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CONGRESSIONAL RECORD -- HOUSE

Tuesday, October 24, 2000

106th Congress, 2nd Session

146 Cong Rec H 10554

REFERENCE: Vol. 146, No. 134

TITLE: ENERGY ACT OF 2000

SPEAKER: Mr. GREENWOOD. Mr. MARKEY. Mr. HALL of Texas. Mr. BALDACCI. Mrs. MALONEY of New York. Mrs. MCCARTHY of New York. Mr. GILMAN. Mr. WAXMAN. Ms. JACKSON-LEE of Texas.

BILL NUMBER:

H.R. 2884 [Retrieve Bill Tracking Report](#)
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H.R. 380 [Retrieve Bill Tracking Report](#)
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TEXT: [*H10554]

Mr. GREENWOOD. Mr. Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 2884) to extend energy conservation programs under the Energy Policy

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and Conservation Act through fiscal year 2003.

The Clerk read as follows:

Senate amendment:
Strike out all after the enacting clause and insert:

SECTION. 1. SHORT TITLE.

This Act may be cited as the Energy Act of 2000.

TITLE I--STRATEGIC PETROLEUM RESERVE

SEC. 101. SHORT TITLE.

This title may be cited as the "Energy Policy and Conservation Act Amendments of 2000".

SEC. 102. AMENDMENT TO SECTION 2 OF THE ENERGY POLICY AND CONSERVATION ACT

Section 2 of the Energy Policy and Conservation Act (42 U.S.C. 6201) is amended--

(1) in paragraph (1) by striking "standby" and ", subject to congressional review, to impose rationing, to reduce demand for energy through the implementation of energy conservation plans, and"; and

(2) by striking paragraphs (3) and (6).

SEC. 103. AMENDMENT TO TITLE I OF THE ENERGY POLICY AND CONSERVATION ACT

Title I of the Energy Policy and Conservation Act (42 U.S.C. 6211-6251) is amended--

(1) by striking section 102 (42 U.S.C. 6211) and its heading;

(2) by striking section 104(b)(1);

(3) by striking section 106 (42 U.S.C. 6214) and its heading;

(4) by amending section 151(b) (42 U.S.C. 6231) to read as follows:

"(b) It is the policy of the United States to provide for the creation of a Strategic Petroleum Reserve for the storage of up to 1 billion barrels of petroleum products to reduce the impact of disruptions in supplies of petroleum products, to carry out obligations of the United States under the international energy program, and for other purposes as provided for in this Act.";

(5) in section 152 (42 U.S.C. 6232)--

(A) by striking paragraphs (1), (3) and (7), and

(B) in paragraph (11) by striking "; such term includes the Industrial Petroleum Reserve, the Early Storage Reserve, and the Regional Petroleum Reserve".

(6) by striking section 153 (42 U.S.C. 6233) and its heading;

(7) in section 154 (42 U.S.C. 6234)--

(A) by amending subsection (a) to read as follows:

"(a) A Strategic Petroleum Reserve for the storage of up to 1 billion barrels of petroleum products shall be created pursuant to this part.";

(B) by amending subsection (b) to read as follows:

"(b) The Secretary, in accordance with this part, shall exercise authority over the development, operation, and

maintenance of the Reserve."; and

(C) by striking subsections (c), (d), and (e);
(8) by striking section 155 (42 U.S.C. 6235) and its heading;

(9) by striking section 156 (42 U.S.C. 6236) and its heading;

(10) by striking section 157 (42 U.S.C. 6237) and its heading;

(11) by striking section 158 (42 U.S.C. 6238) and its heading;

(12) by amending the heading for section 159 (42 U.S.C. 6239) to read, "Development, Operation, and Maintenance of the Reserve";

(13) in section 159 (42 U.S.C. 6239)--
(A) by striking subsections (a), (b), (c), (d), and (e);
(B) by amending subsection (f) to read as follows:
"(f) In order to develop, operate, or maintain the Strategic Petroleum Reserve, the Secretary may--

"(1) issue rules, regulations, or orders;
"(2) acquire by purchase, condemnation, or otherwise, land or interests in land for the location of storage and related facilities;

"(3) construct, purchase, lease, or otherwise acquire storage and related facilities;

"(4) use, lease, maintain, sell or otherwise dispose of land or interests in land, or of storage and related facilities acquired under this part, under such terms and conditions as the Secretary considers necessary or appropriate;

"(5) acquire, subject to the provisions of section 160, by purchase, exchange, or otherwise, petroleum products for storage in the Strategic Petroleum Reserve;

"(6) store petroleum products in storage facilities owned and controlled by the United States or in storage facilities owned by others if those facilities are subject to audit by the United States;

"(7) execute any contracts necessary to develop, operate, or maintain the Strategic Petroleum Reserve;

"(8) bring an action, when the Secretary considers it necessary, in any court having jurisdiction over the proceedings, to acquire by condemnation any real or personal property, including facilities, temporary use of facilities, or other interests in land, together with any personal property located on or used with the land."; and

(C) in subsection (g)--
(i) by striking "implementation" and inserting "development"; and

(ii) by striking "Plan";
(D) by striking subsections (h) and (i);
(E) by amending subsection (j) to read as follows:
"(j) If the Secretary determines expansion beyond 700,000,000 barrels of petroleum product inventory is appropriate, the Secretary shall submit a plan for expansion to the Congress."; and

(F) by amending subsection (l) to read as follows:
"(l) During a drawdown and sale of Strategic Petroleum Reserve petroleum products, the Secretary may issue implementing rules, regulations, or orders in accordance with section 553 of title 5, United States Code, without regard to rulemaking requirements in section 523 of this Act, and section 501 of the Department of Energy Organization Act (42 U.S.C. 7191).";

(14) in section 160 (42 U.S.C. 6240)--
(A) in subsection (a), by striking all before the dash and inserting the following--

"(a) The Secretary may acquire, place in storage, transport, or exchange";

(B) in subsection (a)(1) by striking all after "Federal lands";

(C) in subsection (b), by striking ", including the Early Storage Reserve and the Regional Petroleum Reserve" and by striking paragraph (2); and

(D) by striking subsections (c), (d), (e), and (g);
(15) in section 161 (42 U.S.C. 6241)--
(A) by striking "Distribution of the Reserve" in the title of this section and inserting "Sale of Petroleum Products";

(B) in subsection (a), by striking "drawdown and distribute" and inserting "drawdown and sell petroleum products in";

(C) by striking subsections (b), (c), and (f);
(D) by amending subsection (d)(1) to read as follows:
"(d)(1) Drawdown and sale of petroleum products from the Strategic Petroleum Reserve may not be made unless the President has found drawdown and sale are required by a severe energy supply interruption or by obligations of the United States under the international energy program.";

(E) by amending subsection (e) to read as follows:
"(e)(1) The Secretary shall sell petroleum products withdrawn from the Strategic Petroleum Reserve at public sale to the highest qualified bidder in the amounts, for the period, and after a notice of sale considered appropriate by the Secretary, and without regard to Federal, State, or local regulations controlling sales of petroleum products.

"(2) The Secretary may cancel in whole or in part any offer to sell petroleum products as part of any drawdown and sale under this section."; and

(F) in subsection (g)--

(i) by amending paragraph (1) to read as follows:
"(g)(1) The Secretary shall conduct a continuing evaluation of the drawdown and sales procedures. In the conduct of an evaluation, the Secretary is authorized to carry out a test drawdown and sale or exchange of petroleum products from the Reserve. Such a test drawdown and sale or exchange may not exceed 5,000,000 barrels of petroleum products.";

(ii) by striking paragraph (2);
(iii) in paragraph (4), by striking "90" and inserting "95";

(iv) in paragraph (5), by striking "drawdown and distribution" and inserting "test";

(v) by amending paragraph (6) to read as follows:
"(6) In the case of a sale of any petroleum products under this subsection, the Secretary shall, to the extent funds are available in the SPR Petroleum Account as a result of such sale, acquire petroleum products for the Reserve within the 12-month period beginning after completion of the sale."; and

(vi) in paragraph (8), by striking "drawdown and distribution" and inserting "test";

(G) in subsection (h)--
(i) in paragraph (1) by striking "distribute" and inserting "sell petroleum products from";

(ii) by deleting "and" at the end of paragraph (1)(A) and by deleting "shortage," at the end of paragraph (1)(B) and inserting "shortage; and

"(C) the Secretary of Defense has found that action taken under this subsection will not impair national security,";

(iii) in paragraph (2) by striking "In no case may the Reserve" and inserting "Petroleum products from the Reserve may not"; and

(iv) in paragraph (3) by striking "distribution" each time it appears and inserting "sale";

(16) by striking section 164 (42 U.S.C. 6244) and its heading;

(17) by amending section 165 (42 U.S.C. 6245) and its heading to read as follows:

"Annual Report

"Sec. 165. The Secretary shall report annually to the President and the Congress on actions taken to implement this part. This report shall include--

"(1) the status of the physical capacity of the Reserve and the type and quantity of petroleum products in the Reserve;

"(2) an estimate of the schedule and cost to complete planned equipment upgrade or capital investment in the Reserve, including upgrades and investments carried out as part of operational maintenance or extension of life activities;

"(3) an identification of any life-limiting conditions or operational problems at any Reserve facility, and proposed remedial actions including an estimate of the schedule and cost of implementing those remedial actions;

"(4) a description of current withdrawal and distribution rates and capabilities, and an identification of any operational or other limitations on those rates and capabilities;

"(5) a listing of petroleum product acquisitions made in the preceding year and planned in the following year, including quantity, price, and type of petroleum;

"(6) a summary of the actions taken to develop, operate, and maintain the Reserve;

"(7) a summary of the financial status and financial transactions of the Strategic Petroleum Reserve and Strategic Petroleum Reserve Petroleum Accounts for the year;

"(8) a summary of expenses for the year, and the number of Federal and contractor employees;

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"(9) the status of contracts for development, operation, maintenance, distribution, and other activities related to the implementation of this part;

"(10) a summary of foreign oil storage agreements and their implementation status;

"(11) any recommendations for supplemental legislation or policy or operational changes the Secretary considers necessary or appropriate to implement this part.";

(18) in section 166 (42 U.S.C. 6246) by striking "for fiscal year 1997.";

(19) in section 167 (42 U.S.C. 6247)--

(A) in subsection (b)--

(i) by striking "and the drawdown" and inserting "for test sales of petroleum products from the Reserve, and for the drawdown, sale,";

(ii) by striking paragraph (1); and

(iii) in paragraph (2), by striking "after fiscal year 1982"; and

(B) by striking subsection (e);

(20) in section 171 (42 U.S.C. 6249)--

(A) by amending subsection (b)(2)(B) to read as follows:

"(B) the Secretary notifies each House of the Congress of

the determination and identifies in the notification the location, type, and ownership of storage and related facilities proposed to be included, or the volume, type, and ownership of petroleum products proposed to be stored, in the Reserve, and an estimate of the proposed benefits.";

(B) in subsection (b)(3), by striking "distribution of" and inserting "sale of petroleum products from";

(21) in section 172 (42 U.S.C. 6249a), by striking subsections (a) and (b);

(22) by striking section 173 (42 U.S.C. 6249b) and its heading; and

(23) in section 181 (42 U.S.C. 6251), by striking "March 31, 2000" each time it appears and inserting "September 30, 2003".

