

# NATIONAL ENERGY POLICY

## STATUS REPORT

on

Implementation of NEP Recommendations



SUBMITTED BY THE  
U.S. DEPARTMENT OF ENERGY



January, 2005

**NEP RECOMMENDATIONS:  
STATUS OF IMPLEMENTATION**

**Chapter 1**

1. **That the President issue an Executive Order to direct all federal agencies to include in any regulatory action that could significantly and adversely affect energy supplies, distribution, or use, a detailed statement of energy effects and alternatives in submissions to the Office of Management and Budget of proposed regulations covered and all notices of proposed regulations published in the Federal Register.**

STATUS: IMPLEMENTED. In May 2001, President Bush issued Executive Order 13211 requiring federal agencies to include, in any regulatory action that could significantly and adversely affect energy supplies, distribution, or use, a detailed “Statement of Energy Effects” in submissions to the Office of Management and Budget.

2. **That the President direct the executive agencies to work closely with Congress to implement the legislative components of a national energy policy.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. President Bush and his Administration have consistently urged Congress to enact comprehensive energy legislation as recommended by the NEP. Many of the NEP legislative recommendations were reflected in the comprehensive energy bill, H.R. 6, which was adopted by both the House and Senate in 2003. The House approved the H.R. 6 conference report in November 2003, but it was still pending in the Senate when Congress adjourned. Several energy tax provisions were contained in H.R. 4520, signed into law by the President on October 22, 2004. The President will continue to work with the Congress on comprehensive energy legislation that will ensure safe, affordable, and reliable energy supplies for the growing U.S. economy.

3. **That the NEPD Group (National Energy Policy Development Group; NEPDG) continue to work and meet on the implementation of the National Energy Policy and explore other ways to advance dependable, affordable, and environmentally responsible production and distribution of energy.**

STATUS: IMPLEMENTED IN MODIFIED FORM. Although the NEPDG terminated on September 30, 2001, by the terms of the memorandum that established the NEPDG, an interagency working group led by the Department of Energy was established to coordinate agency implementation of the NEP. This interagency group meets on a regular basis.

**Chapter 2**

4. **That the President direct the Secretary of Energy to explore potential opportunities to develop education programs related to energy development and use.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Through DOE and other agencies, the Bush Administration has supported extensive energy education programs at all levels, in all regions, and in all sectors. Activities include development of instructional materials, websites, field trips, and career education materials. DOE, directly and through the national labs, sponsors higher education, extension programs, and research programs for residential, commercial, agricultural and industrial energy users. EPA, USDA, and DOI sponsor programs on resource conservation and protection. Federal agencies also work with the energy industry and trade associations to support educational programs on energy efficiency, new technologies, consumer safety, and environmental protection.

5. **That the President take steps to mitigate impacts of high energy costs on low-income consumers. These steps would include:**
- **Strengthening the Low Income Home Energy Assistance Program by making \$1.7 billion available annually. This is an increase of \$300 million over the regular FY 2001 appropriation.**
  - **Directing the Secretaries of Interior and Health and Human Services to propose legislation to bolster LIHEAP funding by using a portion of oil and gas royalty payments.**
  - **Redirecting royalties above a set trigger price to LIHEAP, whenever crude oil and natural gas prices exceed that trigger price, as determined by the responsible agencies.**

STATUS: IMPLEMENTED IN PART; ACTIVITIES ONGOING. The President's FY 2005 Budget provided \$2 billion in total funding for the LIHEAP program, including a \$100 million increase in contingency funds which allows the Administration to respond to both winter and summer emergencies. This represents a \$600 million increase over the \$1.4 billion requested for LIHEAP in the FY 2001 Budget request.

6. **That the President increase funding for the Weatherization Assistance Program by \$1.2 billion over ten years.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The President's Budget has consistently sought increased funding for low-income weatherization, from a baseline of \$153 million in FY 2001 to \$291 million in the FY 2005 Budget. As a result, about 275,000 low-income homes have been weatherized in the last four fiscal years.

7. **That the President support legislation to allow funds dedicated for the Weatherization and State Energy Programs to be transferred to LIHEAP if the Department of Energy deems it appropriate.**

STATUS: IMPLEMENTED. Congress has not considered legislation to allow transfer between the Weatherization and State Energy Programs and LIHEAP. Both programs serve important functions to reduce overall energy costs to low-income families.

8. **That the President recognize unique regional energy concerns by working with the National Governors' Association and regional governor associations to determine how to better serve the needs of diverse areas of the country.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. In August 2001, DOE, DOI, USDA, EPA, and CEQ signed a Memorandum of Understanding (MOU) with the Western Governors' Association regarding energy development and conservation activities in the Western United States. The group subsequently developed a "Transmission Siting and Permitting Protocol" in June 2002 that established a systematic, coordinated review process for siting and permitting of electric power transmission in the West. Other agency programs include cooperative efforts with the WGA to address wind energy resource development on the public lands administered by DOI.

9. **That the President direct FEMA to prepare for potential energy emergencies.**

- **FEMA should work with states' Offices of Emergency Management as they expand existing emergency operations plans to identify potential problems and address consequences of power shortages.**
- **FEMA should use its current Regional Incident Reporting System to identify any situations that might demand immediate attention.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. FEMA is working with states to prepare for natural disasters and the consequences of power system failures using communications tools including the Regional Incident Reporting System. DOE has been working with the electric power industry, states, FERC, and Canadian government to implement recommendations from the Report on the August 2003 blackout, and is establishing an Energy Assurance approach for dealing with energy emergencies.

### **Chapter 3**

10. **That the President direct the EPA Administrator to work with Congress to propose legislation that would establish a flexible, market-based program to significantly reduce and cap emissions of sulfur dioxide, nitrogen oxides, and mercury from electric power generators. Such a program (with appropriate measures to address local concerns) would provide significant public health benefits even as we increase electricity supplies.**

- **Establish mandatory reduction targets for emissions of three main pollutants: sulfur dioxide, nitrogen oxides, and mercury.**
- **Phase in reductions over a reasonable period of time, similar to the successful acid rain reduction program established by the 1990 amendments to the Clean Air Act.**
- **Provide regulatory certainty to allow utilities to make modifications to their plants without fear of new litigation.**
- **Provide market-based incentives, such as emissions trading credits to help achieve the required reductions.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. In February 2002, President

Bush proposed Clear Skies legislation to reduce emissions of sulfur dioxide, nitrogen oxide, and mercury from electricity generators and improve air quality throughout the country. Using a proven, market-based approach that can save American consumers millions of dollars in compliance costs, Clear Skies will cut air pollution emissions from electric power plants by approximately 70 percent over 15 years. This historic proposal will bring cleaner air to Americans faster, more reliably, and more cost-effectively than under current law, and it would also, for the first time, reduce emissions of mercury from electric power plants. This legislation was not enacted in the 108<sup>th</sup> Congress, but the Administration will continue to work with Congress to achieve passage as early as possible in the 109<sup>th</sup> Congress.

11. **That the President direct the Secretary of the Interior to work with Congress to create the “Royalties Conservation Fund.”**
- **This fund will earmark potentially billions of dollars in royalties from new oil and gas production in ANWR to fund land conservation efforts.**
  - **This fund will also be used to eliminate the maintenance and improvements backlog on federal lands.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. As in past years, in his 2005 Budget, President Bush proposed to create the Royalty Conservation Fund that would use royalties from new oil and gas exploration in the Arctic National Wildlife Refuge (ANWR) to fund land conservation efforts and to address the backlog in maintenance and improvement projects on federal lands, including national parks. The House of Representatives has twice approved legislation that would have authorized environmentally sensitive oil and gas exploration in ANWR and created the Royalty Conservation Fund, consistent with the President’s request. However, the Senate failed to act on similar legislation.

12. **That the President issue an Executive Order directing federal agencies to expedite permits and other federal actions necessary for energy-related project approvals on a national basis, and establish an interagency task force to ensure that federal agencies responsible for permitting energy-related facilities are coordinating their efforts.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. President Bush issued Executive Order 13212 on May 18, 2001, directing Federal agencies to take appropriate actions, to the extent consistent with applicable law, to expedite projects that will increase the production, transmission, or conservation of energy. The Executive Order established an interagency task force to “work with and monitor Federal Agencies’ efforts to expedite their review of permits or take other actions as necessary to accelerate the completion of energy-related permits, while maintaining safety, public health, and environmental protections.” By acting to foster interagency cooperation, the task force has helped accelerate completion of permitting on specific energy projects, acted to streamline redundant processes, and increased opportunities for environmental stewardship and energy production at the same time. In April 2004, the President signed Executive Order 13337, which updates the Secretary of State’s authority to issue Presidential permits for cross-border petroleum or

natural gas pipelines after consultation with DOE, EPA, DHS, and other agencies.

## **Chapter 4**

13. **That the President direct the Office of Science and Technology Policy (OSTP) and the President’s Council of Advisors on Science and Technology (PCAST) to review and make recommendations on using the nation’s energy resources more efficiently.**

STATUS: IMPLEMENTED. In February 2003, PCAST issued a report, “Improving Efficiency in the Nation’s Electrical System.” The report focused on the nation’s electricity generation, transmission and distribution, and management systems and makes recommendations to improve the efficiency of each piece of the system. PCAST identified four areas where technological progress could have a potentially significant impact, including: (1) efficiency of coal-fired generation plants; (2) efficiency of electricity transmission systems; (3) distributed energy technologies; and (4) demand-side management.

