitting of energy projects on federal land. The office will be staffed with qualified and experienced staff from federal agencies and departments as needed. The Director is also charged with preparing an annual report to Congress which will make recommendations on systemic improvement needed to improve the federal permitting process.

### **SEC. 122. PILOT PROGRAM TO IMPROVE FEDERAL PERMIT COORDINATION.**

Six Western offices of BLM will be identified for a federal permit coordination demonstration project. The provision will require that employees of the consulting federal agencies deploy staff to work with BLM land managers on all environmental permits and land use planning documents in order to streamline federal operations. By mandating consultation throughout every step in the process, offices will accelerate at the early stages the overall permitting process and resolve intra agency permitting problems. Each office will prepare an annual report for submission to the President. This demonstration will last five years.

### **SEC. 123. COORDINATION OF FEDERAL AGENCIES TO ESTABLISH PRIORITY ENERGY TRANSMISSION RIGHTS-OF-WAY.**

Requires the Secretary Energy to designate energy corridors across federal lands in Western states that have already been identified and can be incorporated into land use and resource management plans. The section establishes DOE as the lead agency charged with coordinating the Federal permit process for electric transmission rights-of-ways. DOE is able to set deadlines and improve coordination on environmental permitting.

### **SEC. 124. U.S. GEOLOGICAL SURVEY ESTIMATES OF OIL AND GAS RESOURCES UNDERLYING FEDERAL LANDS.**

Modifies the EPCA resource assessment to require a more comprehensive evaluation of recoverable resources as well as identifying all federal permitting restrictions associated with granting permits, post lease restrictions, and barriers to transportation. This section requires the Secretary to identify priority areas for study and complete an inventory of all federal land by 2010.

## Subtitle C—Alaska Natural Gas Pipeline

### **SEC. 131. SHORT TITLE.**

Designates the subtitle “The Alaska Natural Gas Pipeline Act”.

### **SEC. 132. DEFINITIONS.**

Defines terms used in the subtitle.

**SEC. 133. ISSUANCE OF CERTIFICATE PUBLIC CONVENIENCE AND NECESSITY.**

This section stipulates several criteria on the Federal Energy Regulatory Commission's (FERC) authority to issue a certificate of public convenience and necessity authorizing the construction, operation, expansion and regulation of the Alaska gas pipeline. The section finds that there is public need and sufficient downstream capacity and requires FERC to act within 60 days to approve or deny the certificate. The section prohibits FERC from approving a Northern pipeline route through Canada.

**SEC. 134. ENVIRONMENTAL REVIEW.**

The section clarifies that this project is subject to the National Environmental Policy Act (NEPA) of 1969 and that FERC will be the lead agency and that other Federal agencies must comply with the deadlines established by FERC. This section requires FERC to comply with deadlines in preparing its environmental review.

**SEC. 135. PIPELINE EXPANSION.**

Establishes several criteria that must be met before FERC is authorized to permit expansion of the pipeline including that the expansion will not undermine the operation or financial stability of the pipeline.

**SEC. 136. FEDERAL COORDINATOR.**

Establishes the Office of the Federal Coordinator within the Executive Office of the President. This position will serve at the pleasure of the President and be approved by the Senate. The Coordinator will serve a term that lasts one year beyond the completion of construction on the pipeline. The Coordinator is responsible for ensuring compliance and coordination of the federal agencies related to the federal permits.

**SEC. 137. JUDICIAL REVIEW.**

Clarifies the U.S. Court of Appeals for the District of Columbia Circuit will have exclusive jurisdiction over the pipeline project. It also establishes a 60 day timetable for claims and requires the court to expedite consideration.

**SEC. 138. STATE JURISDICTION OVER IN-STATE DELIVERY OF NATURAL GAS.**

Clarifies that the State of Alaska has jurisdiction over all local distribution including setting of rates for sales within the State of Alaska.

**SEC. 139. STUDY OF ALTERNATIVE MEANS OF CONSTRUCTION.**

The Secretary of Energy is required to conduct a study of alternative approaches to the construction and operation within 18 months following enactment, unless a application for certificate of public convenience and necessity has been filed with FERC.

**SEC. 140. CLARIFICATION OF ANGTA STATUS AND AUTHORITIES.**

Clarifies that federal agencies responsible for permits or rights of way authorized under Section 9 of the Alaska Natural Gas Transportation Act of 1976, are able to modify leases or permits related to ANGTA, so long as it doesn't require a change to the route of the Alaska gas pipeline project.

**SEC. 141. SENSE OF CONGRESS.**

Sense of Congress urging pipeline sponsors to use North American steel and to negotiate a project labor agreement to expedite construction.

**SEC. 142. PARTICIPATION OF SMALL BUSINESS CONCERNS**

Sense of Congress urging pipeline sponsors to maximize the participation of small business concerns in contracts. Requires the Comptroller to conduct a study to the extent small businesses participate in construction of the pipeline.

**SEC. 143. ALASKA PIPELINE CONSTRUCTION TRAINING PROGRAM.**

Authorizes the Secretary of Labor to make grants to the Alaska Department of Labor and Workforce Development to train dislocated workers, including Alaska Natives, in the construction and operation of the Alaska gas pipeline. Up to \$20 million is authorized to carry out this section.

## **TITLE II—COAL**

### **Subtitle A—Coal Energy, Research, Development and Demonstration**

**SEC. 201. COAL AND RELATED TECHNOLOGY PROGRAMS.**

Secretary is required within 120 days to establish cost and performance goals for the coal research program. Every two years the Secretary of Energy is required to produce a report on technology and recommendations for technology development.

**SEC. 202. PRODUCTION AND GENERATION OF COAL-BASED POWER.**

Authority already provided to Secretary to perform coal-based research.

**SEC. 203. AUTHORIZATION OF APPROPRIATION**

\$200 million is authorized to be appropriated for FY 04, \$210 million for FY 05, \$220.5 million for FY 06 for research and development. Secretary of Energy is required to provide a report to Congress on the proposed use of funds.

### **Subtitle B—Clean Coal Power Initiative**

**SEC. 211. AUTHORIZATION OF APPROPRIATIONS.**

\$200 million is provided annually between 2003-2011. Requires the Secretary to submit a report to Congress and doesn't permit the expenditure of funds on projects selected before Sept. 30, 2003.

**SEC. 212. PROJECT CRITERIA.**

This section requires the Secretary to fund gasification technologies, carbon separation and capture technologies, hybrid gasification/combustion and other technologies. All projects must demonstrate financial viability before they are eligible for funding assistance under this program. Federal assistance can not exceed 50 percent of project funding and the federal share is to be repaid on a reasonable timetable.

**SEC. 213. REPORT TO CONGRESS.**

Report to Congress on program progress

**SEC. 214. CLEAN COAL CENTERS OF EXCELLENCE.**

The Secretary of Energy is authorized to make competitive, merit-based grants to universities for research of clean coal technology.

Subtitle C—Federal Coal Leases

**SEC. 221. COAL LEASE MODIFICATION.**

Allows the Secretary to add smaller quantities on non-competitive coal to an existing lease outside the time consuming lease-by-lease application. This would allow for the addition of nearby coal, that would not otherwise support a separate mine.

**SEC. 222. MINING PLANS.**

Secretary would be permitted to extend the 40 year Mine Out Rule to allow for maximum economic recovery of a coal deposit.

**SEC. 223. PAYMENT OF ADVANCED ROYALTIES .**

This section will permit a mine operator to prepay advance royalties in lieu of operation. This would guarantee the federal government royalty stream from operations federal land even if the operator wasn't producing due to market conditions.

**SEC. 224. ELIMINATION OF DEADLINE FOR SUBMISSION OF COAL LEASE OPERATION AND RECLAMATION PLAN.**

Grants mine operators some flexibility to produce a operations and reclamation plan at the same time.

**SEC. 225. FINANCIAL ASSURANCES WITH RESPECT TO BONUS BIDS.**

This section clarifies that the Mineral Leasing Act does not require a bond in connection with deferred bonus bids for coal leases. However, if the lessee fails to pay any installment of a bonus bid, the lease would terminate and revert back to the government. This responds to the difficulty in securing sufficient bonding to guarantee the bonus bids. As a result, producers are forced to conserve their scare investment capital and investing in fewer projects.