SEC. 104. AMENDMENT TO TITLE II OF THE ENERGY POLICY AND CONSERVATION ACT

Title II of the Energy Policy and Conservation Act (42 U.S.C. 6211-6251) is amended--

(1) by striking part A (42 U.S.C. 6261 through 6264) and its heading;

(2) by adding at the end of section 256(n), "There are authorized to be appropriated for fiscal years 2000 through 2003, such sums as may be necessary.".

(3) by striking part C (42 U.S.C. 6281 through 6282) and its heading; and

(4) in section 281 (42 U.S.C. 6285), by striking "March 31, 2000" each time it appears and inserting "September 30, 2003".

SEC. 105. CLERICAL AMENDMENTS.

The Table of contents for the Energy Policy and Conservation Act is amended--

(1) by striking the items relating to sections 102, 106, 153, 155, 156, 157, 158, and 164;

(2) by amending the item relating to section 159 to read as follows: "Development, Operation, and Maintenance of the Reserve.";

(3) by amending the item relating to section 161 to read as follows: "Drawdown and Sale of Petroleum Products"; and

(4) by amending the item relating to section 165 to read as follows: "Annual Report".

TITLE II--HEATING OIL RESERVE

SEC. 201. NORTHEAST HOME HEATING OIL RESERVE.

(a) Title I of the Energy Policy and Conservation Act is amended by--

- (1) redesignating part D as part E;
- (2) redesignating section 181 as section 191; and
- (3) inserting after part C the following new part D:

"Part D--Northeast Home Heating Oil Reserve

"establishment

"Sec. 181. (a) Notwithstanding any other provision of this Act, the Secretary may establish, maintain, and operate in the Northeast a Northeast Home Heating Oil Reserve. A Reserve established under this part is not a component of the Strategic Petroleum Reserve established under part B of this title. A Reserve established under this part shall contain no more than 2 million barrels of petroleum distillate.

"(b) For the purposes of this part--

"(1) the term 'Northeast' means the States of Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, and New Jersey;

"(2) the term 'petroleum distillate' includes heating oil and diesel fuel; and

"(3) the term 'Reserve' means the Northeast Home Heating Oil Reserve established under this part.

"authority

"Sec. 182. To the extent necessary or appropriate to carry out this part, the Secretary may--

"(1) purchase, contract for, lease, or otherwise acquire, in whole or in part, storage and related facilities, and storage services;

"(2) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired under this part;

"(3) acquire by purchase, exchange (including exchange of petroleum products from the Strategic Petroleum Reserve or received as royalty from Federal lands), lease, or otherwise, petroleum distillate for storage in the Northeast Home Heating Oil Reserve;

"(4) store petroleum distillate in facilities not owned by the United States; and

"(5) sell, exchange, or otherwise dispose of petroleum distillate from the Reserve established under this part, including to maintain the quality or quantity of the petroleum distillate in the Reserve or to maintain the

operational capability of the Reserve.

"conditions for release; plan

"Sec. 183. (a) Finding.--The Secretary may sell products from the Reserve only upon a finding by the President that there is a severe energy supply interruption. Such a finding may be made only if he determines that--

"(1) a dislocation in the heating oil market has resulted from such interruption; or

"(2) a circumstance, other than that described in paragraph (1), exists that constitutes a regional supply shortage of significant scope and duration and that action taken under this section would assist directly and significantly in reducing the adverse impact of such shortage.

"(b) Definition.--For purposes of this section a dislocation in the heating oil market' shall be deemed to occur only when--

"(1) The price differential between crude oil, as reflected in an industry daily publication such as Platt's Oilgram Price Report' or Oil Daily' and No. 2 heating oil, as reported in the Energy Information Administration's retail price data for the Northeast, increases by more than 60 percent over its five year rolling average for the months of mid-October through March, and continues for 7 consecutive days; and

"(2) The price differential continues to increase during the most recent week for which price information is available.

"(c) Continuing Evaluation.--The Secretary shall conduct a continuing evaluation of the residential price data supplied by the Energy Information Administration for the Northeast and data on crude oil prices from published sources.

"(d) Release of Petroleum Distillate.--After consultation with the heating oil industry, the Secretary shall determine procedures governing the release of petroleum distillate from the Reserve. The procedures shall provide that--

"(1) the Secretary may--

"(A) sell petroleum distillate from the Reserve through a competitive process, or

"(B) enter into exchange agreements for the petroleum distillate that results in the Secretary receiving a greater volume of petroleum distillate as repayment than the volume provided to the acquirer;

"(2) in all such sales or exchanges, the Secretary shall receive revenue or its equivalent in petroleum distillate that provides the Department with fair market value. At no time may the oil be sold or exchanged resulting in a loss of revenue or value to the United States; and

"(3) the Secretary shall only sell or dispose of the oil in the Reserve to entities customarily engaged in the sale and distribution of petroleum distillate.

"(e) Plan.--Within 45 days of the date of the enactment of this section, the Secretary shall transmit to the President and, if the President approves, to the Congress a plan describing--

"(1) the acquisition of storage and related facilities or storage services for the Reserve, including the potential use of storage facilities not currently in use;

"(2) the acquisition of petroleum distillate for storage in the Reserve;

"(3) the anticipated methods of disposition of petroleum distillate from the Reserve;

"(4) the estimated costs of establishment, maintenance, and operation of the Reserve;

"(5) efforts the Department will take to minimize any potential need for future drawdowns and ensure that distributors and importers are not discouraged from maintaining and increasing supplies to the Northeast; and

"(6) actions to ensure quality of the petroleum distillate in the Reserve.

"northeast home heating oil reserve account

"Sec. 184. (a) Upon a decision of the Secretary of Energy to establish a Reserve under this part, the Secretary of the Treasury shall establish in the Treasury of the United States an account known as the Northeast Home Heating Oil Reserve Account' (referred to in this section as the Account').

"(b) the Secretary of the Treasury shall deposit in the Account any amounts appropriated to the Account and any receipts from the sale, exchange, or other disposition of petroleum distillate from the Reserve.

"(c) The Secretary of Energy may obligate amounts in the Account to carry out activities under this part without the need for further appropriation, and amounts available to the Secretary of Energy for obligation under this section shall remain available without fiscal year limitation.

"exemptions

"Sec. 185. An action taken under this part is not subject to the rulemaking requirements of section 523 of this Act, section 501 of the Department of Energy Organization Act, or section 553 of title 5, United States Code.

"authorization of appropriations

"Sec. 186. There are authorized to be appropriated for

fiscal years 2001, 2002, and 2003 such sums as may be necessary to implement this part."

SEC. 202. USE OF ENERGY FUTURES FOR FUEL PURCHASES.

(a) Heating Oil Study.--The Secretary shall conduct a study on--

(1) the use of energy futures and options contracts to provide cost-effective protection from sudden surges in the price of heating oil (including number two fuel oil, propane, and kerosene) for State and local government agencies, consumer cooperatives, and other organizations that purchase heating oil in bulk to market to end use consumers in the Northeast (as defined in section 201); and

(2) how to most effectively inform organizations identified in paragraph (1) about the benefits and risks of using energy futures and options contracts.

(b) Report.--The Secretary shall transmit the study required in this section to the Committee on Commerce of the House of Representatives and the Committee on Energy and Natural Resources of the Senate not later than 180 days

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after the enactment of this section. The report shall contain a review of prior studies conducted on the subjects described in subsection (a).

TITLE III--MARGINAL WELL PURCHASES

SEC. 301. PURCHASE OF OIL FROM MARGINAL WELLS.

(a) Purchase of Oil From Marginal Wells.--Part B of title I of the Energy Policy and Conservation Act (42 U.S.C. 6232 et seq.) is amended by adding the following new section after section 168:

"purchase of oil from marginal wells

"Sec. 169. (a) In General.--From amounts authorized under section 165, in any case in which the price of oil decreases to an amount less than \$15.00 per barrel (an amount equal to the annual average well head price per barrel for all domestic crude oil), adjusted for inflation, the Secretary may purchase oil from a marginal well at \$15.00 per barrel, adjusted for inflation.

"(b) Definition of Marginal Well.--The term marginal well' has the same meaning as the definition of stripper well property' in section 613A(c)(6)(E) of the Internal Revenue Code (26 U.S.C. 613A(c)(6)(E))."

(b) Conforming Amendment.--The table of contents for the Energy Policy and Conservation Act is amended by inserting after the item relating to section 168 the following:

"Sec. 169. Purchase of oil from marginal wells."

TITLE IV--FEDERAL ENERGY MANAGEMENT

SEC. 401. FEMP.

Section 801 of the National Energy Conservation Policy Act (42 U.S.C. 8287(a)(2)(D)(iii)) is amended by striking "\$750,000" and inserting "\$10,000,000".

TITLE V--ALASKA STATE JURISDICTION OVER SMALL HYDROELECTRIC PROJECTS

SEC. 501. ALASKA STATE JURISDICTION OVER SMALL HYDROELECTRIC PROJECTS.

Part I of the Federal Power Act (16 U.S.C. 792 et seq.) is amended by adding at the end the following:

"SEC. 32. ALASKA STATE JURISDICTION OVER SMALL HYDROELECTRIC PROJECTS.

"(a) Discontinuance of Regulation by the Commission.-- Notwithstanding sections 4(e) and 23(b), the Commission shall discontinue exercising licensing and regulatory authority under this part over qualifying project works in the State of Alaska, effective on the date on which the Commission certifies that the State of Alaska has in place a regulatory program for water-power development that--

"(1) protects the public interest, the purposes listed in paragraph (2), and the environment to the same extent provided by licensing and regulation by the Commission under this part and other applicable Federal laws, including the Endangered Species Act (16 U.S.C. 1531 et seq.) and the Fish and Wildlife Coordination Act (16 U.S.C. 661 et seq.);

"(2) gives equal consideration to the purposes of--

"(A) energy conservation;

"(B) the protection, mitigation of damage to, and enhancement of, fish and wildlife (including related spawning grounds and habitat);

"(C) the protection of recreational opportunities;

"(D) the preservation of other aspects of environmental quality;

"(E) the interests of Alaska Natives; and

"(F) other beneficial public uses, including irrigation, flood control, water supply, and navigation; and

"(3) requires, as a condition of a license for any project works--

"(A) the construction, maintenance, and operation by a licensee at its own expense of such lights and signals as may be directed by the Secretary of the Department in which the Coast Guard is operating, and such fishways as may be prescribed by the Secretary of the Interior or the Secretary of Commerce, as appropriate;

"(B) the operation of any navigation facilities which may be constructed as part of any project to be controlled at all times by such reasonable rules and regulations as may be made by the Secretary of the Army; and

"(C) conditions for the protection, mitigation, and enhancement of fish and wildlife based on recommendations received pursuant to the Fish and Wildlife Coordination Act (16 U.S.C. 661 et seq.) from the National Marine Fisheries Service, the United States Fish and Wildlife Service, and State fish and wildlife agencies.