14. **That the President direct the Secretary of Energy to conduct a review of current funding and historic performance of energy efficiency research and development programs in light of the recommendations of this report and propose appropriate funding of those research and development programs that are performance-based and are modeled as public-private partnerships.**

STATUS: IMPLEMENTED. In 2002, DOE completed a full review of all energy efficiency research and development programs. After a series of public meetings and receipt of other public comments, a report addressing the strengths and weaknesses of these programs was released. The findings focused management on the need for reorganization. Research that was performed in multiple areas was consolidated into one office. This led, for example, to the establishment of the Hydrogen, Fuel Cells and Infrastructure Technologies program and the transfer of the Zero-Energy Buildings design activity from the Solar program to the Buildings Technologies program. Moreover, layers of management were reduced so that all programs would have a more direct link to senior management and individual program managers have greater accountability.

15. **That the President direct the Secretary of Energy promote greater energy efficiency.**
- **Expand the Energy Star program beyond office buildings to include schools, retail buildings, health care facilities, and homes.**
  - **Extend the Energy Star labeling program to additional products, appliances, and services.**
  - **Strengthen Department of Energy public education programs relating to energy efficiency.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Under the Bush Administration, the DOE/EPA Energy Star program has been expanded to include home ventilation fans, small commercial HVAC units, ceiling fans, reach-in commercial refrigerators, portable phones, home insulation and air leak sealing, commercial cooking equipment, and vending

machines. Energy Star specifications have been upgraded for residential windows, compact fluorescent bulbs, residential light fixtures, central air conditioners, televisions, and VCRs. The Energy Star program has also been extended to new categories of commercial buildings including hospitals, supermarkets, hotels, financial centers, bank branches, courthouses, warehouses, and residence halls. DOE has launched several public awareness campaigns to help consumers and businesses save energy, including the DOE Energy Savers campaign to educate consumers, and businesses on smart energy use. In May 2004, DOE and the Alliance to Save Energy initiated a “Powerful Savings” campaign to provide consumers with the information to make smart energy choices. In December 2004, DOE launched a new website, [www.EnergySavingTips.gov](http://www.EnergySavingTips.gov), as a consumer-friendly portal to detail energy saving information from various Federal agencies.

16. **That the President direct the Secretary of Energy to improve the energy efficiency of appliances.**
- **Support the appliance standards program for covered products, setting higher standards where technologically feasible and economically justified.**
  - **Expand the scope of the appliance standards program, setting standards for additional appliances where technologically feasible and economically justified.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. In April 2001, DOE approved energy efficiency standards for clothes washers and water heaters and in 2004 finalized new Seasonal Energy Efficiency Ratio standards for central air conditioners and heat pumps. Further, DOE has issued advanced notices of proposed rulemaking for new energy efficiency standards covering: (1) residential furnaces and boilers; (2) certain classes of commercial central air conditioners; and (3) electric distribution transformers. Public meetings have been held and DOE is assessing comments from those meetings. DOE has received public comments and is working on its next steps in the standard-setting process.

17. **That the President direct heads of executive departments and agencies to take appropriate actions to conserve energy use at their facilities to the maximum extent consistent with the effective discharge of public responsibilities. Agencies located in regions where electricity shortages are possible should conserve especially during periods of peak demand. Agencies should report to the President, through the Secretary of Energy, within 30 days on the conservation actions taken.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. In 2001, President Bush directed Executive Branch departments and agencies to use energy more efficiently. A report, “Energy Conservation Actions Taken at Federal Government Facilities,” was subsequently sent to the President outlining actions taken by federal agencies to reduce energy consumption, including updating and implementing agency Energy Management Plans, implementing immediate measures to reduce peak load, and participating in the May 2001 Load Reduction Test conducted by the State of California. DOE’s Federal Energy Management Program (FEMP) provides technical and financial energy assistance to government agencies. FEMP has a formal contact list to access all Federal Building Managers. With this list and an inventory of potential back-up supply and demand-side options, Federal agencies can be requested to adjust consumption in areas of energy

shortages. Each year, the White House has honored energy management teams from Federal agencies, including DOD, HHS, and the U.S. Postal Service, for their dedication and leadership in conserving energy.

18. **That the President direct the Secretary of the Treasury to work with Congress to encourage increased energy efficiency through combined heat and power (CHP) projects by shortening the depreciation life for CHP projects or providing investment tax credits.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. The President's FY 2003 Budget and subsequent budget requests have each proposed an investment tax credit for qualified combined heat and power projects. Congress considered, but did not enact, legislation that would have provided such a tax credit.

19. **That the President direct the Administrator of the Environmental Protection Agency (EPA) to work with local and state governments to promote the use of well-designed CHP and other clean power generation at Brownfields sites, consistent with the local communities' interests. EPA will also work to clarify liability issues as they are raised at a particular site.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. EPA has established a Combined Heat and Power partnership that now works with more than 100 organizations to promote CHP projects across the country. Through EPA's CHP/Brownfields Initiative, two brownfields communities have been selected to receive CHP/clean energy technical assistance, and EPA has established a web site which includes a CHP/clean energy screening tool for brownfields stakeholders. In addition, in 2002, DOE provided assistance to the State of Iowa to co-fund feasibility studies and engineering work to accelerate installation of combined heat and power facilities at brownfields sites.

20. **That the President direct the EPA Administrator to promote CHP through flexibility in environmental permitting.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. DOE and EPA have worked together to organize regional CHP Initiatives that foster the use of CHP, develop tools and services to support the development of new projects, and address permitting and other barriers within their regions. Several states have issued permitting rules or are drafting permitting rules that address CHP. EPA has developed a handbook, "Output-based Regulations: A Handbook for Regulators," to assist air regulators in developing regulations that recognize the pollution prevention benefits of efficient energy generation, like CHP, and renewable energy technologies. EPA continues to work with key states to investigate output-based approaches, providing technical support.

21. **That the President direct the Secretary of Transportation to:**
- **Review and provide recommendations on establishing Corporate Average Fuel Economy (CAFE) standards with due consideration of the National Academy of Sciences study to be released in July 2001.**



- **Consider passenger safety, economic concerns, and disparate impact on the U.S. versus foreign fleet of automobiles.**
- **Look at other market-based approaches to increasing the national average fuel economy of new motor vehicles.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Following extensive review of the NAS fuel economy report, Transportation Secretary Norman Mineta sent a letter to Congress in 2001 asking Congress to remove restrictions on implementing new CAFE standards, and calling on Congress to allow reform of the CAFE system consistent with the NAS recommendations. In 2003, the National Highway Traffic Safety Administration (NHTSA) finalized regulations increasing CAFE standards for light trucks, from the current level of 20.7 mpg to 21.0 mpg for model year 2005, 21.6 mpg for 2006, and 22.2 mpg for 2007. The new standards are expected to save approximately 3.6 billion gallons of gasoline over the lifetime of these vehicles. In addition, on December 29, 2003, NHTSA issued an advanced notice of proposed rulemaking to consider revisions to the CAFE program within the scope of current legislation to address some key issues identified by the NAS.

22. **That the President direct the Secretary of Transportation to review and promote congestion mitigation technologies and strategies and work with Congress on legislation to implement these strategies.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The Department of Transportation, through the Federal Highway Administration (FHWA), has offered public and private owners of highways a number of tools to reduce growing highway congestion. The most important of these is a 15-state pilot program (which the Administration has proposed to expand to all States) that permits the imposition of variable pricing on all Federal-aid highways, including the interstate system. By giving drivers a choice to pay more for premium “high-speed” service, this pilot has received widespread public acceptance and has significantly reduced congestion on the roads incorporated into the program.

FHWA is also engaged in significant other congestion relief activities, including: guidance and training products on reducing delays caused by traffic incidents and in work zones; implementing and sustaining congestion partnerships in metropolitan areas; implementing traveler information services such as 511 telephone numbers; anticipating and mitigating the transportation impacts of adverse weather; reducing delays at traffic signals; and developing and using congestion performance measures.

23. **That the President direct the Secretary of the Treasury to work with Congress on legislation to increase energy efficiency with a tax credit for fuel-efficient vehicles.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. The President’s FY2003 Budget, and every subsequent budget request, proposed a tax credit for hybrid and fuel cell vehicles. Congress considered, but did not enact, legislation that would have provided

such a tax credit.

24. **That all agencies use technological advances to better protect our environment.**
- **The Administration remains committed to investing in Intelligent Transportation Systems and encourages the private sector to invest in ITS applications.**
  - **The Administration remains committed to the DOT's fuel-cell-powered transit bus program, authored by the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21).**
  - **The Administration remains committed to the Clean Buses program, which provides an opportunity to accelerate the introduction of advanced bus propulsion technologies into the mainstream of the nation's transit fleet.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. (1) DOT continues to lead in deploying integrated ITS infrastructure in metropolitan areas, with 62 metropolitan areas now at a medium to high level of deployment. Recently, nine major initiatives that comprise the centerpiece of the ITS program were announced. (2) DOT's Hydrogen and Fuel Cell Bus Initiative focuses on improving the energy efficiency, emissions, performance, and cost-effectiveness of 40-foot heavy-duty transit buses. The Federal Transit Administration (FTA) has collaborated with DOE and the National Renewable Energy Laboratory (NREL) on the development of a data collection and evaluation plan for the fuel cell bus demonstration efforts. (3) The DOT Clean Buses Program works to accelerate introduction of advanced bus propulsion technologies into the mainstream of the Nation's transit fleet.