**SEC. 226. INVENTORY REQUIREMENT.**

Secretary of Interior will review coal assessments on public land and restrictions or impediment to development of coal resources.

Subtitle D—Powder River Basin Share Mineral Estate

**SEC. 231. SHORT TITLE.**

Designates section as “Powder River Basin Resource Development Act”

**SEC. 232. DEFINITIONS.**

Defines terms used in this subtitle.

**SEC. 233. PARTIES ENCOURAGED TO ENTER INTO WRITTEN AGREEMENT.**

Encourages disputing parties to resolve problems voluntarily before turning to the dispute resolution phase.

**SEC. 234. NEGOTIATIONS CONCERNING DEVELOPMENT PRIORITY FOR OPERATIONS IN THE BASIN.**

Requires the parties to notify the other 240 days in advance of when mining operation will reach the gas production area. At that point, the parties must identify the conflict area and notify the Secretary of Interior of the Interior of the pending dispute

**SEC. 235. PETITION FOR RELIEF**

Established the judicial dispute resolution procedure that must be used if the negotiation required by Section 4 do not result in a voluntary settlement.

**SEC. 236. SECRETARY'S RESPONSE.**

Within 90 days, the Secretary of Interior is required to respond as to whether the petitioner has proved that an area of conflict between lessees exists and if the mining plan would enter the conflict area. If both questions are affirmed the Secretary would order a halt in all oil and gas operations. The Secretary shall report findings and lease suspension to the federal district court.

**SEC. 237. COURTS RESPONSE TO PETITION.**

This section lays out a process for the Court to review the findings and for the petitioner to file any objections to the Secretary's decisions. If an objection is filed, the Court must make an independent determination.

**SEC. 238. EXPERT'S APPOINTMENT**

This section describes the process for evaluating the economic effect on the oil and gas developer that were suspended by the Secretary's decision. The section allows both the coal and gas producer to appoint one expert each and the two appointees will choose the third member.

**SEC. 239. COURT'S FINAL RESPONSE TO PETITION.**

This describes the process for making compensation from the coal operator to the oil and gas operator and provides a process for continued suspension or termination of the oil and gas lease.

**SEC. 240. DISBURSEMENT OF PAYMENTS.**

Establishes the terms of how the coal lessee shall compensate the gas producer.

**SEC. 241. TERMINATION OF OIL AND GAS LEASE SUSPENSION.**

Once the coal operator leaves the conflict area, this section establishes a process to resume oil and gas production.

**SEC. 242. SUPPLEMENTAL PETITION FOR RELIEF.**

This section allows for either party to petition the court for additional relief if there is a change in the mine plan subsequent to the original determination.

**SEC. 243. APPEAL OF COURT ORDER.**

This section describes which court orders are appealable.

**SEC. 244. SUSPENSION OF TERMS.**

This section protects oil and gas lease operator from paying any rental income during a period of lease suspension.

**SEC. 245. LIABILITY LIMITATION.**

This section gives certainty to the voluntary agreements under section 4 in the dispute resolution proceeding by providing that the agreements dispose of all potential claims between the parties.

**SEC. 246. CREDIT AGAINST ROYALTY.**

This section is intended to allow the coal developer who must make additional payments in disputes involving coalbed methane to receive credit back from the federal government.

**SEC. 247. DENIAL OF USE AS PRECEDENT.**

The purpose of this section is to make clear that Congress does not intend the legislation to apply to or affect any other mineral development dispute.

**SEC. 248. REGULATIONS.**

Requires the Secretary to promulgate regulations.

## **TITLE III—TRIBAL ENERGY**

**SEC. 301. SHORT TITLE.**

Designates this title as “The Native American Energy Development and Self Determination Act of 2003”.

**SEC. 302. AMENDMENTS TO 25 U.S.C. 3501 ET SEQ.**

Section 2 identifies the portions of the U.S.C. that the bill language would replace:

### **TITLE XXVI – Indian Energy**

**“Sec. 2601. Definitions.**

Defines key terms used throughout the bill.

**“Sec. 2602. Indian Energy Resource Development.**

Authorizes the Secretary of Energy to provide tribes grants, loans and technical assistance in developing energy resources located on Indian land, and to expand a tribe’s technical managerial experience.



**“Sec. 2603. Leases Involving Energy Development or Transmission.**

Streamlines the leasing process for energy development on Tribal land by permitting leases or business agreements to be contracted without secretarial approval, so long as those leases or business agreements conform to regulations promulgated by the Secretary.

**“Sec. 2604. Tribal Regulation.**

Establishes a process by which a tribe must submit a plan governing leases and rights-of-way to the Secretary for approval. Prior to approval, the Secretary must be satisfied that the plan includes provisions regarding lease and contract terms, environmental regulation, and public notification and comment. The section also provides a process for individuals to petition the Secretary to review a tribe’s approved regulations.

**“Sec. 2605. Indian Energy Resource Commission.**

Preserves language in existing law which establishes a Commission whose purpose is to study ways of facilitating Tribal energy development.

**“Sec. 2606. Energy Efficiency and Structures on Indian Lands.**

Directs the Secretary of HUD to provide technical assistance to Tribes and other Tribal housing entities that will initiate and expand the use of energy-saving technologies in new home construction and housing rehabilitation.

**“Sec. 2607. Indian Mineral Development Act Review.**

Directs the Secretary of the Interior to submit a report to the relevant Committees about possible barriers to energy development contained in the *Indian Mineral Development Act*, with suggestions for removing those impediments.

**“Sec. 2608. Consultation with Indian Tribes.**

Preserves language in existing law, which directs the Secretary of Interior to consult with Tribes, to the maximum extent practicable, in carrying out this title.

**“Sec. 2609. Technical Amendment.**

Makes technical changes to the Native American Housing and Self-Determination Act of 1996.

**TITLE IV—NUCLEAR MATTERS**  
Subtitle A—Price-Anderson Act Amendments

**SEC. 401. SHORT TITLE.**

Designates the subtitle as “Price-Anderson Amendments Act of 2002.”

**SEC. 402. EXTENSION OF INDEMNIFICATION AUTHORITY.**

Extends the authorization period indefinitely for indemnification provisions for Nuclear Regulatory Commission (NRC) licensees and Department of Energy (DOE) contractors.

**SEC. 403. MAXIMUM ASSESSMENT.**

Increases the maximum annual assessment under the standard deferred premium on NRC licensees from \$10 million to \$15 million, and adjusts this number for inflation in the future.

**SEC. 404. DEPARTMENT OF ENERGY LIABILITY LIMIT.**

Sets the total amount of indemnification for DOE contractors at \$10 billion, and adjusts this number for inflation in the future.

**SEC. 405. INCIDENTS OUTSIDE THE UNITED STATES.**

Increases the amount of indemnification for DOE contractors engaged in nuclear activities overseas from \$100 million to \$500 million.

**SEC. 406. REPORTS.**

Requires DOE and NRC to issue a report to Congress on the status of the Price-Anderson program by August 2013.

**SEC. 407. INFLATION ADJUSTMENT.**

Requires the NRC to adjust for inflation the standard deferred premium for NRC licensees every five years.

**SEC. 408. TREATMENT OF MODULAR REACTORS.**

Allows NRC to consider a combination of small modular reactors at one site to be a single facility for purposes of Price-Anderson indemnification.

**SEC. 409. APPLICABILITY.**

Clarifies that these amendments do not apply to a nuclear incident that occurs before the date of their enactment.

**SEC. 410. CIVIL PENALTIES.**

Ends the automatic remission of civil penalties for nuclear safety violations by DOE contractors that are nonprofit institutions and establishes a limit on such civil penalties not to exceed the total fees paid within one year to the nonprofit institution.

Subtitle B—Deployment of New Nuclear Plants

**SEC. 421. SHORT TITLE.**

Designates this subtitle as the “Nuclear Energy Finance Act of 2003”

**SEC. 422. DEFINITIONS.**

Defines terms used in this subtitle. Each reactor project may include one large reactor or multiple modular reactors with electrical generation capacity below 1,300,000 kilowatts.

**SEC. 423. RESPONSIBILITIES OF THE SECRETARY.**

Allows the Secretary to provide financial assistance to supplement private sector financing for new nuclear power plants if it is determined that the plant is necessary to contribute to energy security, fuel or technology diversity, or clean air attainment goals. The Secretary prescribes terms and conditions for the program. Financial assistance shall not exceed 50 percent of the project costs.