"(b) Definition of Qualifying Project Works'.--For purposes of this section, the term qualifying project works' means project works--

"(1) that are not part of a project licensed under this part or exempted from licensing under this part or section 405 of the Public Utility Regulatory Policies Act of 1978 prior to the date of enactment of this section;

"(2) for which a preliminary permit, a license application, or an application for an exemption from licensing has not been accepted for filing by the Commission prior to the date of enactment of subsection (c) (unless such application is withdrawn at the election of the applicant);

"(3) that are part of a project that has a power production capacity of 5,000 kilowatts or less;

"(4) that are located entirely within the boundaries of the State of Alaska; and

"(5) that are not located in whole or in part on any Indian reservation, a conservation system unit (as defined in section 102(4) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3102(4))), or segment of a river designated for study for addition to the Wild and Scenic Rivers System.

"(c) Election of State Licensing.--In the case of nonqualifying project works that would be a qualifying project works but for the fact that the project has been licensed (or exempted from licensing) by the Commission prior to the enactment of this section, the licensee of such project may in its discretion elect to make the project subject to licensing and regulation by the State of Alaska under this section.

"(d) Project Works on Federal Lands.--With respect to projects located in whole or in part on a reservation, a conservation system unit, or the public lands, a State license or exemption from licensing shall be subject to--

"(1) the approval of the Secretary having jurisdiction over such lands; and

"(2) such conditions as the Secretary may prescribe.

"(e) Consultation With Affected Agencies.--The Commission shall consult with the Secretary of the Interior, the Secretary of Agriculture, and the Secretary of Commerce before certifying the State of Alaska's regulatory program.

"(f) Application of Federal Laws.--Nothing in this section shall preempt the application of Federal environmental, natural resources, or cultural resources protection laws according to their terms.

"(g) Oversight by the Commission.--The State of Alaska shall notify the Commission not later than 30 days after making any significant modification to its regulatory program. The Commission shall periodically review the State's program to ensure compliance with the provisions of this section.

"(h) Resumption of Commission Authority.--Notwithstanding subsection (a), the Commission shall reassert its licensing and regulatory authority under this part if the Commission finds that the State of Alaska has not complied with one or more of the requirements of this section.

"(i) Determination by the Commission.--(1) Upon application by the Governor of the State of Alaska, the Commission shall within 30 days commence a review of the State of Alaska's regulatory program for water-power development to determine whether it complies with the requirements of subsection (a).

"(2) The Commission's review required by paragraph (1) shall be completed within one year of initiation, and the Commission shall within 30 days thereafter issue a final order determining whether or not the State of Alaska's regulatory program for water-power development complies with the requirements of subsection (a).

"(3) If the Commission fails to issue a final order in accordance with paragraph (2) the State of Alaska's regulatory program for water-power development shall be deemed to be in compliance with subsection (a)."

TITLE VI--WEATHERIZATION, SUMMER FILL, HYDROELECTRIC LICENSING PROCEDURES, AND INVENTORY OF OIL AND GAS RESERVES

SEC. 601. CHANGES IN WEATHERIZATION PROGRAM TO PROTECT LOW-INCOME PERSONS.

(a) The matter under the heading "Energy Conservation (including transfer of funds)" in title II of the Department of the Interior and Related Agencies Appropriations Act, 2000 (113 Stat. 1535, 1501A-180), is amended by striking "grants:" and all that follows and inserting "grants."

(b) Section 415 of the Energy Conservation and Production Act (42 U.S.C. 6865) is amended--

(1) in subsection (a)(1) by striking the first sentence;
(2) in subsection (a)(2) by--
(A) striking "(A)";
(B) striking "approve a State's application to waive the 40 percent requirement established in paragraph (1) if the State includes in its plan" and inserting "establish"; and

(C) striking subparagraph (B);
(3) in subsection (c)(1) by--

(A) striking "paragraphs (3) and (4)" and inserting "paragraph (3)",

(B) striking "\$1,600" and inserting "\$2,500",

(C) striking "and" at the end of subparagraph (C),

(D) striking the period and inserting ", and" in subparagraph (D), and

(E) inserting after subparagraph (D) the following new subparagraph:

"(E) the cost of making heating and cooling modifications, including replacement";

(4) in subsection (c)(3) by--

(A) striking "1991, the \$1,600 per dwelling unit limitation" and inserting "2000, the \$2,500 per dwelling unit average",

(B) striking "limitation" and inserting "average" each time it appears, and

(C) inserting "the" after "beginning of" in subparagraph (B); and

(5) by striking subsection (c)(4).

SEC. 602. SUMMER FILL AND FUEL BUDGETING PROGRAMS.

(a) Part C of title II of the Energy Policy and Conservation Act (42 U.S.C. 6211 et seq.) is amended by adding at the end the following:

"SEC. 273. SUMMER FILL AND FUEL BUDGETING PROGRAMS.

"(a) Definitions.--In this section:

"(1) Budget contract.--The term budget contract' means a contract between a retailer and a consumer under which the heating expenses of the consumer are spread evenly over a period of months.

"(2) Fixed-price contract.--The term fixed-price contract' means a contract between a retailer and a consumer under which the retailer charges the consumer a set price for propane, kerosene, or heating oil without regard to market price fluctuations.

"(3) Price cap contract.--The term price cap contract' means a contract between a retailer and a consumer under which the retailer charges the consumer the market price for propane, kerosene, or heating oil, but the cost of

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the propane, kerosene, or heating oil may exceed a maximum amount stated in the contract.

"(b) Assistance.--At the request of the chief executive officer of a State, the Secretary shall provide information, technical assistance, and funding--

"(1) to develop education and outreach programs to encourage consumers to fill their storage facilities for propane, kerosene, and heating oil during the summer months; and

"(2) to promote the use of budget contracts, price cap contracts, fixed-price contracts, and other advantageous financial arrangements; to avoid severe seasonal price increases for and supply shortages of those products.

"(c) Preference.--In implementing this section, the Secretary shall give preference to States that contribute public funds or leverage private funds to develop State summer fill and fuel budgeting programs.

"(d) Authorization of Appropriations.--There are authorized to be appropriated to carry out this section--

"(1) \$25,000,000 for fiscal year 2001; and
"(2) such sums as are necessary for each fiscal year thereafter.

"(e) Inapplicability of Expiration Provision.--Section 281 does not apply to this section."

(b) The table of contents in the first section of the Energy Policy and Conservation Act (42 U.S.C. prec. 6201) is amended by inserting after the item relating to section 272 the following:

"Sec. 273. Summer fill and fuel budgeting programs."

SEC. 603. EXPEDITED FERC HYDROELECTRIC LICENSING PROCEDURES.

The Federal Energy Regulatory Commission shall, in consultation with other appropriate agencies, immediately undertake a comprehensive review of policies, procedures and regulations for the licensing of hydroelectric projects to determine how to reduce the cost and time of obtaining a license. The Commission shall report its findings within six months of the date of enactment of this section to the Congress, including any recommendations for legislative changes.

SEC. 604. SCIENTIFIC INVENTORY OF OIL AND GAS RESERVES.

(a) In General.--The Secretary of the Interior, in consultation with the Secretaries of Agriculture and Energy, shall conduct an inventory of all onshore Federal lands. The inventory shall identify--

(1) the United States Geological Survey reserve estimates of the oil and gas resources underlying these lands; and

(2) the extent and nature of any restrictions or impediments to the development of such resources.

(b) Regular Update.--Once completed, the USGS reserve

estimates and the surface availability data as provided in subsection (a)(2) shall be regularly updated and made publically available.

(c) Inventory.--The inventory shall be provided to the Committee on Resources of the House of Representatives and to the Committee on Energy and Natural Resources of the Senate within two years after the date of enactment of this section.

(d) Authorization of Appropriations.--There are authorized to be appropriated such sums as may be necessary to implement this section.

SEC. 605. ANNUAL HOME HEATING READINESS REPORTS.

(a) In General.--Part A of title I of the Energy Policy and Conservation Act (42 U.S.C. 6211 et seq.) is amended by adding at the end the following:

"SEC. 108. ANNUAL HOME HEATING READINESS REPORTS.

"(a) In General.--On or before September 1 of each year, the Secretary, acting through the Administrator of the Energy Information Agency, shall submit to Congress a Home Heating Readiness Report on the readiness of the natural gas, heating oil and propane industries to supply fuel under various weather conditions, including rapid decreases in temperature.

"(b) Contents.--The Home Heating Readiness Report shall include--

"(1) estimates of the consumption, expenditures, and average price per gallon of heating oil and propane and thousand cubic feet of natural gas for the upcoming period of October through March for various weather conditions, with special attention to extreme weather, and various regions of the country;

"(2) an evaluation of--

"(A) global and regional crude oil and refined product supplies;

"(B) the adequacy and utilization of refinery capacity;

"(C) the adequacy, utilization, and distribution of regional refined product storage capacity;

"(D) weather conditions;

"(E) the refined product transportation system;

"(F) market inefficiencies; and

"(G) any other factor affecting the functional capability of the heating oil industry and propane industry that has the potential to affect national or regional supplies and prices;

"(3) recommendations on steps that the Federal, State, and local governments can take to prevent or alleviate the impact of sharp and sustained increases in the price of natural gas, heating oil and propane; and

"(4) recommendations on steps that companies engaged in the production, refining, storage, transportation of heating

oil or propane, or any other activity related to the heating oil industry or propane industry, can take to prevent or alleviate the impact of sharp and sustained increases in the price of heating oil and propane.

"(c) Information Requests.--The Secretary may request information necessary to prepare the Home Heating Readiness Report from companies described in subsection (b)(4).".

(b) Conforming and Technical Amendments.--The Energy Policy and Conservation Act is amended--

(1) in the table of contents in the first section (42 U.S.C. prec. 6201), by inserting after the item relating to section 106 the following:

"Sec. 107. Major fuel burning stationary source.
"Sec. 108. Annual home heating readiness reports.";

and

(2) in section 107 (42 U.S.C. 6215), by striking "Sec. 107. (a) No Governor" and inserting the following:

"SEC. 107. MAJOR FUEL BURNING STATIONARY SOURCE.