25. **That the President direct the EPA and DOT to develop ways to reduce demand for petroleum transportation fuels by working with the trucking industry to establish a program to reduce emissions and fuel consumption from long-haul trucks at truck stops by implementing alternatives to idling, such as electrification and auxiliary power units at truck stops along interstate highways.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. EPA, DOT, and DOE are working together on "truck stop electrification," a program that will permit idling trucks to shut down their engines and run lights, heating, and air conditioning from on-site electricity. This program promises reductions in truck fuel consumption and emissions. Through a series of workshops and conferences aimed at anti-idling and truck stop electrification (TSE), DOT, EPA, and DOE are developing TSE codes and standards that will pave the way for new technologies to reduce truck idling. EPA has created the National Idle-Free Corridors Program designed to create TSE at truck stops and travel centers along major interstate highways. EPA has awarded over \$1,000,000 in grants for the installation of TSE technology at 9 truck stops around the United States. There are currently over 40 idling control projects around the country.

26. **That the President direct the Secretary of Energy to establish a national priority to improving energy efficiency. The priority would be to improve the energy intensity of the U.S. economy as measured by the amount of energy required for each dollar of economic productivity.**

STATUS: IMPLEMENTED. DOE has developed a web-based energy intensity indicator

that can be used to track the energy intensity of the U.S., measured by the amount of energy required for each dollar of economic productivity. DOE's Energy Information Administration (EIA) website has a public energy efficiency page which shows energy intensity in various sectors of the economy. Further, we continue to pursue a portfolio of efforts to improve energy efficiency in all sectors of the economy, ranging from R&D activities such as the FreedomCAR program and Hydrogen Fuel Initiative, to the low-income Weatherization program and deployment programs such as EnergySTAR.

27. **That the President direct the EPA Administrator to develop and implement a strategy to increase public awareness of the sizable savings that energy efficiency offers to homeowners across the country.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. EPA has launched several public awareness campaigns to help consumers and businesses save energy. EPA's 2003 "Change a Light, Change the World" campaign challenges Americans to switch to lighting products that save energy. For 2004, EPA started the "Cool Change Campaign" to encourage homeowners to learn how to increase their comfort at home during the summer months and save energy.

## **Chapter 5**

28. **That the President direct the Secretaries of Energy and the Interior to promote enhanced oil and gas recovery from existing wells through new technology.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. New drill-pipe system (IntelliPipe®) technology developed with DOE's support will allow operators to produce oil and gas more efficiently by being able to steer the drill bit more precisely toward oil- and gas-bearing sweet spots and away from less productive areas. DOE's programs have also helped develop new technology to: map flow of groundwater, find previously overlooked oil deposits, reduce the cost of high angle wells, provide high-speed data link for better real time drilling decisions, improve high temperature electronic components for use in deep gas drilling, improve measurement-while-drilling tools to improve drilling decisions, improve sealing of drill pipe annuli at high temperatures and pressures, minimize the impact of the conventional drilling process on the reservoir rock, and improve fundamental understanding of physical mechanisms during drilling of deeper hard-rock.

29. **That the President direct the Secretary of Energy to improve oil and gas exploration technology through continued partnership with public and private entities.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. To gain access to the estimated 125 TCF of domestic natural gas in formations deeper than 15,000 feet below the surface, DOE has sponsored "Deep Trek" drilling technology programs with the goal of developing a "smart" drilling system tough enough to withstand the extreme temperatures, pressures, and corrosive conditions of deep reservoirs, yet economical enough to make the gas affordable to produce. In 2003, DOE announced the successful deployment of the

environmentally sensitive prototype “Arctic Platform.” a lightweight, 100-by-100-foot aluminum drilling platform elevated a dozen feet above the frozen tundra on specially designed steel legs. This compact and modular concept could one day eliminate the need for gravel pads and the temporary ice roads and ice pads that oil companies now must use on the North Slope. It could also be used in the lower-48 states in ecologically fragile areas such as wetlands. DOE’s Ocean Drilling Program recovered almost 2 miles of methane hydrate core off the coast of Oregon, including significant amounts of gas hydrates in sediments collected in DOE-developed pressurized containers.

30. **That the President direct the Secretary of the Interior examine land status and lease stipulation impediments to federal oil and gas leasing, and review and modify those where opportunities exist (consistent with the law, good environmental practice, and balanced use of other resources).**
- **Expedite the ongoing Energy Policy and Conservation Act study of impediments to federal oil and gas exploration and development.**
  - **Review public lands withdrawals and lease stipulations, with full public consultation, especially with the people in the region, to consider modifications where appropriate.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The Secretary of the Interior reported on land status and lease stipulation impediments to federal oil and gas leasing for five initial oil and gas basins in a study completed in January 2003. The “EPCA inventory” grouped approximately 1,000 different lease stipulations used by Federal land management agencies into three broad levels of constraint: lands where leasing is permitted under standard stipulations; lands where leasing is permitted with increasing limitations on access, principally seasonal occupancy restrictions; and lands where oil and gas leasing is prohibited. The analysis also included consideration of exceptions to stipulations granted after a review of on-the-ground conditions and the use of modern technologies such as directional drilling. The inventory results are being integrated into the land use planning and use authorization programs. Also completed was the Powder River Basin Study on coal bed methane development and the economics of produced water management. BLM field managers have been directed to look beyond the boundaries of their units to ensure that the restrictions they impose are reasonable in light of the study and practices at nearby comparable units.

31. **That the President direct the Secretary of the Interior to consider economic incentives for environmentally sound offshore oil and gas development where warranted by specific circumstances: explore opportunities for royalty reductions, consistent with ensuring a fair return to the public where warranted for enhanced oil and gas recovery; for reduction of risk associated with production in frontier areas or deep gas formations; and for development of small fields that would otherwise be uneconomic.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Gulf of Mexico lease sales offer automatic royalty relief for development in deepwater. Similar royalty relief incentives for the Beaufort Sea and Cook Inlet (Alaska OCS) were offered for the 2003 and 2004 lease

sales. Final rules have been published for supplemental royalty relief for deep water leases and for lease term extensions for subsalt exploration. In addition, a final rule was published in January 2004 that would extend royalty relief to natural gas from deep formations in shallow waters of the Gulf of Mexico for existing OCS leases issued before 2001.

32. **That the President direct the Secretaries of Commerce and the Interior to re-examine the current federal legal and policy regime to determine if changes are needed regarding energy-related activities and the siting of energy facilities in the coastal zone and on the Outer Continental Shelf (OCS).**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The Departments of Commerce and Interior issued in December 2000 a final published rule for revision of Coastal Zone Management Act (CZMA) Federal consistency regulations, and are reviewing CZMA regulations to determine if further changes are needed to provide greater clarity and predictability. In addition, DOI and DOC are working as equal partners on the Marine Protected Areas executive order. NOAA and DOI have joined in the cataloging of Marine Managed Areas (MMA) and establishment of the Marine Protected Areas Federal Advisory Committee.

33. **That the President direct the Secretary of the Interior to continue OCS oil and gas leasing and approval of exploration and development plans on predictable schedules.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. DOI completed the 5-Year OCS Oil and Gas Leasing Program for 2002-2007 in July 2002. The Program proposed up to 20 lease sales in the Gulf of Mexico and offshore Alaska. DOI's Minerals Management Service (MMS) continues to process exploration and development plans in a timely manner. The Northstar Unit produced the first federal oil from the Alaska OCS. Several exploration plans in the Eastern Gulf of Mexico have been approved and implemented leading to 4 new discoveries in the deepwater Eastern Gulf.

34. **That the President direct the Secretary of the Interior to consider additional environmentally responsible oil and gas development, based on sound science and the best available technology, through further lease sales in the National Petroleum Reserve-Alaska.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Further lease sales in the National Petroleum Reserve-Alaska (NPR-A) are ahead of schedule. BLM held a lease sale in June 2002 for the Northeast Sector of NPR-A. Winning bids totaled \$64 million on 579,000 acres. DOI also published a final rule for lease utilization, allowing operators to utilize leases to provide for efficient and environmentally sound resource recovery. BLM also finalized an EIS for the Northwest Sector of NPR-A in 2004.

35. **That the President direct the Secretary of the Interior to work with Congress to authorize exploration and, if resources are discovered, development of the 1002 Area of ANWR. Congress should require the use of the best available technology and**

**should require that activities will result in no significant adverse impact to the surrounding environment.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. The President's FY 2003 Budget and subsequent budget requests have proposed to authorize environmentally-sensitive exploration and, if resources are discovered, development of the 1002 Area of ANWR. Congress considered, but did not enact legislation that would have provided authorization for development of the 1002 Area of ANWR.