**SEC. 424. REGULATIONS.**

Requires the Secretary to issue regulations to implement the subtitle within 1 year of enactment.

Subtitle C—Advanced Reactor Hydrogen Co-generation Project

**SEC. 431. PROJECT ESTABLISHMENT.**

Directs the Secretary to establish an Advanced Reactor Hydrogen Co-Generation Project.

**SEC. 432. PROJECT DEFINITION.**

Defines the Project to include research, development, design, construction and operation of a hydrogen production co-generation system using an advanced reactor. Any reactor studied must offer improved attributes over existing commercial reactors of: enhanced safety, reduced waste, enhanced efficiency, potential for enhanced physical security, and increased proliferation resistance.

**SEC. 433. PROJECT MANAGEMENT.**

Designates the Idaho National Engineering and Environmental Laboratory (INEEL) as the lead laboratory and requires a national steering committee be established to guide the program.

**SEC. 434. PROJECT REQUIREMENTS.**

Requires that: the industrial lead of the project must be a U.S. company, international cooperation must be sought, the overall project must demonstrate both electricity and hydrogen production, cost-shared partnerships with U.S. or international industry are to be encouraged, a system must be operational by 2010, the Secretary may waive DOE rule 413.3 to expedite project progress, up to two teams may be funded to develop competing designs, use of university test facilities is encouraged, the NRC must be involved to develop risk-based criteria for future licensing actions, and a comprehensive program plan is to be produced and updated annually. Selection of the final project design must maximize cost-sharing opportunities and minimize federal expenditures.

**SEC. 435. AUTHORIZATION OF APPROPRIATIONS.**

Authorizes appropriations of \$35,000,000 for FY 2004 and \$150,000,000 in each of FY 2005-8. It separately authorizes appropriations of \$500,000,000 until expended for reactor construction.

Subtitle D—Miscellaneous Matters

**SEC. 441. EMISSION-FREE CONTROL MEASURES UNDER A STATE IMPLEMENTATION PLAN.**

Requires emissions of criteria air pollutants which are avoided by use of an emission-free capacity to be eligible for, and not excluded from, state incentive programs.

**SEC. 442. URANIUM SALES AND TRANSFERS.**

Limits annual deliveries of uranium from the government to 3,000,000,000 pounds of U<sub>3</sub>O<sub>8</sub> equivalent annually through 2009, to 5,000,000 pounds in 2010 and 2011, 7,000,000 pounds in 2012, and 10,000,000 pounds in subsequent years. It requires sales to be conducted through long-term contracts. It establishes a preference for government transfer to entities employing recovery and extraction of uranium from contaminated uranium-bearing materials. Exemptions to the policy are allowed for sales or transfers to TVA in support of the nation's HEU or tritium needs, to research reactors, to replace a portion of the contaminated uranium provided to USEC prior to privatization, and to support an advanced commercial plant with nonstandard fuel requirements. A blanket exemption is provided for sale or transfer in response to an emergency resulting in disruption in supply of uranium to domestic users. Certification by the President is required prior to any sale or transfer to assure that the material is not needed for national security. The price paid to the Secretary for any sale can not be less than fair market value. The Secretary must solicit views from the Department of State and National Security Council to assure that any sale will not adversely affect national security interests including implementation of the HEU arrangement. A report on implementation is required within 5 years, and biennially thereafter.

**TITLE V—RENEWABLE ENERGY**

Subtitle A—General Provisions

**SEC. 501. ASSESSMENT OF RENEWABLE ENERGY RESOURCES.**

Requires DOE to carry out periodic assessments of renewable energy resources available in the United States, available infrastructure and other relevant information. Authorizes \$20 million for each of fiscal years 2004 through 2008.

**SEC. 502. RENEWABLE ENERGY PRODUCTION INCENTIVE.**

Extends funding authorization for incentive program for producing electricity from renewable energy sources. Extends eligibility to cooperatives and municipal utilities, and includes landfill gas, incremental hydropower, and ocean tidal energy as eligible energy resources. Authorizes such sums as are necessary through 2023, no more than 30 percent of which can be used for incremental hydropower.

**SEC. 503. RENEWABLE ENERGY ON FEDERAL LANDS.**

Requires DOI, in consultation with DOE and USDA, to develop recommendations on development of renewable energy on specified public lands, and report to Congress. Requires the Secretary of the Interior to contract with NAS to study potential for renewable energy development in OCS areas, and report to Congress.

**SEC. 504. FEDERAL PURCHASE REQUIREMENT.**

Requires the Federal Government to purchase not less than 3 percent renewable electric energy in fiscal years 2005 through 2007, increasing to not less than 7.5 percent renewable electric energy in fiscal year 2011 and thereafter. Provides double credit for renewable electric energy produced and used on-site at a Federal facility, as well as for renewable energy produced on Federal or Indian lands and used at a Federal facility. Requires a report to Congress in 2005 and every two years thereafter on compliance.

Subtitle B—Hydroelectric Relicensing

**SEC. 511. ALTERNATIVE CONDITIONS AND FISHWAYS.**

Amends sections 4(e) and 18 of the Federal Power Act to provide a hearing on the record in cases of disputed issues of material fact with respect to conditions or fishways that may be placed by Federal resource agencies on a hydroelectric license application.

Amends Part I of the Federal Power Act to require Federal resource agencies to consider alternative conditions or prescriptions proposed by license applicants. Provides for a determination on the record as to whether the alternative is equally or more protective of the environment than condition or fishway suggested by the agency and would be more cost-effective or would result in less loss of generating capacity, and if such determination is positive, requires the Federal agency to adopt the alternative condition or fishway. Provides for dispute resolution if needed.

Subtitle C—Geothermal Energy

**SEC. 521. COMPETITIVE LEASE SALE REQUIREMENTS.**

Amends the Geothermal Steam Act to require the Secretary of the Interior to accept at any time nominations for areas of Federal lands that should be made available for leasing for geothermal energy production. Requires the Secretary to hold competitive lease sales for such nominated areas, and provides for non-competitive leasing if no bids are received in the competitive leasing process. Prioritizes timely handling of pending applications for geothermal leasing as of the date of enactment.

**SEC. 522. GEOTHERMAL LEASING AND PERMITTING ON FEDERAL LANDS.**

Requires the Secretary of the Interior and the Secretary of Agriculture to enter into a Memorandum of Understanding regarding leasing and permitting, for geothermal development, of public lands under their respective jurisdictions. Requires the MOU to identify potential areas for development, and establish streamlined procedures for handling of leasing applications.

**SEC. 523. LEASING AND PERMITTING ON FEDERAL LANDS WITHDRAWN FOR MILITARY PURPOSES.**

Requires the Secretary of the Interior and the Secretary of Defense, after consultations with States, counties and industry representatives, to submit to Congress a report with recommendations on resolving differences in leasing and permitting procedures for geothermal development on lands withdrawn for military purposes.

**SEC. 524. REINSTATEMENT OF LEASES TERMINATED FOR FAILURE TO PAY RENT.**

Amends the Geothermal Steam Act to provide for reinstatement of leases terminated after inadvertent failure to pay rental payments due after October 1, 2002.

**SEC. 525. REVIEW AND REPORT TO CONGRESS.**

Requires the Secretary of the Interior to review the status of leasing moratoria and land withdrawals where known geothermal resources exist, and report to Congress on whether such moratoria or withdrawals are still warranted.

**SEC. 526. ROYALTY REDUCTION AND RELIEF.**

Reduces royalties paid on geothermal resources produced on Federal lands to not more than 8 percent per year from 10-15 percent per year. Provides three years of royalty relief for new or expanded geothermal production from Federal lands, provided such production occurs within 5 years.

**SEC. 527. ROYALTY EXEMPTION FOR DIRECT USE OF LOW TEMPERATURE GEOTHERMAL ENERGY RESOURCES.**

Reduces royalty payments from low temperature geothermal resources (less than 195 deg. F.) produced on Federal lands to between \$100 and \$1000 per lease, subject to a schedule of fees required to be issued by the Secretary of the Interior for such leases.

## **Subtitle D—Biomass Energy**

**SEC. 531. DEFINITIONS.**

Defines terms used in the subtitle.