"(a) No Governor".

TITLE VII--NATIONAL OIL HEAT RESEARCH ALLIANCE ACT OF 2000

SEC. 701. SHORT TITLE.

This title may be cited as the "National Oilheat Research Alliance Act of 2000".

SEC. 702. FINDINGS.

Congress finds that--

(1) oilheat is an important commodity relied on by approximately 30,000,000 Americans as an efficient and economical energy source for commercial and residential space and hot water heating;

(2) oilheat equipment operates at efficiencies among the highest of any space heating energy source, reducing fuel costs and making oilheat an economical means of space heating;

(3) the production, distribution, and marketing of oilheat and oilheat equipment plays a significant role in the economy of the United States, accounting for approximately \$12,900,000,000 in expenditures annually and employing millions of Americans in all aspects of the oilheat industry;

(4) only very limited Federal resources have been made available for oilheat research, development, safety, training, and education efforts, to the detriment of both the oilheat industry and its 30,000,000 consumers; and

(5) the cooperative development, self-financing, and implementation of a coordinated national oilheat industry program of research and development, training, and consumer education is necessary and important for the welfare of the oilheat industry, the general economy of the United States, and the millions of Americans that rely on oilheat for commercial and residential space and hot water heating.

SEC. 703. DEFINITIONS.

In this title:

(1) Alliance.--The term "Alliance" means a national oilheat research alliance established under section 704.

(2) Consumer education.--The term "consumer education" means the provision of information to assist consumers and other persons in making evaluations and decisions regarding oilheat and other nonindustrial commercial or residential space or hot water heating fuels.

(3) Exchange.--The term "exchange" means an agreement that--

(A) entitles each party or its customers to receive oilheat from the other party; and

(B) requires only an insubstantial portion of the volumes involved in the exchange to be settled in cash or property other than the oilheat.

(4) Industry trade association.--The term "industry trade association" means an organization described in paragraph (3) or (6) of section 501(c) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of that Code and is organized for the purpose of representing the oilheat industry.

(5) No. 1 distillate.--The term "No. 1 distillate" means fuel oil classified as No. 1 distillate by the American Society for Testing and Materials.

(6) No. 2 dyed distillate.--The term "No. 2 dyed distillate" means fuel oil classified as No. 2 distillate by the American Society for Testing and Materials that is indelibly dyed in accordance with regulations prescribed by the Secretary of the Treasury under section 4082(a)(2) of the Internal Revenue Code of 1986.

(7) Oilheat.--The term "oilheat" means--

(A) No. 1 distillate; and

(B) No. 2 dyed distillate;

that is used as a fuel for nonindustrial commercial or residential space or hot water heating.

(8) Oilheat industry.--

(A) In general.--The term "oilheat industry" means--

(i) persons in the production, transportation, or sale of oilheat; and

(ii) persons engaged in the manufacture or distribution of oilheat utilization equipment.

(B) Exclusion.--The term "oilheat industry" does not include ultimate consumers of oilheat.

(9) Public member.--The term "public member" means a member of the Alliance described in section 705(c)(1)(F).

(10) Qualified industry organization.--The term "qualified industry organization" means the National Association for Oilheat Research and Education or a successor organization.

(11) Qualified state association.--The term "qualified State association" means the industry trade association or other organization that the qualified industry organization or the Alliance determines best represents retail marketers in a State.

(12) Retail marketer.--The term "retail marketer" means a person engaged primarily in the sale of oilheat to ultimate consumers.

(13) Secretary.--The term "Secretary" means the Secretary of Energy.

(14) Wholesale distributor.--The term "wholesale distributor" means a person that--

(A)(i) produces No. 1 distillate or No. 2 dyed distillate;
(ii) imports No. 1 distillate or No. 2 dyed distillate; or
(iii) transports No. 1 distillate or No. 2 dyed distillate across State boundaries or among local marketing areas; and

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(B) sells the distillate to another person that does not produce, import, or transport No. 1 distillate or No. 2 dyed distillate across State boundaries or among local marketing areas.

(15) State.--The term "State" means the several States, except the State of Alaska.

SEC. 704. REFERENDA.

(a) Creation of Program.--

(1) In general.--The oilheat industry, through the qualified industry organization, may conduct, at its own expense, a referendum among retail marketers and wholesale distributors for the establishment of a national oilheat research alliance.

(2) Reimbursement of cost.--The Alliance, if established, shall reimburse the qualified industry organization for the cost of accounting and documentation for the referendum.

(3) Conduct.--A referendum under paragraph (1) shall be conducted by an independent auditing firm.

(4) Voting rights.--

(A) Retail marketers.--Voting rights of retail marketers in

a referendum under paragraph (1) shall be based on the volume of oilheat sold in a State by each retail marketer in the calendar year previous to the year in which the referendum is conducted or in another representative period.

(B) Wholesale distributors.--Voting rights of wholesale distributors in a referendum under paragraph (1) shall be based on the volume of No. 1 distillate and No. 2 dyed distillate sold in a State by each wholesale distributor in the calendar year previous to the year in which the referendum is conducted or in another representative period, weighted by the ratio of the total volume of No. 1 distillate and No. 2 dyed distillate sold for nonindustrial commercial and residential space and hot water heating in the State to the total volume of No. 1 distillate and No. 2 dyed distillate sold in that State.

(5) Establishment by approval of two-thirds.--

(A) In general.--Subject to subparagraph (B), on approval of persons representing two-thirds of the total volume of oilheat voted in the retail marketer class and two-thirds of the total weighted volume of No. 1 distillate and No. 2 dyed distillate voted in the wholesale distributor class, the Alliance shall be established and shall be authorized to levy assessments under section 707.

(B) Requirement of majority of retail marketers.--Except as provided in subsection (b), the oilheat industry in a State shall not participate in the Alliance if less than 50 percent of the retail marketer vote in the State approves establishment of the Alliance.

(6) Certification of volumes.--Each person voting in the referendum shall certify to the independent auditing firm the volume of oilheat, No. 1 distillate, or No. 2 dyed distillate represented by the vote of the person.

(7) Notification.--Not later than 90 days after the date of enactment of this title, a qualified State association may notify the qualified industry organization in writing that a referendum under paragraph (1) will not be conducted in the State.

(b) Subsequent State Participation.--The oilheat industry in a State that has not participated initially in the Alliance may subsequently elect to participate by conducting a referendum under subsection (a).

(c) Termination or Suspension.--

(1) In general.--On the initiative of the Alliance or on petition to the Alliance by retail marketers and wholesale distributors representing 25 percent of the volume of oilheat or weighted No. 1 distillate and No. 2 dyed distillate in each class, the Alliance shall, at its own expense, hold a referendum, to be conducted by an independent auditing firm selected by the Alliance, to determine whether the oilheat industry favors termination or suspension of the Alliance.

(2) Volume percentages required to terminate or suspend.--Termination or suspension shall not take effect unless termination or suspension is approved by persons representing more than one-half of the total volume of oilheat voted in

the retail marketer class or more than one-half of the total volume of weighted No. 1 distillate and No. 2 dyed distillate voted in the wholesale distributor class.

(3) Termination by a state.--A State may elect to terminate participation by notifying the Alliance that 50 percent of the oilheat volume in the State has voted in a referendum to withdraw.

(d) Calculation of Oilheat Sales.--For the purposes of this section and section 705, the volume of oilheat sold annually in a State shall be determined on the basis of information provided by the Energy Information Administration with respect to a calendar year or other representative period.

SEC. 705. MEMBERSHIP.

(a) Selection.--

(1) In general.--Except as provided in subsection (c)(1)(C), the qualified industry organization shall select members of the Alliance representing the oilheat industry in a State from a list of nominees submitted by the qualified State association in the State.

(2) Vacancies.--A vacancy in the Alliance shall be filled in the same manner as the original selection.

(b) Representation.--In selecting members of the Alliance, the qualified industry organization shall make best efforts to select members that are representative of the oilheat industry, including representation of--

(1) interstate and intrastate operators among retail marketers;

(2) wholesale distributors of No. 1 distillate and No. 2 dyed distillate;

(3) large and small companies among wholesale distributors and retail marketers; and

(4) diverse geographic regions of the country.

(c) Number of Members.--

(1) In general.--The membership of the Alliance shall be as follows:

(A) One member representing each State with oilheat sales in excess of 32,000,000 gallons per year.

(B) If fewer than 24 States are represented under subparagraph (A), 1 member representing each of the States with the highest volume of annual oilheat sales, as necessary to cause the total number of States represented under subparagraph (A) and this subparagraph to equal 24.

(C) 5 representatives of retail marketers, 1 each to be selected by the qualified State associations of the 5 States with the highest volume of annual oilheat sales.

(D) 5 additional representatives of retail marketers.

(E) 21 representatives of wholesale distributors.

(F) 6 public members, who shall be representatives of significant users of oilheat, the oilheat research community, State energy officials, or other groups knowledgeable about oilheat.

(2) Full-time owners or employees.--Other than the public members, Alliance members shall be full-time owners or employees of members of the oilheat industry, except that members described in subparagraphs (C), (D), and (E) of paragraph (1) may be employees of the qualified industry organization or an industry trade association.

(d) Compensation.--Alliance members shall receive no compensation for their service, nor shall Alliance members be reimbursed for expenses relating to their service, except that public members, on request, may be reimbursed for reasonable expenses directly related to participation in meetings of the Alliance.

(e) Terms.--

(1) In general.--Subject to paragraph (4), a member of the Alliance shall serve a term of 3 years, except that a member filling an unexpired term may serve a total of 7 consecutive years.

(2) Term limit.--A member may serve not more than 2 full consecutive terms.

(3) Former members.--A former member of the Alliance may be returned to the Alliance if the member has not been a member for a period of 2 years.

(4) Initial appointments.--Initial appointments to the Alliance shall be for terms of 1, 2, and 3 years, as determined by the qualified industry organization, staggered to provide for the subsequent selection of one-third of the members each year.

SEC. 706. FUNCTIONS.

(a) In General.--

(1) Programs, projects; contracts and other agreements.--
The Alliance--

(A) shall develop programs and projects and enter into contracts or other agreements with other persons and entities for implementing this title, including programs--

(i) to enhance consumer and employee safety and training;
(ii) to provide for research, development, and demonstration of clean and efficient oilheat utilization equipment; and

(iii) for consumer education; and

(B) may provide for the payment of the costs of carrying out subparagraph (A) with assessments collected under section 707.

(2) Coordination.--The Alliance shall coordinate its activities with industry trade associations and other persons as appropriate to provide efficient delivery of services and

to avoid unnecessary duplication of activities.