36. **That the President direct the Secretary of the Interior to work with Congress and the State of Alaska to put in place the most expeditious process for renewal of the Trans-Alaska Pipeline System rights-of-way to ensure that Alaskan oil continues to flow uninterrupted to the West Coast of the United States.**

STATUS: IMPLEMENTED. Interior Secretary Gale Norton approved a 30-year renewal of the federal right-of-way lease for the Trans-Alaska oil pipeline, effective January 23, 2004.

37. **That the President direct the Secretary of Energy to propose comprehensive electricity legislation that promotes competition, protects consumers, enhances reliability, promotes renewable energy, improves efficiency, repeals the Public Utility Holding Company Act, and reforms the Public Utility Regulatory Policies Act.**

STATUS: IMPLEMENTED IN MODIFIED FORM; LEGISLATION SUPPORTED. In both the 107<sup>th</sup> and 108<sup>th</sup> Congresses, the Administration supported comprehensive electricity reform legislation that promotes competition, protects consumers, enhances reliability, promotes renewable energy, improves energy efficiency, enhances the transmission and distribution infrastructure, repeals the Public Utility Holding Company Act of 1935, and reforms the Public Utility Regulatory Policies Act of 1978. Congress considered, but did not enact, legislation to address these important needs.

38. **That the President encourage FERC to use its existing statutory authority to promote competition and encourage investment in transmission facilities.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. FERC promotes competition and encourages investment through the use of effective market rules administered by independent grid and market managers. FERC's April 2003 White Paper on the wholesale market emphasized the need for independent transmission system and market operations, while underscoring an increasingly flexible approach to regional needs. The White Paper also highlighted other key principles to increase the benefits of wholesale electric competition for end use customers. FERC encourages the continued development of Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs) with sound market rules that reduce the costs of "seams" and inconsistent practices between regions, eliminate discriminatory or preferential practices, monitor and address the exercise of market power, and encourage new investment in the grid.

39. **That the President direct the Department of Energy to continue to develop advanced clean coal technology by:**
- **Investing \$2 billion over 10 years to fund research in clean coal technologies.**
  - **Supporting a permanent extension of the existing research and development tax credit.**
  - **Directing federal agencies to explore regulatory approaches that will encourage advancements in environmental technology.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Including the funds proposed for clean coal technology programs contained in the President's FY 2005 budget request, the Administration is on track to exceed the President's commitment to clean coal funding. This includes the FutureGen project, a \$1 billion cost-shared project with the private sector to build and operate the world's first coal-fired power and hydrogen producing plant with near-zero emissions. The President's FY 2005 Budget also recommended permanent extension of the R&D investment tax credit. Finally, the President's Clear Skies legislation largely eliminates the need for traditional new source review for power plants, an impediment to environmental technology investments.

40. **That the President direct federal agencies to provide greater regulatory certainty relating to coal electricity generation through clear policies that are easily applied to business decisions.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Using a proven, market-based approach that can save American consumers millions of dollars in compliance costs, the Bush Administration's Clear Skies proposal will cut air pollution emissions from electric power plants by approximately 70 percent over 15 years. This historic proposal will bring cleaner air to Americans faster, more reliably, and more cost-effectively than under current law, and it would also, for the first time, reduce emissions of mercury from electric power plants. This legislation, if enacted into law, could provide a more certain regulatory environment and encourage new investments by assuring a future for coal electricity generation in our Nation's energy mix.

41. **That the President support the expansion of nuclear energy in the United States as a major component of our national energy policy. Following are specific components of the recommendation:**
- **Encourage the Nuclear Regulatory Commission (NRC) to ensure that safety and environmental protection are high priorities as they prepare to evaluate and expedite applications for licensing new advanced-technology nuclear reactors.**
  - **Encourage the NRC to facilitate efforts by utilities to expand nuclear energy generation in the United States by uprating existing nuclear plants safely.**
  - **Encourage the NRC to relicense existing nuclear plants that meet or exceed safety standards.**
  - **Direct the Secretary of Energy and the Administrator of the Environmental Protection Agency to assess the potential of nuclear energy to improve air quality.**
  - **Increase resources as necessary for nuclear safety enforcement in light of the potential increase in generation.**

- **Use the best science to provide a deep geologic repository for nuclear waste.**
- **Support legislation clarifying that qualified funds set aside by plant owners for eventual decommissioning will not be taxed as part of the transaction.**
- **Support legislation to extend the Price–Anderson Act.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. The Nuclear Regulatory Commission (NRC) continues to review current regulatory requirements and procedures that will be applicable to new plant licensing to ensure that they are safe, environmentally protective, streamlined and consistent with more recent operating history. Through DOE’s Nuclear Power 2010 program, the Administration is funding demonstrations using the new NRC expedited licensing process for new nuclear plants. In the last 15 years, the NRC has approved almost 90 power uprates which represent an additional 3,700 megawatts electric (MWe) on the electrical grid or an equivalent of almost four “additional” nuclear power plants. Applications for future uprates totaling just over 1,000 MWe are pending before the NRC. The NRC has issued renewed licenses for 30 units at 14 sites and has license renewal applications under review for another 16 units at 8 sites. Following Congressional approval of the Yucca Mountain repository, DOE has advanced the process of designing, licensing, and developing the site. The NRC is undertaking an independent site review, and DOE plans to file a license application with the NRC in 2005. The President’s FY 2003 Budget and subsequent budget requests have proposed to clarify the tax-free status of funds that are set aside for eventual decommissioning of nuclear plants. Congress has considered, but has not yet enacted, legislation that would have included this clarification or to provide a long-term extension of the Price-Anderson Act.

42. **That, in the context of developing advanced nuclear fuel cycles and next generation technologies for nuclear energy, the United States should reexamine its policies to allow for research, development and deployment of fuel conditioning methods (such as pyroprocessing) that reduce waste streams and enhance proliferation resistance.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. DOE’s Advanced Fuel Cycle Initiative (AFCI) program develops advanced fuel cycle technologies, which include spent fuel treatment, advanced fuels, and transmutation technologies, for application to current operating commercial reactors, advanced light water reactors, and Generation IV nuclear energy systems.

43. **The United States should consider technologies (in collaboration with international partners with highly developed fuel cycles and a record of close cooperation) to develop reprocessing and fuel treatment technologies that are cleaner, more efficient, less waste-intensive, and more proliferation-resistant.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Considerable expertise in nuclear fuel-cycle technologies has been developed internationally, and the potential for significant cooperation and collaboration is very high. DOE is currently collaborating with France, Switzerland, the European Commission, and the Republic of Korea in separations, fuels, transmutation, and test facilities. Other potential international partners



include Japan, South Africa, Canada, and Brazil.

44. **That the President encourage the Federal Energy Regulatory Commission (FERC) and direct federal resource agencies make the hydropower licensing process more clear and efficient, while preserving environmental goals.**
- **Support administrative and legislative reform of the hydropower licensing process.**
  - **Direct federal resource agencies to reach interagency agreement on conflicting mandatory license conditions before they submit their conditions to FERC for inclusion in a license.**
  - **Encourage FERC to adopt appropriate deadlines for its own actions during the licensing process.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING; LEGISLATION SUPPORTED. In 2002, following consultation with stakeholders and other Federal agencies, FERC developed a new, more efficient, Integrated Licensing Process (ILP) for the licensing of hydropower dams. To date, seven projects have elected to use the ILP process. Through these individual cases, the Commission has identified ways of further reducing the redundancies related to Commission and state environmental reviews. In addition, in September 2004, the Departments of Commerce and the Interior proposed to codify their existing mandatory condition review process (MCRP) consistent with FERC's ILP, and DOI also proposed an administrative appeals process. The Administration has generally supported legislative initiatives to carry out this NEP recommendation.

## **Chapter 6**

45. **That the President direct the Secretaries of the Interior and Energy to re-evaluate access limitations to federal lands in order to increase renewable energy production, such as biomass, wind, geothermal, and solar.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. DOI and DOE hosted two renewable energy conferences to provide a public forum to share ideas on increasing renewable energy development on Federal lands. Information garnered at these conferences was published in August 2002 in an interagency report entitled "White House Report in Response to the National Energy Policy Recommendations to Increase Renewable Energy Production on Federal Lands". In October 2002, BLM issued its Wind Policy to expedite the development of wind resources on public lands. In February 2003, BLM and NREL issued a joint report, "Assessing the Potential for Renewable Energy on Public Lands," that will help federal land managers make decisions on prioritizing land-use activities that will increase development of renewable energy resources on BLM, Tribal and Forest Service lands in the West (except Alaska). NREL also is preparing an assessment of wind and solar energy potential on National Forest Service lands that should be ready later this year.

46. **Support the increase of \$39.2 million in the FY 2002 budget amendment for the Department of Energy's Energy Supply account that would provide increased**

**support for research and development of renewable energy resources.**

STATUS: IMPLEMENTED. For fiscal year 2002, the total budget request for DOE's Energy Supply account, including renewable energy and related technologies, was \$276.6 million. This figure included the original budget request of \$237.5 million and the supplemental request of \$39.2 million recommended in the NEP. Comparable figures for fiscal years 2003 and 2004 were \$408 million and \$444 million, respectively.