**SEC. 532. BIOMASS COMMERCIAL UTILIZATION PROGRAM.**

Authorizes the Secretary of the Interior and the Secretary of Agriculture to make grants for the commercial use of biomass from Federal lands for electricity, heat, transportation fuels, or petroleum-based product substitutes. Limits grants to no more than \$20 per green ton of biomass delivered. Authorizes appropriations of \$12.5 million to the Secretary of the Interior, and \$12.5 million to the Secretary of Agriculture, for each of fiscal years 2004 through 2008.

**SEC. 533. IMPROVED BIOMASS UTILIZATION GRANT PROGRAM.**

Authorizes the Secretary of the Interior and the Secretary of Agriculture to make grants to encourage the use of biomass within communities located near areas of Federal lands that are at significant risk of catastrophic wildfire, disease or insect infestation. Limits individual grants

to no more than \$100,000. Authorizes appropriations of \$12.5 million to the Secretary of the Interior, and \$12.5 million to the Secretary of Agriculture, for each of fiscal years 2004 through 2008.

## **TITLE VI—ENERGY EFFICIENCY**

### **Subtitle A—Federal Programs**

#### **SEC. 601. ENERGY MANAGEMENT REQUIREMENTS.**

Changes the baseline for measuring federal energy performance from 1985 to 2000 and requires a 20 percent improvement over 2000 levels by 2013. Provides exclusions from these requirements under certain conditions and directs the Secretary to issue guidelines that establish criteria for excluding buildings from these requirements. Authorizes agencies to retain funds appropriated for energy expenditures that are not spent because of energy savings in agency buildings and to use those funds for energy efficiency and renewable energy projects.

#### **SEC. 602. ENERGY USE MEASUREMENT AND ACCOUNTABILITY.**

Requires federal buildings to be metered or sub-metered by October 1, 2010 to the maximum extent practicable. Requires agencies to develop plans to use real-time electricity consumption data to reduce energy costs and consumption.

#### **SEC. 603. FEDERAL BUILDING PERFORMANCE STANDARDS.**

Directs the Secretary to establish new energy efficiency performance standards for new federal buildings. Standards shall require that new building achieve energy consumption levels at least 30 percent below specified building codes and incorporate sustainable design principles.

#### **SEC. 604. ENERGY SAVINGS PERFORMANCE CONTRACTS.**

Expands use of Energy Savings Performance Contracts (ESPCs) to cover replacement of existing Federal buildings or facilities with new, more energy-efficient buildings or facilities. Permanently extends existing authority provided to Federal agencies to allow energy service companies to assume the capital costs of installing energy and water conservation equipment and renewable energy systems in Federal facilities or buildings, and recover costs and profit from associated energy cost savings over the life of the building. Expands the definition of energy savings to include a reduction in water costs; defines “energy or water conservation measure”. Includes authorization for a pilot program for up to 10 ESPC contracts to be used for “non-building applications” such as vehicles or electric power generation. Provides for report to Congress identifying obstacles that prevent utilization of the ESPC program and opportunities to increase program flexibility and effectiveness.

#### **SEC. 605. PROCUREMENT OF ENERGY EFFICIENT PRODUCTS.**

Directs agencies to procure, with specified exceptions, Energy Star or FEMP-designated energy efficient products. Requires agencies to select only products with premium efficiency motors.

**SEC. 606. CONGRESSIONAL BUILDING EFFICIENCY.**

Directs the Architect of the Capitol to develop an energy and water conservation plan for Congressional buildings to comply with energy efficiency standards applicable to other Federal buildings, and authorizes \$2 million for this section.

**SEC. 607. INCREASED FEDERAL USE OF RECOVERED MINERAL COMPONENTS.**

Amends the Solid Waste Disposal Act to provide for increased use of recovered mineral components in Federally funded projects involving procurement of cement or concrete. Requires the EPA Administrator to ensure that each Federal agency head has fully implemented existing procurement requirements.

Subtitle B—State and Local Programs

**SEC. 611. LOW INCOME COMMUNITY ENERGY EFFICIENCY PILOT PROGRAM.**

Authorizes \$20 million per year for 3 years to make grants to local governments, community development corporations, and Indian tribes for energy efficiency and renewable energy projects in low-income urban and rural communities.

**SEC. 612. ENERGY EFFICIENT PUBLIC BUILDINGS.**

Authorizes the Secretary of Energy to make grants to states to assist local governments to improve energy efficiency and environmental quality of public buildings. Authorizes such sums as may be necessary for fiscal years 2003 through 2012, with not more than 30 percent for administration.

**SEC. 613. ENERGY EFFICIENT APPLIANCE REBATE PROGRAMS.**

Authorizes DOE to provide funds to States with rebate programs for consumers who exchange inefficient appliances for new, energy efficient units. Authorizes \$50 million for each of fiscal years 2004 through 2008.

Subtitle C—Consumer Products

**SEC. 621. ENERGY CONSERVATION STANDARDS FOR ADDITIONAL PRODUCTS.**

Prescribes test procedures for exit signs and transformers and directs the Secretary to prescribe testing procedures for exit signs, low-voltage dry-type transformers, traffic signal modules, ceiling fans, vending machines and commercial refrigerators. Requires rulemaking procedures to develop standards for ceiling fans, vending machines, commercial refrigerators and freezers, and unit heaters. Establishes a standard for exit signs, torchiere lamps, low-voltage dry-type transformers, and traffic signal modules.

**SEC. 622. ENERGY LABELING.**

Directs the Federal Trade Commission to complete a rulemaking within 2 months to determine the effectiveness of the existing labeling FTC labeling program. Directs the Secretary of Energy or the FTC to prescribe labeling requirements for the products for which efficiency standards are set by this legislation.



**SEC. 623. ENERGY STAR PROGRAM.**

Provides statutory authority for the Energy Star program at DOE and EPA.

**SEC. 624. HVAC MAINTENANCE CONSUMER EDUCATION PROGRAM.**

Authorizes DOE, in cooperation with EPA, to carry out a public education program on energy savings benefits of maintenance of air conditioning, heating and ventilation systems.

Subtitle D—Public Housing

**SEC. 631. CAPACITY BUILDING FOR ENERGY-EFFICIENT, AFFORDABLE HOUSING.**

Requires activities that provide energy efficient, affordable housing and residential energy conservation measures under the HUD Demonstration Act.

**SEC. 632. INCREASE OF CDBG PUBLIC SERVICES CAP FOR ENERGY CONSERVATION AND EFFICIENCY ACTIVITIES.**

Increases the amount of Community Development assistance for providing public services involving energy conservation or efficiency by 10 percent.

**SEC. 633. FHA MORTGAGE INSURANCE INCENTIVES FOR ENERGY EFFICIENT HOUSING.**

Provides for additional 10 percent increase in property value covered by FHA mortgage insurance when a solar energy system is installed.

**SEC. 634. PUBLIC HOUSING CAPITAL FUND.**

Allows the Public Housing Capital Fund to include use for certain improvements for energy efficiency, using third party contracts similar to Energy Savings Performance Contracts (ESPCs).

**SEC. 635. GRANTS FOR ENERGY-CONSERVING IMPROVEMENTS FOR ASSISTED HOUSING.**

Allows grants for multifamily housing projects to be used for improved energy efficiency.

**SEC. 636. NORTH AMERICAN DEVELOPMENT BANK.**

Amends NAFTA Implementation Act to encourage U.S. Board members to encourage the Bank to finance projects related to clean and efficient energy, including energy conservation.

**SEC. 637. ENERGY-EFFICIENT APPLIANCES.**

Requires public housing agencies to purchase Energy Star or FEMP-designated products where cost-effective.

**SEC. 638. ENERGY EFFICIENCY STANDARDS.**

Updates efficiency standards used in Cranston-Gonzalez low-income housing programs to current best codes and practices.

**SEC. 639. ENERGY STRATEGY FOR HUD.**

Requires HUD to develop and implement an integrated energy strategy for public and assisted housing. Requires report to Congress and updates of report every two years.

## **TITLE VII—TRANSPORTATION FUELS**

### **Subtitle A—Alternative Fuel Programs**

#### **SEC. 701. USE OF ALTERNATIVE FUELS BY DUAL-FUELED VEHICLES.**

Requires alternative-fueled vehicles acquired by Federal agencies to be operated on alternative fuel unless the Secretary determines that the alternative fuel is not reasonably available or unreasonably more expensive compared to gasoline.