(3) Activities.--

(A) Exclusions.--Activities under clause (i) or (ii) of paragraph (1)(A) shall not include advertising, promotions, or consumer surveys in support of advertising or promotions.

(B) Research, development, and demonstration activities.--

(i) In general.--Research, development, and demonstration activities under paragraph (1)(A)(ii) shall include--

(I) all activities incidental to research, development, and demonstration of clean and efficient oilheat utilization equipment; and

(II) the obtaining of patents, including payment of attorney's fees for making and perfecting a patent application.

(ii) Excluded activities.--Research, development, and demonstration activities under paragraph (1)(A)(ii) shall not include research, development, and demonstration of oilheat utilization equipment with respect to which technically feasible and commercially feasible operations have been verified, except that funds may be provided for improvements to existing equipment until the technical feasibility and commercial feasibility of the operation of those improvements have been verified.

(b) Priorities.--In the development of programs and projects, the Alliance shall give priority to issues relating to--

(1) research, development, and demonstration;

(2) safety;

(3) consumer education; and

(4) training.

(c) Administration.--

(1) Officers; committees; bylaws.--The Alliance--

(A) shall select from among its members a chairperson and other officers as necessary;

(B) may establish and authorize committees and subcommittees of the Alliance to take specific actions that the Alliance is authorized to take; and

(C) shall adopt bylaws for the conduct of business and the implementation of this title.

(2) Solicitation of oilheat industry comment and recommendations.--The Alliance shall establish procedures for the solicitation of oilheat industry comment and recommendations on any significant contracts and other agreements, programs, and projects to be funded by the Alliance.

(3) Advisory committees.--The Alliance may establish advisory committees consisting of persons other than Alliance members.

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(4) Voting.--Each member of the Alliance shall have 1 vote in matters before the Alliance.

(d) Administrative Expenses.--

(1) In general.--The administrative expenses of operating the Alliance (not including costs incurred in the collection of assessments under section 707) plus amounts paid under paragraph (2) shall not exceed 7 percent of the amount of assessments collected in any calendar year, except that during the first year of operation of the Alliance such expenses and amounts shall not exceed 10 percent of the amount of assessments.

(2) Reimbursement of the secretary.--

(A) In general.--The Alliance shall annually reimburse the Secretary for costs incurred by the Federal Government relating to the Alliance.

(B) Limitation.--Reimbursement under subparagraph (A) for any calendar year shall not exceed the amount that the Secretary determines is twice the average annual salary of 1 employee of the Department of Energy.

(e) Budget.--

(1) Publication of proposed budget.--Before August 1 of each year, the Alliance shall publish for public review and comment a proposed budget for the next calendar year, including the probable costs of all programs, projects, and contracts and other agreements.

(2) Submission to the secretary and congress.--After review and comment under paragraph (1), the Alliance shall submit the proposed budget to the Secretary and Congress.

(3) Recommendations by the secretary.--The Secretary may recommend for inclusion in the budget programs and activities that the Secretary considers appropriate.

(4) Implementation.--The Alliance shall not implement a proposed budget until the expiration of 60 days after submitting the proposed budget to the Secretary.

(f) Records; Audits.--

(1) Records.--The Alliance shall--

(A) keep records that clearly reflect all of the acts and transactions of the Alliance; and

(B) make the records available to the public.

(2) Audits.--

(A) In general.--The records of the Alliance (including fee assessment reports and applications for refunds under section 707(b)(4)) shall be audited by a certified public accountant at least once each year and at such other times as the Alliance may designate.

(B) Availability of audit reports.--Copies of each audit report shall be provided to the Secretary, the members of the Alliance, and the qualified industry organization, and, on request, to other members of the oilheat industry.

(C) Policies and procedures.--

(i) In general.--The Alliance shall establish policies and procedures for auditing compliance with this title.

(ii) Conformity with gaap.--The policies and procedures established under clause (i) shall conform with generally accepted accounting principles.

(g) Public Access to Alliance Proceedings.--

(1) Public notice.--The Alliance shall give at least 30 days' public notice of each meeting of the Alliance.

(2) Meetings open to the public.--Each meeting of the Alliance shall be open to the public.

(3) Minutes.--The minutes of each meeting of the Alliance shall be made available to and readily accessible by the public.

(h) Annual Report.--Each year the Alliance shall prepare and make publicly available a report that--

(1) includes a description of all programs, projects, and contracts and other agreements undertaken by the Alliance during the previous year and those planned for the current year; and

(2) details the allocation of Alliance resources for each such program and project.

SEC. 707. ASSESSMENTS.

(a) Rate.--The assessment rate shall be equal to two-tenths-cent per gallon of No. 1 distillate and No. 2 dyed distillate.

(b) Collection Rules.--

(1) Collection at point of sale.--The assessment shall be collected at the point of sale of No. 1 distillate and No. 2 dyed distillate by a wholesale distributor to a person other than a wholesale distributor, including a sale made pursuant to an exchange.

(2) Responsibility for payment.--A wholesale distributor--

(A) shall be responsible for payment of an assessment to the Alliance on a quarterly basis; and

(B) shall provide to the Alliance certification of the volume of fuel sold.

(3) No ownership interest.--A person that has no ownership interest in No. 1 distillate or No. 2 dyed distillate shall not be responsible for payment of an assessment under this section.

(4) Failure to receive payment.--

(A) Refund.--A wholesale distributor that does not receive payments from a purchaser for No. 1 distillate or No. 2 dyed distillate within 1 year of the date of sale may apply for a refund from the Alliance of the assessment paid.

(B) Amount.--The amount of a refund shall not exceed the amount of the assessment levied on the No. 1 distillate or No. 2 dyed distillate for which payment was not received.

(5) Importation after point of sale.--The owner of No. 1 distillate or No. 2 dyed distillate imported after the point of sale--

(A) shall be responsible for payment of the assessment to the Alliance at the point at which the product enters the United States; and

(B) shall provide to the Alliance certification of the volume of fuel imported.

(6) Late payment charge.--The Alliance may establish a late payment charge and rate of interest to be imposed on any person who fails to remit or pay to the Alliance any amount due under this title.

(7) Alternative collection rules.--The Alliance may establish, or approve a request of the oilheat industry in a State for, an alternative means of collecting the assessment if another means is determined to be more efficient or more effective.

(c) Sale for Use Other Than as Oilheat.--No. 1 distillate and No. 2 dyed distillate sold for uses other than as oilheat are excluded from the assessment.

(d) Investment of Funds.--Pending disbursement under a program, project or contract or other agreement the Alliance may invest funds collected through assessments, and any other funds received by the Alliance, only--

(1) in obligations of the United States or any agency of the United States;

(2) in general obligations of any State or any political subdivision of a State;

(3) in any interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(4) in obligations fully guaranteed as to principal and interest by the United States.

(e) State, Local, and Regional Programs.--

(1) Coordination.--The Alliance shall establish a program coordinating the operation of the Alliance with the operator of any similar State, local, or regional program created under State law (including a regulation), or similar entity.

(2) Funds made available to qualified state associations.--

(A) In general.--

(i) Base amount.--The Alliance shall make available to the qualified State association of each State an amount equal to 15 percent of the amount of assessments collected in the State.

(ii) Additional amount.--

(I) In general.--A qualified State association may request that the Alliance provide to the association any portion of the remaining 85 percent of the amount of assessments collected in the State.

(II) Request requirements.--A request under this clause shall--

(aa) specify the amount of funds requested;

(bb) describe in detail the specific uses for which the requested funds are sought;

(cc) include a commitment to comply with this title in using the requested funds; and

(dd) be made publicly available.

(III) Direct benefit.--The Alliance shall not provide any funds in response to a request under this clause unless the Alliance determines that the funds will be used to directly benefit the oilheat industry.

(IV) Monitoring; terms, conditions, and reporting requirements.--The Alliance shall--

(aa) monitor the use of funds provided under this clause; and

(bb) impose whatever terms, conditions, and reporting requirements that the Alliance considers necessary to ensure compliance with this title.

SEC. 708. MARKET SURVEY AND CONSUMER PROTECTION.

(a) Price Analysis.--Beginning 2 years after establishment of the Alliance and annually thereafter, the Secretary of Commerce, using only data provided by the Energy Information Administration and other public sources, shall prepare and make available to the Congress, the Alliance, the Secretary of Energy, and the public, an analysis of changes in the price of oilheat relative to other energy sources. The oilheat price analysis shall compare indexed changes in the price of consumer grade oilheat to a composite of indexed changes in the price of residential electricity, residential natural gas, and propane on an annual national average basis. For purposes of indexing changes in oilheat, residential electricity, residential natural gas, and propane prices, the Secretary of Commerce shall use a 5-year rolling average price beginning with the year 4 years prior to the establishment of the Alliance.

(b) Authority To Restrict Activities.--If in any year the 5-year average price composite index of consumer grade oilheat exceeds the 5-year rolling average price composite index of residential electricity, residential natural gas, and propane in an amount greater than 10.1 percent, the activities of the Alliance shall be restricted to research

and development, training, and safety matters. The Alliance shall inform the Secretary of Energy and the Congress of any restriction of activities under this subsection. Upon expiration of 180 days after the beginning of any such restriction of activities, the Secretary of Commerce shall again conduct the oilheat price analysis described in subsection (a). Activities of the Alliance shall continue to be restricted under this subsection until the price index excess is 10.1 percent or less.

SEC. 709. COMPLIANCE.

(a) In General.--The Alliance may bring a civil action in United States district court to compel payment of an assessment under section 707.

(b) Costs.--A successful action for compliance under this section may also require payment by the defendant of the costs incurred by the Alliance in bringing the action.

SEC. 710. LOBBYING RESTRICTIONS.

No funds derived from assessments under section 707 collected by the Alliance shall be used to influence legislation or elections, except that the Alliance may use such funds to formulate and submit to the Secretary recommendations for amendments to this title or other laws that would further the purposes of this title.

SEC. 711. DISCLOSURE.

Any consumer education activity undertaken with funds provided by the Alliance shall include a statement that the activities were supported, in whole or in part, by the Alliance.

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SEC. 712. VIOLATIONS.

(a) Prohibition.--It shall be unlawful for any person to conduct a consumer education activity, undertaken with funds derived from assessments collected by the Alliance under section 707, that includes--

(1) a reference to a private brand name;
(2) a false or unwarranted claim on behalf of oilheat or related products; or

(3) a reference with respect to the attributes or use of any competing product.

(b) Complaints.--

(1) In general.--A public utility that is aggrieved by a violation described in subsection (a) may file a complaint with the Alliance.

(2) Transmittal to qualified state association.--A

complaint shall be transmitted concurrently to any qualified State association undertaking the consumer education activity with respect to which the complaint is made.