47. **That the President direct the Secretary of Energy to conduct a review of current funding and historic performance of renewable energy and alternative energy research and development programs in light of the recommendations of this report (the NEP). Based on this review, the Secretary of Energy is then directed to propose appropriate funding of those research and development programs that are performance-based and are modeled as public-private partnerships.**

STATUS: IMPLEMENTED. Program activities within DOE's Office of Energy Efficiency and Renewable Energy are conducted in partnership with the private sector, state and local government, DOE national laboratories, and universities. In July 2002, after a review of past funding and performance, EERE was reorganized to strengthen its focus on programs and these public-private partnerships. This reorganization, "Focused on Results: Streamlining and Integrating Program and Business Management for Better Performance," is designed to create a more responsive performance-based R&D effort. The results of this reorganization have been reflected in recent budget submissions.

48. **That the President direct the Secretary of the Treasury to work with Congress on legislation to expand the section 29 tax credit to make it available for new landfill methane projects.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. The President's FY 2003 Budget and subsequent budget requests have each proposed a tax credit for new landfill methane projects. Congress considered, but did not enact, legislation that would have provided such a tax credit. However, landfill methane projects were included in the extension of the tax credit for renewable electricity contained in the corporate tax bill (P.L. 108-357) signed into law by the President in October 2004.

49. **That the President direct the Secretary of the Interior to determine ways to reduce the delays in geothermal lease processing as part of the permitting review process.**

STATUS: IMPLEMENTED. Since 2001, the BLM has issued more than 200 new geothermal leases, a 1000% increase over the previous 4 years. In 2001, BLM-Nevada issued an action plan for expediting the processing of geothermal leases. To help identify new candidate sites for geothermal development, BLM and DOE completed a collaborative resource assessment and prepared a report, "Opportunities for Near-Term Geothermal Development on Public Lands in the Western United States," issued in April 2003. The report identifies 35 top-pick BLM sites in 18 planning units in 6 states as having high potential for near-term geothermal development.

50. **That the President direct the Administrator of the Environmental Protection Agency to develop a new renewable energy partnership program to help companies more easily buy renewable energy, as well as receive recognition for the environmental benefits of their purchase, and help consumers by promoting consumer choice programs that increase their knowledge about the environmental benefits of purchasing renewable energy.**

STATUS: IMPLEMENTED. In 2001, EPA launched the Green Power Marketing program with 21 charter members. The Green Power Partnership encourages organizations to use renewable energy as a part of best-practice environmental management. The program now boasts 600 partners – including Fortune 500 companies, federal agencies, State and local governments, non-governmental organizations, and universities – committed to purchase some 2 billion kWh of electricity from “Green Power” sources. EPA also has developed a Green Power website, a comprehensive procurement guide and an online Green Power Locator to help consumers find green power suppliers.

51. **That the President direct the Secretary of the Treasury to work with Congress on legislation to extend and expand tax credits for electricity produced using wind and biomass.**

STATUS: IMPLEMENTED; LEGISLATION ENACTED. The President’s FY 2003 Budget and subsequent budget requests have each proposed extending and expanding the current Section 45 tax credit for electricity produced from certain renewable sources such as wind, solar, and biomass. Congress considered, but did not enact, legislation that would have provided such a tax credit. A one-year extension of the tax credit for renewable electricity was contained in the corporate tax bill (P.L. 108-357) signed into law by the President in October 2004.

52. **That the President direct the Secretary of the Treasury work with Congress on legislation to provide a new 15 percent tax credit for residential solar energy property, up to a maximum credit of \$2,000.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. The President’s FY 2003 Budget and subsequent budget requests have each proposed a tax credit for residential solar energy investments. Congress considered, but did not enact, legislation that would have provided such a tax credit.

53. **That the President direct the Secretaries of the Interior and Energy to work with Congress on legislation to use an estimated \$1.2 billion of bid bonuses from the environmentally responsible leasing of ANWR for funding research into alternative and renewable energy resources, including wind, solar, geothermal, and biomass.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. The President’s FY 2003-2005 Budgets have each proposed using ANWR bid bonuses to fund renewable energy

R&D activities. Congress considered, but did not enact, legislation that would have opened ANWR to environmentally responsible development.

54. **That the President direct the Secretary of the Treasury to work with Congress to continue the ethanol excise tax exemption.**

STATUS: IMPLEMENTED; LEGISLATION ENACTED. The President's FY 2003 Budget and subsequent budget requests have each proposed to continue the ethanol excise tax exemption. Extension of this tax exemption was contained in the corporate tax bill (P.L. 108-357) signed into law by the President in October 2004.

55. **That the Secretary of Energy develop next-generation technology—including hydrogen and fusion.**

- **Develop an education campaign that communicates the benefits of alternative forms of energy, including hydrogen and fusion.**
- **Focus research and development efforts on integrating current programs regarding hydrogen, fuel cells, and distributed energy.**
- **Support legislation reauthorizing the Hydrogen Energy Act.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. In his January 2003 State of the Union address, President Bush announced a \$1.2 billion Hydrogen Fuel Initiative to develop the technologies and infrastructure to produce, store, and distribute hydrogen for use in fuel cell vehicles and distributed electricity generation. Combined with the FreedomCAR Partnership, President Bush is proposing a total of \$1.7 billion over five years to develop hydrogen-powered fuel cells, hydrogen infrastructure, and advanced automotive technologies.

To implement internationally the goals of President Bush's FreedomCAR and Hydrogen Fuel Initiatives, the United States hosted the first Ministerial meeting of the International Partnership for the Hydrogen Economy (IPHE) in November 2003. The IPHE's 15 nations and the EU are working to advance research, development, and deployment of hydrogen and fuel cell technologies, and to develop common codes and standards for hydrogen use.

DOE has developed extensive web-based material to educate the public on alternative forms of energy, including hydrogen and fusion. In addition, in October 2003, DOE launched an effort to introduce science students across the country to the promise of hydrogen and fuel cell technology. Through the program, students of all ages will be introduced to the basic concepts and principles of hydrogen-based energy in fun and creative ways to interest them in the vision of a hydrogen economy. DOE prepared extensive testimony and documentation in support of proposed legislation to reauthorize the Hydrogen Future Act as a part of any comprehensive national energy legislation.

Also, in 2003, President Bush announced that the U.S. was rejoining negotiations on the International Thermonuclear Experimental Reactor, a research project to develop nuclear fusion's potential as a future energy source.

56. **That the President direct the Secretary of the Treasury to work with Congress to develop legislation to provide for a temporary income tax credit available for the purchase of new hybrid or fuel-cell vehicles between 2002 and 2007.**

STATUS: IMPLEMENTED; LEGISLATION PROPOSED. The President's FY 2003 Budget and subsequent budget requests have each proposed a tax credit for hybrid and fuel cell vehicles. Congress considered, but did not enact, legislation that would have established this tax credit.

57. **That the President direct the Administrator of the Environmental Protection Agency to issue guidance to encourage the development of well-designed combined heat and power (CHP) units that are both highly efficient and have low emissions.**

STATUS: IMPLEMENTED. In 2001, DOE and EPA issued a stakeholder roadmap for CHP and established the Distributed Generation Emissions Collaborative, composed of DOE, EPA, states, and Industry, to address state emission requirements for CHP facilities. DOE and EPA have worked together to organize regional CHP Initiatives for most regions of the country to foster the use of CHP, develop tools and services to support the development of new projects, and address permitting and other barriers within their regions. Several states have issued permitting rules or are drafting permitting rules that address CHP. EPA has developed a handbook, "Output-based Regulations: A Handbook for Regulators," to assist air regulators in developing emissions regulations that recognize the pollution prevention benefits of efficient energy generation, like CHP, and renewable energy technologies.

## Chapter 7

58. **That the President direct the Secretary of Energy to work with the Federal Energy Regulatory Commission (FERC) to improve the reliability of the interstate transmission system and to develop legislation providing for enforcement by a self-regulatory organization subject to FERC oversight.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING, LEGISLATION SUPPORTED. The President has repeatedly called on Congress to develop legislation that would improve the reliability of the interstate electric transmission system by providing for enforcement by a self-regulatory organization subject to FERC oversight. The FERC and DOE worked together on the U.S. Canada Power System Outage Task Force, which investigated the August 2003 blackout and recommended that Congress make reliability standards mandatory and enforceable, with penalties for noncompliance. DOE's newly created Office of Electric Transmission and Distribution is working with reliability experts from the power industry, state governments, and their Canadian counterparts to improve grid reliability and increase investment in our electric infrastructure. For example, following the August 2003 blackout, DOE's Transmission Reliability Program accelerated efforts to install real-time grid early warning equipment and software in the Eastern United States.

59. **That the President direct the Secretary of Energy to expand the Department's research and development on transmission reliability and superconductivity.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Through its electricity transmission and distribution R&D activities, DOE supports superconductivity and breakthrough grid reliability technologies. The President's FY 2005 budget sought \$45 million for these programs, up from a FY 2003 request of \$32.3 million. With DOE funding support, two American firms, American Superconductor Corp. and IGC Superpower, announced in March 2004 world-record performance in its second generation high temperature superconductor (HTS) wire. The companies reported that the electrical current carrying capacity of its new wire is now twice that of the best industrial HTS wires anywhere in the world, and 50 percent higher than previous results.