#### **SEC. 702. FUEL USE CREDITS.**

Amends the Energy Policy Act of 1992 to allow Federal fleets or covered persons to earn credits towards compliance with alternative fuel vehicle purchase mandates by using alternative fuels. Awards one credit for each volume used of alternative fuel equivalent in energy content to 450 gallons of biodiesel or greater amount if determined by rule.

#### **SEC. 703. NEIGHBORHOOD ELECTRIC VEHICLES.**

Includes zero-emission, low-speed electric vehicles in the definition of alternative fuel vehicles under the Energy Policy Act of 1992.

#### **SEC. 704. SUBSTANTIAL CONTRIBUTION TOWARDS NONCOVERED FLEETS.**

Amends the Energy Policy Act of 1992 to allow Federal fleets or covered persons to earn credits towards compliance with alternative fuel vehicle purchase mandates through purchase of alternative vehicles in for use in non-covered fleets.

#### **SEC. 705. ALTERNATIVE FUEL INFRASTRUCTURE.**

Amends the Energy Policy Act of 1992 to allow Federal fleets or covered persons to earn credits towards compliance with alternative fuel vehicle purchase mandates through investment in alternative fuel infrastructure (fueling stations, distribution lines, etc.).

#### **SEC. 706. REVIEW OF ALTERNATIVE FUEL PROGRAMS.**

Requires the Secretary of Energy to conduct a study that determines the impact of alternative fuel vehicle programs in the Energy Policy Act of 1992 on development of technologies for use of alternative fuels, availability of fuel, and cost of alternative fueled vehicles. Requires a report within one year on findings and recommendations for changes to these programs.

#### **SEC. 707. HIGH OCCUPANCY VEHICLE EXCEPTION.**

Allows State highway agencies to establish procedures for allowing alternative fuel vehicles to utilize High Occupancy Vehicle lanes on highways regardless of number of passengers carried.

### **Subtitle B—Automobile Fuel Economy**

#### **SEC. 711. AUTOMOBILE FUEL ECONOMY STANDARDS.**

Requires the Secretary of Transportation to also consider effects on motor vehicle and passenger safety, and effects on levels of U.S. employment when setting fuel economy

standards. Clarifies DOT authority to amend fuel economy standards for passenger cars. Requires an environmental assessment under NEPA to be conducted for any changes in fuel economy standards. Authorizes \$5 million for each of fiscal years 2004 through 2008.

**SEC. 712. DUAL FUELED AUTOMOBILES.**

Extends for an additional four years the manufacturer incentives and maximum fuel economy increase allowable under the Corporate Average Fuel Economy program for the manufacture and sale of dual fueled automobiles.

**SEC. 713. FEDERAL FLEET FUEL ECONOMY.**

Requires Federal agencies to increase fuel economy of new Federal fleet passenger cars and light trucks by at least 1 mile per gallon by 2004 and 3 miles per gallon by 2006 compared to year 1999 acquisitions.

**SEC. 714. RAILROAD EFFICIENCY.**

Requires establishment of a public-private partnership to improve fuel economy, reduce emissions and lower costs of operation of railroad locomotives. Authorizes \$25 million in fiscal year 2004, \$35 million in fiscal year 2005, and \$50 million in fiscal year 2006.

**SEC. 715. REDUCTION OF ENGINE IDLING IN HEAVY-DUTY VEHICLES.**

Requires DOE, in consultation with DOT and EPA, to study potential technologies to reduce idling of engines in heavy-duty vehicles and, upon completion of such study, publish a list of certified technologies in the Federal Register. Increases vehicle weight limits for heavy-duty vehicles to allow for installation of such technologies provided they are less than 400 pounds additional weight.

## **TITLE VIII—HYDROGEN**

### **Subtitle A—Basic Research Programs**

**SEC. 801. SHORT TITLE.**

Designates subtitle as the “George E. Brown, Jr. and Robert S. Walker Hydrogen Future Act of 2003”.

**SEC. 802. MATSUNAGA ACT AMENDMENT.**

Provides a complete substitute for the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990 (42 U.S.C. 12401 et seq.). Makes changes to purpose, cost-sharing requirements, membership of technical advisory board, and function of underlying Act. Provides authorization for \$55 million in fiscal year 2004, increasing to \$75 million in fiscal year 2008.

**SEC. 803. HYDROGEN FUTURE ACT AMENDMENT.**

Amends Title II of the Hydrogen Future Act of 1996 (42 U.S.C. 12403 note) to include new provisions for integrating hydrogen research programs with fuel cell research programs. Authorizes \$25 million in fiscal year 2004, increasing to \$50 million in fiscal year 2008.

## Subtitle B—Transportation Fuel Programs

### **SEC. 811. HYDROGEN TRANSPORTATION FUEL INITIATIVE.**

Requires the Secretary of Energy, in partnership with the private sector, to conduct a research and development program designed to accelerate the use of hydrogen and related technologies in transportation applications. Authorizes \$273.5 million for fiscal year 2004, increasing to \$425 million for fiscal year 2008.

### **SEC. 812. HYDROGEN VEHICLE DEMONSTRATION PROGRAM.**

Requires the Secretary of Energy, in consultation with the Secretary of Transportation and the private sector, to establish a pilot program for the integrated demonstration and deployment of hydrogen vehicles and associated infrastructure to support such vehicles. Sets eligibility requirements to only those projects which address all aspects of the hydrogen energy system, including production, delivery, storage, conversion and actual use in transportation applications; as well as education and training and development of codes and standards. Authorizes \$100 million for each of fiscal years 2004 through 2008.

## **TITLE IX—RESEARCH AND DEVELOPMENT**

### **SEC. 901. SHORT TITLE.**

Designates title as the “Energy Research, Development, Demonstration, and Commercial Application Act of 2003”.

### **SEC. 902. GOALS.**

Broad goals are defined and the Secretary is requires to publish specific goals with each annual budget submission.

### **SEC. 903. DEFINITIONS.**

Defines terms used in the title.

## Subtitle A—Energy Efficiency

### **SEC. 911. ENERGY EFFICIENCY.**

Sets authorizations.

### **SEC. 912. NEXT GENERATION LIGHTING INITIATIVE.**

Defines Initiative to develop advanced solid state lighting options. Defines selection of a consortium through which research is to be conducted. Requires periodic NAS reviews.

### **SEC. 913. NATIONAL BUILDING PERFORMANCE INITIATIVE.**

Requires the Director of OSTP to establish an interagency program to address energy conservation and R&D efforts to reduce energy use in buildings. Establishes an advisory committee to oversee creation and implementation of a plan, and requires annual progress reports.

**SEC. 914. SECONDARY ELECTRIC VEHICLE BATTERY USE PROGRAM.**

Creates a program to evaluate secondary use of batteries

**SEC. 915. ENERGY EFFICIENCY SCIENCE INITIATIVE.**

Creates a research program administered by the Assistant Secretary responsible for energy conservation.

Subtitle B—Distributed Energy and Electric Energy Systems

**SEC. 921. DISTRIBUTED ENERGY AND ELECTRIC ENERGY SYSTEMS .**

Establishes authorization levels.

**SEC. 922. HYBRID DISTRIBUTED POWER SYSTEMS .**

Requires development of a strategy for development of hybrid distributed power systems that combine a renewable technology and nonintermittent power generation technologies.

**SEC. 923. HIGH POWER DENSITY INDUSTRY PROGRAM.**

Requires creation of a research and demonstration program for high power density facilities.

**SEC. 924. MICRO-COGENERATION ENERGY TECHNOLOGY.**

Requires grants to consortia to develop small-scale combined heat and power systems for residential applications.

**SEC. 925. OFFICE OF ELECTRIC TRANSMISSION AND DISTRIBUTION.**

Creates new Office for transmission and distribution issues.

**SEC. 926. ELECTRIC TRANSMISSION AND DISTRIBUTION PROGRAMS .**

Authorizes research, development and demonstration programs to ensure reliability, efficiency and environmental integrity of electrical transmission systems. Authorizes a Power Delivery Research Initiative focused on establishing test beds, at national labs, universities, or in industry, to evaluate and demonstrate the technologies required to move high temperature superconductivity into commercial use.