(3) Cessation of activities.--On receipt of a complaint under this subsection, the Alliance, and any qualified State association undertaking the consumer education activity with respect to which the complaint is made, shall cease that consumer education activity until--

- (A) the complaint is withdrawn; or
- (B) a court determines that the conduct of the activity complained of does not constitute a violation of subsection (a).

(c) Resolution by Parties.--

(1) In general.--Not later than 10 days after a complaint is filed and transmitted under subsection (b), the complaining party, the Alliance, and any qualified State association undertaking the consumer education activity with respect to which the complaint is made shall meet to attempt to resolve the complaint.

(2) Withdrawal of complaint.--If the issues in dispute are resolved in those discussions, the complaining party shall withdraw its complaint.

(d) Judicial Review.--

(1) In general.--A public utility filing a complaint under this section, the Alliance, a qualified State association undertaking the consumer education activity with respect to which a complaint under this section is made, or any person aggrieved by a violation of subsection (a) may seek appropriate relief in United States district court.

(2) Relief.--A public utility filing a complaint under this section shall be entitled to temporary and injunctive relief enjoining the consumer education activity with respect to which a complaint under this section is made until--

- (A) the complaint is withdrawn; or
- (B) the court has determined that the consumer education activity complained of does not constitute a violation of subsection (a).

(e) Attorney's Fees.--

(1) Meritorious case.--In a case in Federal court in which the court grants a public utility injunctive relief under subsection (d), the public utility shall be entitled to recover an attorney's fee from the Alliance and any qualified State association undertaking the consumer education activity with respect to which a complaint under this section is made.

(2) Nonmeritorious case.--In any case under subsection (d) in which the court determines a complaint under subsection (b) to be frivolous and without merit, the prevailing party shall be entitled to recover an attorney's fee.

(f) Savings Clause.--Nothing in this section shall limit causes of action brought under any other law.

SEC. 713. SUNSET.

This title shall cease to be effective as of the date that is 4 years after the date on which the Alliance is established.

Pursuant to the rule, the gentleman from Pennsylvania (Mr. Greenwood) and the gentleman from Massachusetts (Mr. Markey) each will control 20 minutes.

The Chair recognizes the gentleman from Pennsylvania (Mr. Greenwood).

General Leave

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 2884.

Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GREENWOOD. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I rise in support of H.R. 2884, a bill to reauthorize portions of the Energy Policy and Conservation Act (EPCA) through September 30, 2003.

EPCA authorizes the Strategic Petroleum Reserve and U.S. participation in the International Energy Agency. These programs are a crucial component of our energy security and are our first line of defense in a real energy emergency.

The U.S. is now well over 50 percent dependent upon foreign oil. Americans have been reminded again and again this year why energy security is so important. Reauthorizing these programs is an important piece of business we must accomplish before we adjourn this year.

H.R. 2884 also contains other important provisions which will enhance our energy security and reduce the vulnerability of the Northeast, where I come from, to heating oil shortages.

In addition to reauthorizing the Reserve, it creates a Home Heating Oil Reserve in the Northeast and establishes a trigger for when it can be drawn down.

The bill also requires annual home heating readiness reports and encourages education on the benefits of filling heating oil tanks in the summer. H.R. 2884 also contains provisions that will help reduce our dependence on foreign oil. It allows for the Reserve to be filled with domestic oil when oil prices are low. It requires the U.S. Geological Survey to conduct an inventory of oil and gas reserves on Federal lands.

The bill also makes important changes to the Federal Energy Management Program, making it easier for Federal managers to enter into energy savings performance contracts.

H.R. 2884 also updates the low-income weatherization program. In addition, H.R. 2884 contains provisions allowing small hydroelectric projects in Alaska to be licensed faster.

Finally, H.R. 2884 includes a provision that is of particular interest to me because it is based on legislation I introduced in the 105th Congress and the beginning of this Congress, H.R. 380. This bill establishes the National Oilheat Research Alliance Act, allowing for the creation of an organization to do research on increasing heating oil's efficiency.

Mr. Speaker, I ask that all Members of the House join with me in support of this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. MARKEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a very, very important piece of legislation. The bill that we are considering today in fact authorizes several very important discrete provisions which are collectively going to really give tremendous amount of protection to the American people.

First of all, this legislation reauthorizes the Strategic Petroleum Reserve. It reauthorizes it all the way to September 30, 2003. The authorization for the Strategic Petroleum Reserve expired back in March of this year, and we have been operating without that specific authorization.

Now, why is the Strategic Petroleum Reserve important? Well, as we saw only a few weeks ago, when the President of the United States announced that he was going to deploy the Strategic Petroleum Reserve, engage in a swap of about 30 million barrels of oil, the price of crude oil dropped from \$38 a barrel to down to \$32 a barrel.

Now, that shows up in tremendous benefits for consumers all across the country, not only in home heating oil, but also in gasoline long term. In fact, analysts predicted that if the Strategic Petroleum Reserve had not been deployed, in other words, if the President had not made it clear that he was going to pare down the OPEC nations by deploying the weapon that we have in our country, this 570 million-barrel Strategic Petroleum Reserve, then the price of a barrel of crude oil would have gone up to \$42 to \$44 a barrel.

So, without question, this is a critical weapon to be used on behalf of American consumers all across the country and it has been successful.

In fact, without question, in the absence of that Strategic Petroleum Reserve, we would have been held hostage over the last month to the whims of OPEC nations. But because we have it, Saudi Arabia and others have now said quite clearly that they will increase production as a way of ensuring that the extra oil is in the marketplace because they understand that if we do deploy the Strategic Petroleum Reserve then their oil becomes that much less valuable.

Secondly, there is a provision built into the bill which creates a regional Home Heating Oil Reserve. Now, this is the language which originated in the House language which I authored earlier this year. It is language which will for the first time legally authorize the construction of a Home Heating Oil Reserve. I am very glad that we have been able to reach a workable consensus with the Senate that will allow this to be put in place on a permanent basis.

Now, let me tell my colleagues briefly why this is so important to families in the Northeast. Last winter was one of the mildest winters in the history of the Northeast, but despite that we saw dramatic price bites in home heating

[*H10562]

oil prices during a very brief cold snap in the end of January and the beginning of February. So that makes it very, very difficult if it is a mild winter for an ordinary family up in the Northeast to be able to project what their home heating oil bills might be during a more difficult winter.

This year we are on the verge of another crisis. The National Weather Service predicts a colder winter than last year, a return to the Northeastern winters that make Texas an attractive place to be during the winter.

On top of that, stocks of home heating oil in New England are more than 70 percent below last year's levels, and that adds up to high prices for consumers throughout the Northeast. In fact, in Massachusetts, winter heating bills will be \$900 for an average customer in the Northeast. That is \$140 more than last year. The families in the Northeast should not have to choose between heating and eating.

To help address those supply shortfalls and price spikes, the Secretary established a 2 million-barrel Home Heating Oil Reserve in the Northeast under the existing EPCA provisions. The issue, however, traces its roots all the way back to 1990 when Congressman Carlos Moorhead from California and Norman Lent from New York and I authored an amendment to EPCA which created on an interim basis a federally sponsored regional Home Heating Oil Reserve.

Today we put this reserve on a permanent basis. Specifically, we first authorized the establishment of a Northeast Home Heating Oil Reserve of up to 2 million barrels. Two, we authorized the Secretary of Energy to purchase, contract for, or lease storage facilities for the Reserve. Three, we established conditions under which a release from the Reserve would be triggered. Four, we required the Secretary to submit a report to the President and Congress describing DOE's plans for setting up the Reserve and acquiring petroleum distillate for the Reserve. Five, we establish an account in the Treasury into which funds appropriated to fund the Reserve would be deposited, which could then be withdrawn from the account by DOE to operate the Reserve. And six, we authorize appropriations for the operation of the Reserve through 2003.

So it is a great provision.

Finally, the third EPCA-related provision involves the classic Austin-Boston piece of legislation that the gentleman from Texas (Mr. Barton) included as an amendment along with my home heating oil language in the House version of the bill.

This provision says that when the price of stripper well goes below \$15 a barrel, the Department of Energy has the authority to purchase this oil to fill the Strategic Petroleum Reserve. This helps to keep the price of stripper well oil high enough so that there is an incentive for that industry to continue to make the proper investment in maintaining these wells as viable sources of energy for our country.

Finally, the bill would also include several extraneous matters: changes to the Federal Energy Management Program, changes to the weatherization grants program, establishing a heating oil research checkoff program, and giving the Federal Energy Regulatory Commission the authority to delegate regulatory authority over small hydroelectric projects to the State of Alaska.

Of these additional provisions, only the last one is controversial. Senator Murkowski has added the Alaska hydroelectric provisions to the bill that the administration and the environmental community have concerns about. It exempts hydropower projects of five megawatts or less from FERC hydropower licensing requirements, including environmental mitigation conditions imposed on licenses.

I believe it is unfortunate that this unrelated provision should be included in a bill dealing with a potential crisis that could affect families in the Northeast and across our entire country.

However, the bill generally deals with the Strategic Petroleum Reserve and the regional Home Heating Oil Reserve. Both of these provisions are critical to the long-term economic and national security interests of our country.

I urge a very strong yes vote from every Member of this body.

Mr. GREENWOOD. Mr. Speaker, I reserve the balance of my time.

Mr. MARKEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. Hall).

time 1230

Mr. HALL of Texas. Mr. Speaker, I thank the gentleman from Massachusetts (Mr. Markey) for yielding me this time.

Mr. Speaker, I, of course, am pleased to support H.R. 2884, which has been pointed out to be an Energy Policy and Conservation Act and gives the Department of Energy some authority to continue operating the Strategic Petroleum Reserve that we call SPR. Given current tensions in the Middle East, it is not surprising to me that Congress feels that they must enact legislation to give the President authority to draw down and deploy the SPR. This bill authorizes some other provisions that the gentleman from Massachusetts (Mr. Markey) has pointed out that are very good.

Actually, the gentleman from Massachusetts (Mr. Markey) has problems in the North and the East with heating oil, and I certainly subscribe to those. He and I have tried to work together to come up with a solution to where we would be fair with those that produced energy and fair with those who desperately need it in the North and East. We are still working on that, but this bill authorizes a northeast heating oil reserve and permits DOE to fill SPR with stripper wells in Texas and in other areas when the prices fall below \$15 a barrel.

That is the amendment of the gentleman from Texas (Mr. Barton) that I certainly support. That helps those that produce it and also helps those that need it. Similar provisions were included in the bill previously as reported by the Committee on Commerce and it is a good thing that the Senate bill retained these beneficial amendments to the current law.