60. **That the President direct the Secretary of Energy to authorize the Western Area Power Administration to explore relieving the "Path 15" bottleneck through transmission expansion financed by nonfederal contributions.**

STATUS: IMPLEMENTED. A transmission line to relieve the California "Path 15" bottleneck was energized on December 14, 2004, following considerable facilitation from DOE and FERC, which approved an incentive rate agreement among users providing for the recovery of the upgrade costs borne by the private sector.

61. **That the President direct the appropriate federal agencies to take actions to remove constraints on the interstate transmission grid and allow our nation's electricity supply to meet the growing needs of our economy.**

- **Direct the Secretary of Energy, by December 31, 2001, to examine the benefits of establishing a national grid, identify transmission bottlenecks, and identify measures to remove transmission bottlenecks.**
- **Direct the Secretary of Energy to work with FERC to relieve transmission constraints by encouraging the use of incentive rate-making proposals.**
- **Direct the federal utilities to determine whether transmission expansions are necessary to remove constraints. The Administration should review the Bonneville Power Administration's (BPA's) capital and financing requirements in the context of its membership in a regional RTO, and if additional Treasury financing appears warranted or necessary in the future, the Administration should seek an increase in BPA's borrowing authority at that time.**
- **Direct the Secretary of Energy, in consultation with appropriate federal agencies and state and local government officials, to develop legislation to grant authority to obtain rights-of-way for electricity transmission lines, with the goal of creating a reliable national transmission grid. Similar authority already exists for natural gas pipelines in recognition of their role in interstate commerce.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. In May 2002, DOE provided the President with the National Transmission Grid Study, which made 51 recommendations to facilitate investment in the Nation's transmission infrastructure to improve reliability and reduce electricity costs to consumers. Following completion of the study, DOE and FERC

worked to develop incentive rate proposals, including higher rates of return for new grid investments, for investments in new technologies and sophisticated grid operating practices, and for grid owners who join an RTO and let that organization operate the grid. FERC has since issued a Proposed Pricing Policy for public comment. DOE also started a process to identify and make known “National Interest Transmission Bottlenecks” that need to be addressed.

In July 2003, FERC approved standardized procedures and agreements for the interconnection of electricity generators (larger than 20 megawatts) to the interstate transmission grid. In November 2003, FERC issued market behavior rules to help prevent market abuse, provide a more stable marketplace, and create an environment that will attract investment capital in the electricity and natural gas sectors, and in April 2004, FERC adopted new methods to assess “market power” in the electric sector and clarified its standards of conduct that govern the relationship between transmission providers and their energy affiliates.

In both the 107<sup>th</sup> and 108<sup>th</sup> Congresses, the Administration supported comprehensive electricity reform legislation that would have established last-resort Federal siting authority for high-priority transmission lines. Congress considered, but did not enact, legislation to address this important need.

62. **That the President direct the Secretary of the Interior to work with Congress and the State of Alaska to put in place the most expeditious process for renewal of the Trans-Alaskan Pipeline System lease to ensure that Alaska oil continues to flow uninterrupted to the West Coast of the United States.**

STATUS: IMPLEMENTED. Interior Secretary Gale Norton approved a 30-year renewal of the federal right-of-way lease for the Trans-Alaska oil pipeline bringing that oil to Port Valdez, effective January 23, 2004.

63. **That the President direct the Secretaries of Energy and State, coordinating with the Secretary of the Interior and the Federal Energy Regulatory Commission, to work closely with Canada, the State of Alaska, and all other interested parties to expedite the construction of a pipeline to deliver natural gas to the lower 48 states. This should include proposing to Congress any changes or waivers of law pursuant to the Alaska Natural Gas Transportation Act of 1976 that may be required.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING; LEGISLATION ENACTED. An interagency working group including FERC, DOE, EPA, and DHS was convened in July 2001 and continues to meet regularly to facilitate interagency coordination. In April 2004, the President signed Executive Order No. 13337, which updated the Secretary of State’s authority to issue Presidential Permits for cross-border petroleum or natural gas pipelines after consultation with DOE, EPA, DHS, and other agencies. In October 2004, Congress enacted and the President approved the Alaska Natural Gas Pipeline Act (P.L. 108-324) to expedite and streamline federal permitting for an Alaska natural gas pipeline and authorize \$18 billion in federal loan guarantees for the project.

64. **That the President support legislation to improve the safety of natural gas pipelines, protect the environment, and strengthen emergency preparedness and inspections and bolster enforcement.**

STATUS: IMPLEMENTED; LEGISLATION ENACTED. In December 2002, the President signed into law the Pipeline Safety Improvement Act of 2002 (P.L. 107-355), which will improve the safety of natural gas pipelines, protect the environment, and strengthen emergency preparedness and inspections and bolster enforcement.

65. **That the President direct agencies to continue their interagency efforts to improve pipeline safety and expedite pipeline permitting in an environmentally sound manner and to consider improvements in the regulatory process governing approval of interstate natural gas pipeline projects.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. DOT has led cooperative action to implement provisions of the Pipeline Safety Improvement Act of 2002, finalizing gas integrity management regulations, developing standards to evaluate operator qualification, reviewing gas integrity management plans, and inspecting operator qualification plans. DOT and other agencies are cooperating to implement the legislation through the development of an interagency Memorandum of Understanding that provides for expedited permit reviews for repair instances where best management practices are applied. Through use of the NEPA pre-filing process, FERC has reduced the time for permitting a major pipeline from 16 months or longer to as few as 9 months.

66. **That the President direct the Administrator of the EPA to study opportunities to maintain or improve the environmental benefits of state and local “boutique” clean fuel programs while exploring ways to increase the flexibility of the fuels distribution infrastructure, improve fungibility, and provide added gasoline market liquidity. In concluding this study, the Administrator shall consult with the Departments of Energy and Agriculture, and other agencies as needed.**

STATUS: IMPLEMENTED. Following extensive interagency consultation, EPA completed a series of analyses of “boutique fuel” issues in October 2001, resulting in a report to the President. The report identified several regulatory changes that can be made in the near term that could help to moderate gasoline price spikes during future transition periods when fuel producers switch from winter to summer grade cleaner-burning gasoline. The report also sought public comment on longer-term changes to EPA’s fuels programs. These changes may require amendments to the Clean Air Act or wide-scale changes to current fuel regulations. Congress considered, but did not enact, legislation that would have addressed this issue.

67. **That the President direct the Administrator of the Environmental Protection Agency and the Secretary of Energy take steps to ensure America has adequate refining capacity to meet the needs of consumers.**



- **Provide more regulatory certainty to refinery owners and streamline the permitting process where possible to ensure that regulatory overlap is limited.**
- **Adopt comprehensive regulations (covering more than one pollutant and requirement) and consider the rules' cumulative impacts and benefits.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. In 2002, EPA released a background paper on impacts of the New Source Review (NSR) program on power plants, refineries, and energy efficiency; held four public “hearings”; toured communities near refineries in Lake Charles, Louisiana and Houston. EPA finalized rules to implement several improvements to the NSR program, including “Plant Applicability Limits”, that will make it easier for refineries to upgrade or expand their facilities while maintaining stringent environmental standards. The Executive Order 13212 Task Force is currently reviewing opportunities to simplify and expedite the refinery permitting process by working collaboratively with Federal agencies, states and local communities to eliminate regulatory delay or overlap.

68. **That the President direct the Administrator of the Environmental Protection Agency, in consultation with the Secretary of Energy and other relevant agencies, to review New Source Review regulations, including administrative interpretation and implementation, and report to the President within 90 days on the impact of the regulations on investment in new utility and refinery generation capacity, energy efficiency, and environmental protection.**

STATUS: IMPLEMENTED. Following several public outreach meetings, EPA sent to the President in June 2002 a final report on its review of the NSR program. EPA has since issued modifications to the NSR program to facilitate power plant and refinery maintenance, enabling safety and efficiency improvements to move forward without penalizing industry and the consumers who need affordable electric power and refined fuels, while also preserving air quality.

69. **That the President direct the Attorney General to review existing enforcement actions regarding New Source Review to ensure the enforcement actions are consistent with the Clean Air Act and its regulations.**

STATUS: IMPLEMENTED. In January 2002, the Justice Department reviewed the applicable law, agency actions, and representative pleadings and concluded that the EPA’s New Source Review enforcement actions were consistent with the Clean Air Act and its regulations. DOJ concluded that EPA’s civil actions to enforce the NSR provisions of the Clean Air Act were supported by a reasonable basis in law and fact.

70. **Support the President’s budget proposal to provide \$8 million to maintain the two-million-barrel Northeast Heating Oil Reserve.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. During its first two years, the Bush Administration requested and received \$8 million annually for maintenance of the Northeast Home Heating Oil Reserve (NHHOR). Since then, DOE has cut costs and only

requires funding around \$5 million per year to maintain the NHHOR. Leases have been signed to ensure continued storage of 2 million barrels in New Haven, Connecticut, Woodbridge, New Jersey, and Providence, Rhode Island, with options to extend for up to four additional years.