Subtitle C—Renewable Energy

**SEC. 931. RENEWABLE ENERGY.**

Establishes authorization levels.

**SEC. 932. BIOENERGY PROGRAMS .**

Authorizes broad program of research in biopower and biofuels.

**SEC. 933. CONCENTRATING SOLAR POWER RESEARCH PROGRAM.**

Authorizes a program of research on concentrating solar power research to establish technologies and economics of both electricity and hydrogen production. A report with recommendations for future research is required within 4 years.

**SEC. 934. MISCELLANEOUS PROJECTS.**

Authorizes R&D in ocean energy, combinations of renewable and other energy sources, and hydrogen carrier fuels.

Subtitle D—Nuclear Energy

**SEC. 941. NUCLEAR ENERGY.**

Establishes authorization levels.

**SEC. 942. NUCLEAR ENERGY RESEARCH PROGRAMS.**

Authorizes NERI, NEPO, NP2010, Generation IV, reactor production of hydrogen, and nuclear infrastructure support.

**SEC. 943. ADVANCED FUEL CYCLE INITIATIVE.**

Authorizes the Advanced Fuel Cycle Initiative.

**SEC. 944. UNIVERSITY NUCLEAR SCIENCE AND ENGINEERING SUPPORT.**

Authorizes fellowship and faculty assistance programs, maintains university research and training reactor and encourages university-national lab interactions.

Subtitle E—Fossil Energy

**SEC. 951. FOSSIL ENERGY.**

Establishes authorization levels for Fossil Energy

**SEC. 952. FOSSIL ENERGY RESEARCH PROGRAMS.**

Creates research programs for coal, oil and gas, and fuel cells.

**SEC. 953. RESEARCH AND DEVELOPMENT FOR COAL MINING TECHNOLOGIES.**

Establishes research and development program on coal mining technologies. Research is to be guided by the Mining Industry of the Future program, and NAS reports, and is to include technologies to enable mining of coal with reduced contaminant levels.

Subtitle F—Science

**SEC. 961. SCIENCE.**

Establishes authorization levels for Office of Science. Sets funding for ITER separate from the rest of Science budget.

**SEC. 962. UNITED STATES PARTICIPATION IN ITER.**

Authorizes U.S. participation in ITER and requires a comprehensive report within 180 days on overall program directions.

**SEC. 963. SPALLATION NEUTRON SOURCE.**

Sets limits on total funds expended for the Spallation Neutron Source and requires a report on the SNS as part of the annual budget submission.

**SEC. 964. FACILITY AND INFRASTRUCTURE SUPPORT FOR NONMILITARY ENERGY LABORATORIES.**

Requires development and implementation of report and strategy for Office of Science labs to maintain and build appropriate infrastructure.

**SEC. 965. RESEARCH REGARDING PRECIOUS METAL CATALYSIS.**

Authorizes research on precious metal catalysts.

**SEC. 966. NANOSCALE SCIENCE AND ENGINEERING RESEARCH.**

Authorizes nanoscale science and engineering programs supportive of Department's mission areas. Authorizes construction of Nanoscience Research Centers.

**SEC. 967. ADVANCED SCIENTIFIC COMPUTING FOR ENERGY MISSIONS.**

Authorizes a robust scientific computing program supporting Department's mission areas. Requires coordination with other national efforts, including NNSA's ASCI program. Requires report to Congress before undertaking development of new computational architectures.

**SEC. 968. GENOMES TO LIFE PROGRAM.**

Supports research and development in systems biology and proteomics toward understanding biological systems on the scale of proteins to cells. Authorizes construction and ancillary equipment for the Genomes to Life user facilities.

**SEC. 969. FISSION AND FUSION ENERGY MATERIALS RESEARCH PROGRAM.**

Section supports a research and development program on material science issues presented by advanced fission reactors and Department's fusion program.

**SEC. 970. WATER SUPPLY TECHNOLOGIES PROGRAM.**

Creates demonstration programs in arsenic removal, desalination, and energy and water sustainability. The arsenic removal program is to be run by the American Water Works Association Research Foundation for the Department. Desalination program is to follow the national Desalination and Water Purification Technology Roadmap. The sustainability program supports water modeling studies, on the level of major national river basins, to understand water usage patterns and the impact of energy production activities in these basins.

Subtitle G—Energy and Environment

**SEC. 971. UNITED STATES -MEXICO ENERGY TECHNOLOGY COOPERATION.**

Authorizes a joint U.S.-Mexico collaborative program in the border region to promote energy efficiency and reduced environmental risks that contribute to public health issues.

**SEC. 972. COAL TECHNOLOGY LOAN.**

Authorizes Secretary to provide loan to clean coal plant in Healy Alaska.

Subtitle H—Management

**SEC. 981. AVAILABILITY OF FUNDS.**

Funds authorized under entire title remain available until expended.

**SEC. 982. COST SHARING.**

Sets cost sharing requirements for programs (20 percent for R&D, 50 percent for Demonstration and Commercial Application) with ability of Secretary to waive requirement. Allows in-kind contributions.

**SEC. 983. MERIT REVIEW OF PROPOSALS.**

Requires merit review of proposals in this title.

**SEC. 984. EXTERNAL TECHNICAL REVIEW OF DEPARTMENTAL PROGRAMS.**

Requires advisory boards for Department programs and authorizes National Academy periodic reviews and assessments.

**SEC. 985. IMPROVED COORDINATION OF TECHNOLOGY TRANSFER ACTIVITIES.**

Requires Secretary to appoint a Technology Transfer Coordinator and establishes a Tech Transfer Working Group with representation from each DOE facility.

**SEC. 986. TECHNOLOGY INFRASTRUCTURE PROGRAM.**

Requires Secretary to establish two-year pilot program to encourage creation of technology clusters in support of departmental mission areas. Authorizes \$10,000,000 annually for FY2004 and FY2005.

**SEC. 987. SMALL BUSINESS ADVOCACY AND ASSISTANCE.**

Requires Director of each Laboratory to designate a small business advocate to facilitate participation of small businesses in procurement and research opportunities. Authorizes small business technical assistance grants not to exceed \$10,000 to improve a concern's products or services. Authorizes \$5,000,000 annually

**SEC. 988. MOBILITY OF SCIENTIFIC AND TECHNICAL PERSONNEL.**

Requires report on barriers that may exist to inhibit transfer of personnel among Department's facilities and laboratories.

**SEC. 989. NATIONAL ACADEMY OF SCIENCES REPORT.**

Requires a National Academy study on obstacles to accelerating the transition of energy technology into commercial application.

**SEC. 990. OUTREACH.**

Requires that all programs include an outreach component to provide the public with information.



**SEC. 991. COMPETITIVE AWARD OF MANAGEMENT CONTRACTS.**

Requires that management and operating contracts for nonmilitary laboratories shall be subject to competition unless the Secretary grants a waiver and informs Congress.

**SEC. 992. REPROGRAMMING.**

Reprogramming, which changes an individual distribution by more than 5 percent, is not allowed unless the Secretary has provided thirty days notice to the appropriate authorizing committees.

**SEC. 993. CONSTRUCTION WITH OTHER LAWS.**

Requires Secretary to conform with existing laws.

**SEC. 994. IMPROVED COORDINATION AND MANAGEMENT OF CIVILIAN SCIENCE AND TECHNOLOGY.**

Establishes Assistant Secretary for Science. Provides sense of Congress that leadership in nuclear energy shall be at Assistant Secretary level and provides appropriate changes in Departmental authority to enable that recommendation to be accepted by the Secretary.

## **TITLE X—PERSONNEL AND TRAINING**

**SEC. 1001. WORKFORCE TRENDS AND TRAINEESHIP GRANTS.**

Requires the Department of Energy, in consultation with the Department of Labor, to monitor workforce trends in the energy industry and report to Congress. Authorizes the Department of Energy, in consultation with the Department of Labor, to establish traineeship grants to address shortages of trained personnel. Authorizes \$20 million for each of fiscal years 2004 through 2008.

**SEC. 1002. RESEARCH FELLOWSHIPS IN ENERGY RESEARCH.**

Authorizes the Secretary of Energy to establish fellowships for postdoctoral and senior researchers in energy research and development fields. Authorizes \$40 million for each of fiscal years 2004 through 2008.