The bill also includes and addresses several other energy issues. It will improve energy conservation in Federal buildings; aid in the development of small hydroelectric projects in Alaska; update and improve the weatherization program and establish a heating oil checkoff program for consumer education and safety. It is a good bill, and this bill helps. The President's order to use some of the SPR, maybe if it was only for 6 or 8 days even helped the spirit of Americans who were faced with \$2 gas and gas that could go on up from there, but really it

is my feeling that the real answer lies on the North Slope and other shut-in areas in the lower 48 States and the ocean floor where they tell us we cannot drill; where if we could drill we might solve this and those gasoline prices might go to the left and drop back down below a dollar. Energy is national asset. Ten States produce it. My State is one of them. The other 40 use it. It is hard to get good energy legislation.

So how important is energy in the every day activities of this Congress? Energy is very important. It is a national asset. Countries have fought for energy. Our kids would have to fight for energy if we do not address it ourselves. Hitler went east into the Ploesti oil fields for energy. Japan went south into Malaysia for energy. We sent 400,000 kids to the desert over there for energy. So energy is important, and I do not believe that it hurts to get it off of the ocean floor. I myself do not think that an offshore rig looks nearly as bad to people as a troop ship loaded with American boys and girls going off to some far away country to fight for energy.

Mr. Speaker, it is a good bill, and I support it.

Mr. MARKEY. Mr. Speaker, I yield myself such time as I may consume.

The gentleman from Texas (Mr. Hall) has spent so much time explaining to me the value of stripper wells that at least for the purpose of discussing that issue I become a member of the Texas delegation because of the excellent educational work that he has done on me over the last 20 years and the gentleman from Texas (Mr. Barton), whose amendment it was, that ultimately was included in that legislation.

In turn, Mr. Speaker, the gentleman from Maine (Mr. Baldacci), by the way, formerly a part of Massachusetts, has been the most articulate advocate for the creation of a regional home heating oil reserve.

[*H10563]

Mr. Speaker, I yield such time as he may consume to the gentleman from Maine (Mr. Baldacci).

Mr. BALDACCI. Mr. Speaker, I do not know where to begin. I am afraid to begin anywhere at this point, but I want to thank the gentleman from Massachusetts (Mr. Markey) for yielding me this time. It is not that we have not enjoyed the relationship we had with Massachusetts in the past but we found being off on our own we have been able to grow and we do appreciate that.

He has done a great job and has been a real leader on this issue and someone who I have been able to lean on and gain information and background and expertise from as we are dealing with these energy issues, and his experience has been very helpful. To be able to have him as a neighbor in Massachusetts to work on these issues has been very beneficial to the State of Maine, and we thank him for that.

I also want to thank the membership on the other side of the aisle for being able to come together to at least put together the beginning of a comprehensive energy policy, which I think balances the interests of both what is needed in the Northeast and at the same time to recognize the difficulties that have been happening in the South in terms of when oil was below \$15 a barrel or was \$10 a barrel and oil wells were being capped in the lower 48 and oil workers were being laid off.

I think we are beginning to establish that relationship and understanding what has taken place here nationally so we are not just responding at one time and not at another. I compliment the people who have been able to work together, as I have been working on this legislation and other efforts to bring this to this floor. In the State of Maine, people are looking at facing higher heating bills that are increasing about \$75 a month more than they did last year, and it is not even November yet and it has already snowed twice in Maine. That does not bode well for people scraping by to heat their homes and to be able to feed their families.

We dealt with this in this House 6 months ago, in the Senate less than 6 days ago; and it is about time that we have been able to pass this step up and finish the work to get this bill reauthorized so that we could put this on a permanent basis and not have to confront it on an annual basis or on a temporary basis. The framework in this bill, with its weatherization improvements and flexibilities, in eliminating the State share, in terms of its program and being able to help out and establish a northeast heating oil reserve so we can have an insurance policy against this happening again, whereas the gentleman from Massachusetts (Mr. Markey) was talking about we were so dangerously low that had we had a northeaster followed by the cold weather that we got that first week we would have actually run out of oil, to be able to have this insurance policy, be able to have the two million barrels there of refined home heating oil to be able to respond in an emergency will be a great sense of relief and insurance policy to the people in the northeast.

The steps taken by this administration in the release of the Strategic Petroleum Reserve, when oil was getting dangerously close to \$40 a barrel, when the President announced that he was authorizing the release of the SPR, it immediately had an impact where it brought that price down to \$31 a barrel. And now with this going out and the contracts being bid on, we are looking at oil around \$31, \$32 a barrel and a much more reasonable situation at this particular point; and we are hopeful for further diminishment of that to a much more reasonable level where people can afford it better, but it has had an impact.

For Congress to finally give the President the legal authority to be able to release from the Strategic Petroleum Reserve in order to protect our country's economy and our national security, I think we are also to be commended in a very bipartisan way. So I want to thank all of those Members for working together to fashion this legislation. I look at this as a beginning of our energy policy and look forward to the Members working together to build on this energy policy for the future.

Mr. MARKEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would complete the debate by thanking the majority for their patient consideration of this legislation. It is very important that it pass this year; and I want to compliment them for reaching this conclusion, which I think is ultimately going to benefit our country greatly in protecting us against the per se antitrust violations which the OPEC nations engage in but because we have no legal authority to do anything about it. Only by the establishment and ultimate deployment of a Strategic Petroleum Reserve or a regional home heating oil reserve are we able to protect the American consumers.

The gentleman from Maine (Mr. Baldacci), the gentleman from Texas (Mr. Hall), all the members who worked on it, especially the gentleman from Pennsylvania (Mr. Greenwood) and the gentleman from Texas (Mr. Barton) and the gentleman from Virginia (Mr. Bliley), deserve all the credit in the world for the successful conclusion.

Mrs. MALONEY of New York. Mr. Speaker, I support this legislation which will reauthorize the Strategic Petroleum Reserve and will finally authorize the desperately needed Northeast Home Heating Oil Reserve. I do not need to remind my colleagues how important the Strategic Petroleum Reserve and the new Northeast Home Heating Oil Reserve are to the people in this Nation, and especially to my constituents and others in the northeast. Last month's swap of oil from the Strategic Reserve has kept gas and heating oil rates down even as turmoil in the Middle East has prompted market uncertainty. Consumers have benefited from this swap and they will likely continue to do so.

The need for this legislation is clear. What is not so clear is why we are considering this bill, which passed the House in April, during the last week of this session. Apparently, some of our colleagues in the other body thought it would be a good idea to attach an amendment to this legislation that would have created a huge loophole for the oil industry to avoid paying the appropriate amount of royalties for oil taken from Federal lands. The rider would have authorized and expanded the controversial Royalty-in-Kind Program which would give the oil companies the ability to pay their royalties in kind, not in cash as they do now. It would have encouraged the Interior Department to take substantially more royalties in kind. That means that the Federal Government would suddenly find itself in the oil business. The Interior Department would be forced to transport, market, and sell massive quantities of oil and natural gas.

Mr. Speaker, I honestly thought that state-run industry had been discredited after the fall of the Soviet Union. Now, it seems some of our friends on the other side of the aisle want to give it a try. I should also point out that in 1998, the GAO specifically said that royalty in kind was unlikely to be profitable for the taxpayers. Now, after running the pilot programs for less than 2 years, the Interior Department admits they still do not have a revenue analysis of the program. We have no data available to determine if this program is breaking even. I would like to enter into the Record a letter I sent to Interior Secretary Babbitt on this issue which further describes the many problems with the Royalty-in-Kind Program and urges him to resist efforts to expand this program.

So--why was this issue even on the table? I will tell you why-- because the oil industry, which has already seen skyrocketing profits, decided to try and shortchange the Federal Government yet again. I am frankly astonished that anyone would consider attaching a giveaway to the oil industry in the midst of a bill designed to help consumers deal with rising oil prices.

Mr. Speaker, this year we have seen consumers and businesses continue to absorb higher energy prices. At the same time, industry profits have continued to soar and OPEC nations have failed to adequately increase supplies. Even if heating oil prices remain stagnant, the outlook for the winter is grim. Now is the time to focus on long-term energy strategies that will help consumers and businesses, not pad the pockets of wealthy oil companies. I urge my colleagues to support this legislation and other sensible energy strategies and to avoid many of the oil-industry giveaways that are being circulated as false solutions to our Nation's energy problems.

Congress of the United States,

House of Representatives,

Washington, DC, September 13, 2000.

Hon. Bruce Babbitt,
Secretary of the Interior,
Washington, DC.

Dear Secretary Babbitt: It has recently come to my attention that Senator Murkowski, without any committee consideration, will offer an amendment to drastically expand the Royalty-in-Kind program. As a Member who has worked for years to make sure that taxpayers receive the fair amount of oil royalty payments, I am extremely concerned that this proposed amendment could

[*H10564]

seriously affect the ability of the Federal government to collect the appropriate amount of royalties from oil taken from Federal lands.

Specifically, I am concerned that this amendment would replace the existing standard for "fair market value" of oil sold from Federal lands with one that is vaguely worded and potentially designed to benefit the oil industry's legal challenges to the recently enacted oil valuation rule. Earlier this year, after years of industry resistance, your Department was finally able to implement a new oil and gas valuation rule to ensure that the Federal government is properly reimbursed for oil taken from Federal lands. The new rule requires oil companies to value oil based on market-based spot pricing (i.e., fair market value) instead of so-called "posted prices" which companies determine on their

own. As a result of these changes, the Federal government will finally end an industry scam that was costing taxpayers more than \$66 million each year. Language to fundamentally redefine the "fair market value" of oil in statute could effectively undermine the new valuation regulations. This is completely unacceptable. This issue is too important to be rushed through Congress in the waning hours of this session.

In addition, I am extremely concerned that Congress is on the verge of fully authorizing a program which has never been considered in committee and which the General Accounting Office (GAO) expressed concern about as recently as August 1998. The GAO is currently reexamining the Royalty-in-Kind program to see if any progress has been made. I strongly urge you to oppose this legislation until we have the opportunity to hear from the GAO and the appropriate committees on this critically important issue.

Instead of this unnecessary amendment, I ask that you urge the Senate to recede to the House on the FY 2001 Interior Appropriations bill and allow the Royalty-in-Kind pilot program to deduct transportation processing costs for one year. In that way, we can learn more about the viability of the concept and also allow Congress the time to more carefully and collegially consider this proposal.

I look forward to hearing your views on this legislation and hope you will join me in publicly opposing it. Thanks in advance for your consideration.

Sincerely,

Carolyn B. Maloney,
Member of Congress.

Congress of the United States,

House of Representatives,

Washington, DC, September 28, 2000.

Hon. Bruce Babbitt,
Secretary of the Interior,
Washington, DC.