## **Chapter 8**

71. **That the President make energy security a priority of our trade and foreign policy.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The President has made energy security a priority of our trade and foreign policy through various bilateral and multilateral dialogues, initiatives and activities. Examples of these activities include the U.S.-China Oil and Gas Industry Forum, the International Partnership for the Hydrogen Economy, the Carbon Sequestration Leadership Forum, the U.S.-Russia Commercial Energy Dialogue, the U.S.-Russia Energy Working Group, and the U.S.-African Energy Ministerial process.

72. **That the President support initiatives by Saudi Arabia, Kuwait, Algeria, Qatar, the UAE, and other suppliers to open up areas of their energy sectors to foreign investment.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Senior officials from the Departments of State, Energy, and Commerce have been engaged to support initiatives by Saudi Arabia (Gas Initiative), Kuwait (Northern Oilfields), Qatar (LNG), and Algeria (LNG). The United States is active in the International Energy Forum (IEF) and uses these and other fora to consult with energy ministers on trade and investment and to advocate energy sector liberalization. Specifically, the Department of Energy has reestablished U.S.-Saudi bilateral consultations and assisted Algeria in the creation of New Energy Algeria, a renewable energy venture intended to attract U.S. and other foreign investment and technology with up to 70 percent foreign ownership.

73. **That the President direct the Secretaries of State, Energy and Commerce to work to improve dialogue among energy-producing and consuming nations.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Multilaterally, the United States actively participates in Ministerial-level meetings of the IEF to exchange views on key energy issues. Other important dialogues initiated by President Bush are the U.S.-U.K. Energy Dialogue, U.S.-Russia Energy Working Group, and the North American Energy Working Group. The United States continues to support the Joint Oil Data Initiative (JODI), a joint activity launched by the Asia Pacific Energy Research Center, the statistics office of the European Union, IEA, the Latin-American Energy Organization, the Organization of the Petroleum Exporting Countries, and the United Nations Statistical Division as an effort to improve the quality and transparency of international oil statistics.

74. **That the President direct the Secretaries of State, Commerce and Energy to continue supporting American energy firms competing in markets abroad and use our**

**membership in multilateral organizations, such as the Asia-Pacific Economic Cooperation (APEC) forum, the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO) Energy Services Negotiations, the Free Trade Area of the Americas (FTAA), and our bilateral relationships to implement a system of clear, open, and transparent rules and procedures governing foreign investment; to level the playing field for U.S. companies overseas; and to reduce barriers to trade and investment.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Through bilateral commercial policy fora (U.S.-China Oil and Gas Industry Forum, U.S.-Russia Commercial Energy Summits, North American Energy Working Group, etc.), and through leadership and participation in multilateral organizations (APEC, WTO, etc.), the Federal agencies are working to create a level and transparent playing field for U.S. companies (e.g. promoting best practices for LNG trade and financing of cleaner and more efficient energy among APEC members).

75. **That the President direct the Secretaries of Commerce and Energy, and the U.S. Trade Representative to support a sectoral trade initiative to expand investment and trade in energy-related goods and services that will enhance exploration, production, and refining, as well as the development of new technologies.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The Department of Commerce's Office of Energy has led missions to support expanded investment and trade in energy-related goods and services that enhance exploration, production, and refining, as well as the commercialization of new energy technologies. The Industry Trade Advisory Committee on Energy and Energy Services (ITAC 6), a Federal advisory group composed of U.S. private sector energy industry representatives and overseen by Commerce and the Office of the U.S. Trade Representative (USTR), bolsters Commerce and USTR's work in these areas by providing ongoing advice on global energy trade, investment, and market access policy matters.

DOE efforts have focused on regional (e.g., Sixth Western Hemisphere Energy Ministers Meeting) and energy sector-specific activities (e.g., Oil and Gas Services and Equipment Trade Mission to Sakhalin Island, Russia) such as investment and trade in energy-related goods and services enhancing exploration, production, refining and new technologies with China, Russia, UK, Angola, Kazakhstan, and other key energy markets. DOE and State participated in a meeting of the US-UK Energy Dialogue in February 2004. The Dialogue's Commercial Working Group, led by Commerce, sponsored a Clean Coal Technology Reverse Trade Mission in June 2003. The Departments of Commerce, State, and Energy also regularly participate in Free Trade Agreement negotiations (e.g., Australia and Morocco).

76. **That the President direct the Secretaries of State, Treasury, and Commerce to initiate a comprehensive review of sanctions. Energy security should be one of the factors considered in such a review.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The United States has liberalized trade and investment sanctions with respect to Libya and Iraq and other sanctions are under continuous review. Energy security is generally one of the factors considered in such a review. While the actions related to Iraq and Libya offer the potential to improve energy security, these steps were not taken on the basis of energy security considerations.

77. **That the President direct the Secretaries of State, Commerce, and Energy to engage in a dialogue through the North American Energy Working Group to develop closer energy integration among Canada, Mexico, and the United States and identify areas of cooperation, fully consistent with the countries' respective sovereignties.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The North American Energy Working Group (NAEWG) was created to increase U.S., Canadian and Mexican energy cooperation and enhance the energy and economic security of North America. The group has worked together to further integrate and strengthen North American energy markets by overcoming policy and technical obstacles to increased energy production and delivery. NAEWG technical discussions have occurred in working groups covering energy markets, electricity, energy efficiency, science and technology, and infrastructure security.

78. **That the President direct the Secretaries of Energy and State, in consultation with the Federal Energy Regulatory Commission, to review their respective oil, natural gas, and electricity cross-boundary "Presidential Permitting" authorities, and to propose reforms as necessary in order to make their own regulatory regimes more compatible for cross-border trade.**

STATUS: IMPLEMENTED. In April 2004, the President signed Executive Order 13337, which updated the Secretary of State's authority to issue Presidential Permits for cross-border petroleum pipelines in consultation with DOE, EPA, DHS, and other appropriate agencies.

79. **That the President direct the Secretaries of Energy and State, coordinating with the Secretary of the Interior and Federal Energy Regulatory Commission, to work closely with Canada, the State of Alaska, and all other interested parties to expedite the construction of a pipeline to deliver natural gas to the lower 48 states. This should include proposing to Congress any changes or waivers of law pursuant to the Alaska Natural Gas Transportation Act of 1976 that may be required.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING; LEGISLATION ENACTED. An interagency working group including FERC, DOE, EPA, and DHS was convened in July 2001 and continues to meet regularly to facilitate interagency coordination. In April 2004, the President signed Executive Order No. 13337, which updated the Secretary of State's authority to issue Presidential Permits for cross-border petroleum or natural gas pipelines after consultation with DOE, EPA, DHS, and other agencies. In October 2004, Congress enacted and the President approved the Alaska Natural Gas Pipeline Act (P.L. 108-324) to expedite and streamline federal permitting for an Alaska natural gas pipeline

and authorize \$18 billion in federal loan guarantees for the project.

80. **That the President direct the Secretaries of State and Commerce to conclude negotiations with Venezuela on a Bilateral Investment Treaty, and propose formal energy consultations with Brazil, to improve the energy investment climate for the growing level of energy investment flows between the United States and each of these countries.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. In 2001, an interagency group from the United States met with their Venezuelan counterparts and discussed terms for the possible re-initiation of Bilateral Investment Treaty (BIT) negotiations. The interagency group also met with private sector and Venezuelan government representatives on the Venezuela hydrocarbons law, and held bilateral energy consultations with Venezuelan officials in Caracas in 2001, and in Washington in 2001 and 2003. There have been no further official contacts with Venezuela on these issues since 2003 because of concerns over the political and investment climate in Venezuela.

In December 2003, a DOE team visited Brazil to identify areas of cooperation in the permitting of oil and gas exploration and production activities. DOE Secretary Abraham and Brazilian Energy Minister Rousseff signed an MOU on June 20, 2003, to establish a mechanism for consultations on energy cooperation. In addition to continuing collaboration in energy science and technology, the MOU established a mechanism for consultations on issues of mutual interest such as energy planning, analysis, trade and investment. DOE and FERC teams visited Brazil and held discussions on energy planning and information collection; and regulatory experiences and practices. DOE and the Brazilian Ministry of Mines and Energy co-hosted an Energy Investment Symposium on November 21, 2003, in Washington for U.S. companies investing in Brazil.

81. **That the President direct the Secretaries of Energy, Commerce, and State to work through the Summit of the Americas Hemispheric Energy Initiative to develop effective and stable regulatory frameworks and foster reliable supply sources of all fuels within the region.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The sixth Western Hemisphere Energy Ministers Meeting was held in Trinidad on April 19-21, 2004. The theme was enhancing hemispheric energy security and cooperation through agreement on actions to increase oil and gas development and trade, including the development of stable markets.