**SEC. 1003. TRAINING GUIDELINES FOR ELECTRIC ENERGY INDUSTRY PERSONNEL.**

Requires the Secretary of Labor, in consultation with the Secretary of Energy, to develop, jointly with the electric industry and recognized employee representatives, model personnel training guidelines to support electric system reliability and safety.

**SEC. 1004. NATIONAL CENTER ON ENERGY MANAGEMENT AND BUILDING TECHNOLOGIES.**

Requires the Secretary of Energy to support the establishment of a National Center on Energy Management and Building Technologies, to carry out research, education, and training activities to facilitate the improvement of energy efficiency and indoor air quality in industrial, commercial, and residential buildings.

**SEC. 1005. IMPROVED ACCESS TO ENERGY-RELATED SCIENTIFIC AND TECHNICAL CAREERS.**

Requires the Director of each National Laboratory, and, at the discretion of the Secretary of Energy, each science facility operated by the Department, to take actions to increase the

participation of historically Black colleges or universities, Hispanic-serving institutions, or tribal colleges in activities that improve these institutions' ability to train students in scientific and technical careers.

**SEC. 1006. NATIONAL POWER PLANT OPERATIONS TECHNOLOGY AND EDUCATION CENTER.**

Requires the Secretary of Energy to support the establishment of a national training center to address the need for training and educating certified operators for electric power generation plants.

**SEC. 1007. FEDERAL MINE INSPECTORS .**

Requires the Secretary of Labor to hire, train, and deploy additional skilled mine inspectors to maintain the number of Federal mine inspectors at or above the levels authorized by law or established by regulation.

## **TITLE XI—CLIMATE CHANGE**

### **Subtitle A—National Strategy**

**SEC. 1111. NATIONAL CLIMATE CHANGE STRATEGY.**

Requires the President to develop and implement a national strategy to manage the risks posed by potential climate change. The strategy should define greenhouse gas interim emission intensity goals that are consistent with the U.N. Framework Convention on Climate Change, and include emissions reduction programs, climate-related energy technology R&D, international energy technology deployment programs, and research into adaptation measures to reduce vulnerability to impacts of climate change. Requires the President to report to Congress on the strategy, with updates every four years.

**SEC. 1112. OFFICE OF CLIMATE CHANGE POLICY.**

Requires the President to designate an individual within the Executive Office of the President to serve as the Director of Climate Change Policy. Outlines duties and provides for regular appearances before the Congress. Provides for hiring of support personnel and authorizes such appropriations as may be necessary.

**SEC. 1113. INTERAGENCY TASK FORCE ON CLIMATE CHANGE.**

Requires the President to establish an Interagency Task Force on Climate Change to coordinate Federal climate change activities and programs.

**SEC. 1114. ANNUAL REPORT.**

Requires the Director of Climate Change Policy to provide to the Congress on or about February 15 of each calendar year a report that includes a description of the strategy and its goals; an inventory and evaluation of Federal climate change programs and activities; a description of all Federal spending on climate change for the current fiscal year and each of the five years previous; an estimate of the amount, in metric tons, of greenhouse gas emissions reduced, avoided, or sequestered directly or indirectly as a result of Federal climate change programs; and recommendations for further legislative or administrative actions.

## Subtitle B—Greenhouse Gas Emissions Registry

### **SEC. 1121. ESTABLISHMENT.**

Requires the President to establish a national registry for reports of greenhouse gas emissions, to be administered by the Secretary of Energy through the Energy Information Administration. Provides that such registry will be the national data repository of emissions information, and that participants will voluntarily provide reports of complete and independently verified emissions inventories and certified emissions reductions. Provides for confidentiality of privileged information contained in reports made to the registry.

### **SEC. 1122. IMPLEMENTATION.**

Requires the Secretary of Energy to, within one year after the establishment of the registry, issue guidelines establishing procedures for the administration of the national registry. Such guidelines shall include consideration of means to register certified emissions reductions and issue transferable credits for such reductions, and shall take into account existing Federal, State, and private voluntary reporting guidelines and protocols. Provides for regular review and revision of such procedures, subject to public notice and opportunity for comment.

### **SEC. 1123. VOLUNTARY AGREEMENTS.**

Enables the Secretary of Energy to enter into voluntary agreements with persons or entities that agree to negotiated emissions baselines and emissions reduction goals. In exchange, such persons or entities can receive transferable credits in exchange for exceeding their emissions reduction goals, which can be used towards any future incentive, market-based, or regulatory program determined by the Congress in the future to be necessary to reduce the risk of climate change and its impacts.

### **SEC. 1124. MEASUREMENT AND VERIFICATION.**

Requires the Secretary of Commerce, through NIST and in consultation with the Secretary of Energy, to develop standards and practices for accurate measurement and verification of greenhouse gas emissions and emissions reductions. Requires such standards and practices to be made available for public notice and opportunity for comment prior to adoption for use in administering the national registry authorized under this title.

### **SEC. 1125. CERTIFIED INDEPENDENT THIRD PARTIES.**

Requires the Secretary of Commerce, through NIST and the Administrator of EIA, to develop standards for certification of independent persons to act as certified parties to be employed in verifying the accuracy and reliability of reports made to the registry. Prohibits certified parties from participating in the registry themselves or receiving compensation based on the amount of emissions verified. Requires publication of a list of certified parties for use by entities participating in the registry.

### **SEC. 1126. REPORT TO CONGRESS.**

Requires the President, through the Interagency Task Force authorized under this Title, to report to the Congress on the status of the national registry not later than one year after guidelines for the registry's operation are issued. Requires an assessment of the level of participation in the registry, the effectiveness of voluntary agreements in enhancing

participation, and use of the registry for emissions reporting and emissions credit trading, among other purposes. Requires the report to include further legislative or administrative recommendations intended to improve the registry and enhance participation.

### Subtitle C—Climate Technology Programs

#### **SEC. 1131. OFFICE OF CLIMATE CHANGE TECHNOLOGY.**

Amends the Energy Policy Act of 1992 to authorize a new Office of Climate Change Technology within the Department of Energy to carry out research into energy technologies and practices that can significantly reduce, avoid, or sequester emissions of greenhouse gases. Requires the Secretary of Energy to appoint a Director of the Office who shall coordinate issues, policies, and activities within the Department of Energy related to climate change.

#### **SEC. 1132. CLIMATE CHANGE TECHNOLOGY PROGRAM.**

Amends the Energy Policy Act of 1992 to establish within the Office of Climate Change Technology a program to support energy technology research and development projects on technologies that have significant potential to reduce, avoid, or sequester emissions of greenhouse gases. Requires the Secretary to prepare and submit to Congress a ten-year program plan to guide activities to be carried out under this section, with biennial updates and an annual progress report. Requires that activities funded through this program not duplicate existing Department activities, and initiated only after consultation with one or more appropriate offices in the Department that support research and development in areas related to the project. Authorizes \$40,000,000 for fiscal year 2004 and \$200,000,000 for each of fiscal years 2005 through 2014. Makes conforming amendments to the Federal Nonnuclear Energy Research and Development Act of 1974.

#### **SEC. 1133. CLEAN ENERGY TECHNOLOGY EXPORTS PROGRAM.**

Authorizes such sums as are necessary for an interagency program to encourage exports of clean energy supply or end-use technologies to developing countries, countries in transition, and other partner countries. Creates an interagency working group to coordinate policies and activities. Requires an annual report on activities and use of program funds.

#### **SEC. 1134. INTERNATIONAL ENERGY TECHNOLOGY DEPLOYMENT PROGRAM.**

Amends the Energy Policy Act of 1992 to create a pilot program of loan guarantees for international energy deployment projects outside the U.S. that provide substantial emissions intensity improvements compared to commercially-available technology. Requires a report on status of pilot projects so funded not later than 5 years after enactment. Authorizes \$100,000,000 for each of fiscal years 2005 through 2014, to remain available until expended.

## **Title XII—Electricity**

### Subtitle A—Amendments to the Federal Power Act

#### **SEC. 1201. DEFINITIONS.**

Expands definition of “electric utility” to include any person or Federal or state agency, including TVA and PMAs, that sells electricity; definition of “transmitting utility” to include

entities, including 201(f) entities that own/operate facilities used for transmission in interstate commerce or for sale of electricity at wholesale. Defines Transmission Organization as a FERC-approved independent operator of transmission facilities. Defines Energy Services and Regional Energy Services Commissions as multi-state entities directed to consider energy policies on generation, transmission, and market development.