Dear Secretary Babbitt: I write to express my continued opposition to a recently proposed amendment sponsored by Senator Murkowski concerning the Royalty-in-Kind program which I am increasingly convinced will fundamentally affect the ability of the Federal Government to collect the appropriate amount of royalties from oil taken from Federal lands.

I recently contacted Walter Rosenbusch, Director of the Minerals Management Service, to voice my concern that the language authorizing the Royalty-in-Kind program could potentially undermine the new regulations governing royalties

taken in value. Mr. Rosenbusch informed me that they were assured by the Interior Department Solicitor's office that the language would not harm the new regulations. I requested a copy of the Solicitor's opinion. Mr. Rosenbusch informed me that they had not done a written analysis of the language and so a written opinion was not available. I requested a written version immediately. We received the memo two days later (attached).

I am extremely disturbed that the memo was not contemplated until after my request, ten days after the language was made public and weeks since it had been in Interior's possession. Given the highly controversial nature and complexity of the oil valuation rules and the fact that the regulations add \$66 million to the Treasury each year, I believe this proposed legislation warrants more thorough consideration. The fact that oil industry representatives were intimately involved in the drafting of the amendment further increases my suspicion and alarm about this language.

Alarmed about the lack of concern and analysis from your solicitor's office, I have asked an outside attorney and expert on the oil industry litigation to examine the proposed language to determine the potential damage this legislation could do to current oil valuation rules. I have attached a copy of this memorandum which elucidates numerous problems with this amendment and clearly explains that "the failure of the amendment to preclude the Secretary from conducting in-kind sales when his own regulations would mandate a higher price clearly undermines those regulations." The memo goes on to explain that "the introduction of a second definition of fair market value' could be interpreted as an acknowledgment that leasing activities are subject to a standard of something less than a price that a willing buyer would pay to a willing seller, with opposing economic interests in an open and competitive market. This interpretation threatens not only Interior's regulations but also litigation over past royalties." I believe these specific concerns and the others listed in the memorandum clearly show the numerous flaws with this bill and why it demands the Administration's opposition.

Finally, I am alarmed to discover that we are considering an expansion of the RIK program without the benefit of a complete revenue analysis. Moreover, the language being considered fails to include common-sense performance measures to ensure that the program RIK program is revenue positive.

For all of these reasons, I remain opposed to this legislation and I ask that you urge the Senate to recede to the House on the FY 2001 Interior Appropriations bill and allow the Royalty-in-Kind pilot program to deduct transportation and processing costs for one year. I am certain that when you have the opportunity to closely examine the potential problems created by this ill-conceived amendment you will join me in asking the Senate to postpone the passage of this expansive and complicated legislation until we are able to resolve some of these concerns.

Sincerely,

Carolyn B. Maloney,

Member of Congress.

Mrs. McCARTHY of New York. Mr. Speaker, I rise in strong support of the Senate Amendments to (H.R. 2884), the Energy Policy and Conservation Act.

Energy consumers on Long Island and throughout this Northeast have been waiting for this important legislation. With home heating oil prices moving upward in New York state, it is imperative that the Congress acts now.

This legislation authorizes the establishment of a two million-barrel regional Home Heating Oil Reserve in the Northeast. It specifies that oil can only be released from the Reserve if the President finds there is a severe energy supply interruption and permits the release of the oil on specific market conditions. These safeguards make sense.

The legislation also expands the weatherization program to help homeowners make their residences more energy efficient.

The Energy Information Administration is currently projecting home heating oil price increases of 19 cents per gallon over the average levels paid last year.

Mr. Speaker, last winter's energy crisis demonstrated the Congress and the President must do more to stabilize energy price spikes. This legislation is a positive step in that direction.

I urge my colleagues to support the Senate Amendments to H.R. 2884.

Mr. GILMAN. Mr. Speaker, I rise in strong support of H.R. 2884, which amends the Energy Policy and Conservation Act through FY 2003. H.R. 2884 reauthorizes the authority of the Department of Energy to lease oil or buy for, operate, and draw down from the Strategic Petroleum Reserve (SPR) through 2003. The SPR was authorized in 1975 to protect our Nation against the recurrence of the Arab oil embargo of 1973-74, which nearly crippled our Nation. When the U.S. Congress initially authorized the SPR in the Energy Policy and Conservation Act, our intent was to create a large reserve of crude oil that would prevent future disruptions in supply, and would deter the use of oil as a weapon.

Mr. Speaker, our country is under siege on two fronts, one from OPEC where just a few weeks ago the prices of crude oil rose to Gulf War record levels of nearly \$40 per barrel, and on the other front, as a result of this Administration's failure to enact a strategic, short and long term energy policy. Despite OPEC's promise to increase oil production to levels that would stabilize the price of crude oil, the price continued to shoot up. As the price of oil was climbing and our constituents were paying upwards of \$2 for a gallon of gas, this Congress, in bipartisan support, called on the President to release oil

from the Strategic Petroleum Reserve. The prices continued to rise, and finally, after this Congress through hearings and a great deal of pressure, the President did authorize the release of oil from the SPR. On the speculation alone, that oil would be released from the SPR, prices of crude oil began to drop.

Mr. Speaker, this legislation contains narrow trigger language for the President limiting the usage of the SPR and the newly created heating oil reserve. The trigger language mandates that the Department of Energy will have to certify that any draw-down from the reserve will not impair the national security of the United States. What H.R. 2884 does for the people of the Northeast is to create a permanent home heating oil reserve, a necessary measure for which I have been a strong advocate, because it will ensure that my constituents will not have to suffer as a result of any supply shortages of significant scope and duration; and if the price differential between heating oil and crude oil increases sixty percent plus over its five-year rolling average.

Moreover, H.R. 2884 requires the Secretary of the Interior with input from the Secretaries of Agriculture and Energy to begin a national inventory of natural gas and oil reserves on federal lands, and to set forth any restrictions to the development of these resources. H.R. 2884 also directs the Department of Energy to strengthen its winterization program, along with mandating that the Federal Energy Regulatory Commission conduct a complete review

[*H10565]

of its policies, practices, and procedures to ascertain how to reduce the time and costs associated with the licensing of hydroelectric projects.

Mr. Speaker, it is our responsibility to take whatever measures we can to ensure that our constituents will not suffer as a result of any breakdown in the supply of, or shortages of heating oil. The American people deserve no less than that. And that is why I support this measure.

Mr. WAXMAN. Mr. Speaker, I am supporting H.R. 2884 because it contains provisions of vital interest to the American people, such as reauthorizing the Strategic Petroleum Reserve. However, I am concerned about the inclusion in this legislation of the National Oilheat Research Alliance Act of 2000.

This legislation essentially creates a new tax in order to increase the power of the Washington D.C.-based trade association, the National Association for Oilheat Research and Education. This legislation authorizes this trade association to hold a referendum on the establishment of the National Oilheat Research Alliance. Voting rights are based on volume of sales, and the Alliance is established upon an approval of the industry representing two-thirds of sales by volume. This has the effect of giving the biggest interests in the oilheat industry the most voting power.

Once the Alliance is established, an "assessment," which is essentially a tax, is levied on the sale of fuel oil. The Congressional

Budget Office (CBO) has estimated that this would amount to \$16-\$17 million annually. The legislation authorizes the Alliance to bring suits in Federal court to ensure all distributors and retailers comply with the assessments. The use of these funds would be directed by industry towards programs (1) to enhance consumer and employee safety and training, (2) to provide for research, development, and demonstration of clean and efficient oilheat utilization equipment, and (3) for consumer education.

The legislation contains explicit language stating that funds cannot be used for advertising, promotions, or consumer surveys in support of advertising or promotions. However, there is no precise line between advertising and consumer education. For example, television and radio spots educating consumers about the benefits of oilheat might not appear to violate the prohibition on advertising.

Under this legislation, the National Association for Oilheat Research and Education is designated by name as the sole organization who designates at least 56 of the 61 members to the Alliance. The Alliance would determine the use of all of the \$16-\$17 million in assessments. By levying a tax on fuel oil sales which is enforceable in Federal courts, the oilheat industry is assured that all sectors of the industry--from small retail marketers to large wholesale distributors--will contribute to their national efforts--whatever they decide them to be. It is a virtual certainty that these costs will be passed onto consumers.

The National Oilheat Research Alliance Act of 2000 is an anti-consumer mandate that consolidates power in an entity controlled by the biggest interests and will favor their concerns over those of consumers and small businesses. It levies a new tax on consumers for which they will receive little or no benefit and give those funds to a trade association controlled D.C.-based entity to do with as they see fit. This is an inappropriate use of congressional authority. I hope we can correct this mistake in the future.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in strong support of H.R. 2884, titled the Extend Energy Conservation Programs Under the Energy Policy and Conservation Act. The 1975 Energy Policy and Conservation Act (EPCA) was one of several measures enacted during the 1970s to deal with chronic U.S. energy supply disruptions and shortages. Among other things, the law authorized the creation of the Strategic Petroleum Reserve (SPR) to be available to reduce the impact of oil import disruptions. The reserve includes 575 million barrels of crude oil stored in five salt caverns in Louisiana and Texas. EPCA also authorized U.S. participation in an international agreement to coordinate the responses of oil consuming nations to oil supply disruptions in order to minimize their global impact. EPCA's authorization expired on March 31, 2000.

The measures includes provisions that permit the Energy Department to purchase oil from certain marginal wells if the price of oil falls below \$15 per barrel. (Marginal wells are generally defined as those producing fewer than 15 barrels per day. The provisions are intended to ensure that marginal wells are not closed down during periods of extraordinarily low oil prices.)

The bill authorizes, President Clinton's request for the, establishment of a two million-barrel regional home-heating-oil reserve in the Northeast. It specifies that oil could be released from the reserve only if the president finds that there is a severe energy supply interruption, and specifies certain other conditions under which oil may be released from the reserve. I would hope that the conditions for release of oil in the future from the national reserve will not just be based on hindsight because often conditions that created a past crisis are not repeated.

The measure also includes the following other provisions that were not included in the bill as passed by the House in April. This bill would also expand the existing federal weatherization program of the Energy Department. In addition permits the state of Alaska, rather than the federal government, to regulate certain small (under five megawatts) hydroelectric power projects in Alaska. Further this bill establishes an oil-heat research program to be funded by assessments of two-tenths of one cent per gallon on distillate heating oil.

I would encourage my colleagues to vote in support of this conservation effort although it is being addressed seven months after the original legislation expired.

Mr. MARKEY. Mr. Speaker, I yield back the balance of my time.

Mr. GREENWOOD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. Pease). The question is on the motion offered by the gentleman from Pennsylvania (Mr. Greenwood) that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 2884.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

SUBJECT: ENERGY POLICY (94%); ENERGY REGULATION (93%); ENERGY (93%); LEGISLATION (90%);

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