## Subtitle B—State Coordination

### **SEC. 1211. REGIONAL ENERGY SERVICES COMMISSIONS.**

Amends the Federal Power Act by adding Part IV as follows:

#### **Establishment of Regional Energy Services Commissions**

Authorizes States to form multi-state entities called Regional Energy Services Commissions (RESC).

#### **Regional Energy Services Commissions Requirements**

Describes necessary characteristics of a RESC. A RESC will include contiguous States that serve a load of sufficient size to constitute a regional market. RESCs will develop siting protocols. A State may be a member of only one RESC.

#### **Regional Energy Services Commissions Jurisdiction**

RESCs may exercise jurisdiction over market design and transmission infrastructure, including rate design for transmission and wholesale sales within the RESC region. State regulatory authority will be unaffected.

#### **FERC Jurisdiction**

FERC would be limited to an appellate role for (1) appeals from RESC Member States and (2) conflicts between regions. In non-RESC States, FERC jurisdiction under the Federal Power Act would be unchanged.

#### **Transmission Organizations**

Describes minimum criteria a Transmission Organization in a RESC must meet.

## Subtitle C—Improving Transmission Infrastructure

### **SEC. 1221. CONGESTION ZONE DESIGNATION.**

Directs the Secretary of Energy to study and designate “Congestion Zones.”

### **SEC. 1222. TRANSMISSION DEVELOPMENT CERTIFICATE.**

Provides FERC authority to issue a certificate of public convenience and necessity (transmission development certificate) in Congestion Zones. A holder of such a certificate may exercise eminent domain. FERC may issue a certificate for transmission development for a proposed facility in a State that is a member of a RESC only if that State fails to initiate action on a siting application within 60 days or fails to finalize action within 18 months. If a RESC State has vested its siting authority with the RESC, FERC has no authority to issue a transmission development certificate.

## Subtitle D—Reliability

### **SEC. 1231. ELECTRIC RELIABILITY STANDARDS.**

Provides procedures for FERC certification and oversight of a FERC-approved electric reliability organization (ERO) that sets enforceable rules for the interstate transmission grid. Requires FERC to promulgate rules directing the ERO to delegate authority to regional entities, which may include a RESC.

## Subtitle E—Fair Access to the Transmission System

### **SEC. 1241. OPEN ACCESS TRANSMISSION BY CERTAIN UTILITIES.**

Authorizes FERC to require that unregulated utilities provide open access to their transmission systems at comparable rates, terms and conditions that apply to jurisdictional public utilities. Exempts unregulated transmitting utilities that are small and do not own assets that are necessary for grid operation. Allows FERC to remand rates to an unregulated transmitting utility if FERC does not find it to be comparable. Defines an “unregulated transmitting utility” as an entity that owns or operates facilities for the transmission of electric energy in interstate commerce, or is a muni, co-op, TVA, or a Federal PMA.

### **SEC. 1242. TRANSMISSION INVESTMENT INCENTIVES.**

Requires FERC to establish by rule, within one year of date of enactment, transmission pricing policies and standards that promote expansion and improvement of the transmission system, including incentive-based and performance-based rate treatments.

### **SEC. 1243. INFRASTRUCTURE COST ALLOCATION PRINCIPLE.**

Directs FERC to undertake rulemaking on cost allocation related to interconnection of new transmission facilities. The cost allocation rulemaking shall seek to ensure that costs of new facilities are shared by all users of the transmission that benefit from the expansion. States that are members of a RESC may choose to develop their own rules on this issue.

## Subtitle F—Market Transparency, Anti-Manipulation and Enforcement

### **SEC. 1251. MARKET TRANSPARENCY RULES.**

Requires FERC to establish an electronic system to provide information on availability and price of wholesale electric energy and transmission services.

### **SEC. 1252. MARKET MANIPULATION.**

Part II of the FPA is amended as follows:

#### **Prohibition on Filing of False Information**

Makes the filing of false information a violation of the FPA.

#### **Prohibition on Round Trip Trading**

Makes a round-trip trade committed with the intent to deceive a violation of the FPA.

**SEC. 1253. ENFORCEMENT.**

Expands scope of criminal and civil penalties under the Federal Power Act, extends § 307 investigation authority to transmitting utilities and increase penalties (e.g., from \$5000 to \$1,000,000 and from 2 years to 5 years).

**SEC. 1254. REFUND EFFECTIVE DATE.**

Amends Section 206(b) to allow refunds as of the date of the filing of a complaint as opposed to 60 days later.

Subtitle G—Elimination of Competitive Barriers

**SECS. 1261-75. REPEAL OF THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935.**

Repeals the Public Utility Holding Company Act of 1935, 12 months after date of enactment. Prescribes procedural guidelines for both FERC and State access to records of a holding company (including subsidiaries, associates, and affiliates) of a public utility or natural gas company.

Subtitle H—Amendments to the Public Utility  
Regulatory Policies Act of 1978

**SEC. 1281. PROSPECTIVE REPEAL AND RECOVERY OF COSTS.**

Prospectively repeals mandatory purchase and sale requirements and ownership limitations under PURPA, provided that FERC finds the qualifying facility has access to competitive wholesale markets for the sale of electric energy.

**SEC. 1282. NET METERING.**

Amends PURPA to require states to consider the adoption of a Federal standard for net metering and consider within one year. The standard for net metering programs would specify how on-site energy production will be measured, and billing practices in cases where electric energy generated on site exceeds electricity supplied and vice versa. Eligible residential on-site generation facilities are those with a maximum generating capacity of 10 KW or less, fueled by solar, wind, or fuel cells. Eligible commercial on-site generation facilities are those with a maximum generating capacity of 500 KW fueled by a renewable energy resource (solar, wind, biomass, geothermal), landfill gas, or a high efficiency system (fuel cells, CHP).

**SEC. 1283. REAL-TIME PRICING AND TIME-OF-USE METERING STANDARDS.**

Amends PURPA section 111(d) to require states to determine within one year of enactment whether to require that each electric utility be required to offer real-time metering and pricing at a consumer's request. Also requires states to consider requiring the use of time-of-use metering.

**SEC. 1284. ADOPTION OF ADDITIONAL STANDARDS.**

Requires States to consider standards for interconnection of distributed generation and other generators to the distribution grid; for minimum fuel and technology diversity; and for fossil fuel efficiency. Authorizes States to provide technical assistance.

**SEC. 1285. TECHNICAL ASSISTANCE.**

Permits Secretary of Energy to offer technical assistance to efforts by States and electric utilities.

Subtitle I—Consumer Protections

**SEC. 1291. INFORMATION DISCLOSURE.**

Requires the Federal Trade Commission to issue rules requiring electric utilities to provide certain disclosures to electric consumers. State rules that provide greater protection apply.

**SEC. 1292. CONSUMER PRIVACY.**

Directs FTC to promulgate rules regarding disclosure of consumer information.

**SEC. 1293. UNFAIR TRADE PRACTICES.**

Directs FTC to issue rules to prohibit slamming and cramming.

**SEC. 1294. DEFINITIONS.**

Defines terms for consumer protections subtitle.

**SEC. 1295. TECHNICAL AMENDMENTS**

Technical changes to FPA.

**TITLE XIII — STATE ENERGY PROGRAMS**

**SEC. 1301. LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM.**

Increases authorization for LIHEAP from current \$2.0 billion to \$3.4 billion for each of fiscal years 2004 through 2006.

**SEC. 1302. WEATHERIZATION ASSISTANCE PROGRAM.**

Expands eligibility for the Weatherization Assistance program to include families with household incomes at or below 150 percent of the poverty level established by OMB, equivalent to existing LIHEAP eligibility. Increases authorization from current \$283.9 million to \$325 million in fiscal year 2004, \$400 million in fiscal year 2005 and \$500 million for FY 2006.

**SEC. 1303. STATE ENERGY PLANS.**

Sets procedures for regular review of existing State energy conservation programs. Sets State energy efficiency goals of reducing energy use by 25% by 2010 compared to 1990 usage. Expands and extends authorization to \$100 million in fiscal years 2004 and 2005 and \$125 million for fiscal year 2006.