82. **That the President direct the Secretaries of State, Energy, and Commerce to reinvigorate the U.S.-Africa Trade and Economic Cooperation Forum and the U.S.-African Energy Ministerial process; deepen bilateral and multilateral engagement to promote a more receptive environment for U.S. oil and gas trade, investment, and operations; and promote geographic diversification of energy supplies, addressing such issues as transparency, sanctity of contracts, and security.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Senior Administration officials

met with African government officials twice in 2003 to reinvigorate the U.S.-Africa Trade and Economic Cooperation Forum. A similar meeting was held for the U.S.-African Energy Ministerial process in Casablanca in June 2002, and another meeting will be held in Senegal in 2005. Participating officials include those from Angola, Cameroon, Democratic Republic of Congo, Equatorial Guinea, Morocco, Algeria, South Africa, and Republic of Congo-Brazzaville. Ongoing programs include cooperation with: Nigeria on privatization reforms, transparency, increased access to energy, and regional integration; Angola and Equatorial Guinea on policy reforms and oil and gas development; South Africa on renewable energy, nuclear energy, and electricity and natural gas regulatory training; Botswana on clean coal technology; Ghana on energy policy; Kenya on geothermal; and Uganda on commercialization of solar ovens.

83. **That the President direct the Secretaries of State, Energy, and Commerce to recast the Joint Economic Partnership Committee with Nigeria to improve the climate for U.S. oil and gas trade, investment, and operations and to advance our shared energy interests.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. DOE has established a comprehensive energy reform and technical assistance program with Nigeria, which included assignment of a senior energy advisor in Abuja, implementation of price liberalization, and development of a draft natural gas strategy in 2002. Other activities have included advocacy support on sanctity of contracts and investment issues, assistance for advanced power sector reform and natural gas policy development, and ongoing programs on privatization reforms, increased access to energy, and regional integration.

84. **That the President direct the Secretaries of State, Energy, and Commerce to support more transparent, accountable, and responsible use of oil resources in African producer countries to enhance the stability and security of trade and investment environments.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The Administration has pursued stronger bilateral ties, geographic diversification of energy sources, growing oil and gas trade with the U.S, good governance, free markets, rule of law, and stable regulatory structures in African producing countries. For example, Nigeria, Africa's largest energy producer, has publicly committed to the G-8 Transparency and Anticorruption Compact in 2004, and to the Extractive Industries Transparency Initiative, which aims for effective and transparent use of oil revenues to fund development.

85. **That the President direct the Secretaries of State, Commerce, and Energy to support the BTC oil pipeline as it demonstrates its commercial viability.**

STATUS: IMPLEMENTED. Construction on the \$3.2 billion BTC pipeline began in April 2003 and should be completed on schedule in 2005. OPIC has approved up to \$125 million in political risk insurance for the project and the Export-Import Bank approved financing for up to \$160 million.

86. **That the President direct the Secretaries of Commerce, State, and Energy to continue working with relevant companies and countries to establish the commercial conditions that will allow oil companies operating in Kazakhstan the option of exporting their oil via the BTC pipeline.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The United States has signed an Energy Partnership Declaration with Kazakhstan that will help develop a stable and transparent legal and regulatory climate for the development of the energy sector. The Administration has promoted a market environment that will allow Kazakh oil companies the option of exporting their oil via the BTC pipeline, facilitating discussions between Azerbaijan and Kazakhstan to move Kazakh oil through the BTC system.

87. **That the President direct the Secretaries of State, Commerce, and Energy to support the efforts of private investors and regional governments to develop the Shah Deniz gas pipeline as a way to help Turkey and Georgia diversify their natural gas supplies and help Azerbaijan export its gas via a pipeline that will continue diversification and secure energy supply routes.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The Bush Administration has promoted the Shah Deniz gas pipeline (now known as the “South Caucasus” gas pipeline) that will run along the BTC route. The \$1 billion Shah Deniz project and the BTC project will provide alternate energy supply routes to market for Caspian energy resources, providing regional stability and much-needed transit revenues for the participating countries. With U.S. encouragement, Georgia, Azerbaijan and Turkey have ratified an agreement to construct the pipeline. Construction has started and completion is expected at the end of 2006.

88. **That the President direct the appropriate federal agencies to complete the current cycle of oil spill response readiness workshops and consider further appropriate steps to ensure the implementation of the workshops’ recommendations.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The Administration co-sponsored an April 2002 oil spill response workshop in Kazakhstan, co-sponsored in June 2001 the newly launched Black and Caspian Sea Environmental Information website, and co-hosted a meeting of marine scientists from the five Caspian nations in August 2001. In 2003 Secretary Abraham signed a Statement of Intent to cooperate with Russia on oil spill response, with a first workshop held in Moscow in December 2003. Under the U.S.-Russia Energy Working Group, the U.S. signed a Protocol on Oil Spill Response cooperation with Russia. DOE and the Navy will hold a desktop exercise to test the regional oil spill response plan developed by the Black Sea states upon availability of funds.

89. **That the President direct the Secretary of State to encourage Greece and Turkey to link their gas pipeline system to allow European consumers to diversify their gas supplies by purchasing Caspian gas.**

STATUS: IMPLEMENTED. With U.S. encouragement, Greece and Turkey signed an agreement in December 2003 to build a natural gas pipeline connecting the two countries. By 2006, the Greek-Turkish interconnector should deliver 500 million cubic meters of natural gas from Azerbaijan to Greece via Turkey.

90. **That the President direct the Secretaries of Commerce, Energy, and State to deepen their commercial dialogue with Kazakhstan, Azerbaijan, and other Caspian states to provide a strong, transparent, and stable business climate for energy and related infrastructure projects.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The third annual U.S.-Kazakhstan Energy Partnership meeting will have working groups on Oil and Gas, Electric Power, Environmental Protection and Alternative Energy Technologies, Facilities Security, and Commercial Nuclear Technologies. The Energy Partnership's declaration advocates support for market-based development of the energy sector on the basis of a stable and transparent legal and regulatory climate and honoring sanctity of existing contracts. Other initiatives include working on the formation of an Investors Council and an Energy Partnership in Azerbaijan, and a dialogue with Georgia on development of a long-term "National Energy Strategy" and possible utilization of distributed energy technologies.

91. **That the President direct the Secretaries of State, Commerce, and Energy to deepen the focus of the discussions with Russia on energy and the investment climate.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The Bush Administration has devoted much effort to strengthening our energy relationship with Russia, which is now competing with Saudi Arabia to be the world's largest crude oil producer, and is a major exporter. In 2002, the Administration initiated a cooperative effort to help improve commercial cooperation and the regulatory and investment conditions required to increase energy and infrastructure development in Russia. Private sector participants at two U.S.-Russia Commercial Energy Summits presented recommendations on increased energy cooperation to both governments in September 2003. Additionally, a U.S.-Russia Energy Working Group has been formed and has hosted workshops on energy efficiency, LNG, oil spill response, oil markets, investment, and taxation. However, advancement of this relationship has been hampered by recent actions that have raised concerns with the investment climate in Russia.

92. **That the President direct the Secretaries of Commerce, State, and Energy to assist U.S. companies in their dialogue on the investment and trade climate with Russian officials, encourage reform of the PSA law and other regulations and related tax provisions, as well as general improvements in the overall investment climate.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Since the summer of 2001, there have been several ministerial-level meetings with the Russian Ministers of Energy and Economic Development and Trade, where U.S. officials have stressed the importance of



the PSA framework as well as the importance of a fair and transparent legal regime in encouraging investment in the energy sector. In 2001, the United States agreed to the establishment of a bilateral business dialogue. Supporting the business dialogue was a key component of Secretary Evans' trip to Russia in October 2001. The US-Russia Energy Working Group between DOE and the Ministry of Energy had its first meeting in April 2002, agreeing on a program of continued cooperation and information sharing. Real progress in reform and investment has been limited for many reasons, including over concerns with the investment climate in Russia following recent activity; however, follow-up activities will continue in the context of the G-8 Energy Ministers' Meeting and the Bush-Putin Summits in February and May 2005.

93. **That the President direct the Secretaries of State, Commerce, and Energy to continue work in the APEC Energy Working Group to examine oil market data transparency issues and the variety of ways petroleum stocks can be used as an option to address oil market disruptions.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Significant activities over the past year have improved the timeliness and coverage of data collection among APEC members. An Action Plan to enhance energy security endorsed by APEC leaders in 2003 includes a mandate to identify best practice principles for strategic oil stocks. Other actions include efforts on building petroleum stocks: China, Thailand, and the Philippines have announced stockholding plans. The IEA has improved participation in the Joint Oil Data Initiative by non-Members, and has improved data quality through consultation with participants.

94. **That the President direct the Secretaries of State and Energy work with India's Ministry of Petroleum and Natural Gas to help India maximize its domestic oil and gas production.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. DOE organized a one-week Coal Bed Methane Mission in January 2003 for senior Indian officials that included the Secretary of Petroleum, the Secretary of Coal, and the Secretary of Labor. In June 2003, senior DOE officials joined Indian Oil Minister Naih in meeting with U.S. oil companies to encourage them to invest in India's oil and gas sector. This was followed by a visit to the Strategic Petroleum Reserve (SPR) by the Minister and a SPR visit by an Indian technical team in September 2003. India passed legislation in December 2003 authorizing the establishment of the first part of an Indian SPR. Throughout this period negotiations have continued on a draft MOU with DOE's EIA on energy data exchange, which among other things, could facilitate greater investment in India's oil and gas sector.

95. **That the President direct the Secretaries of Commerce, State, and Energy to promote market-based solutions to environmental concerns; support exports of U.S. clean energy technologies and encourage their overseas development; engage bilaterally and multilaterally to promote best practices; explore collaborative international basic research and development in energy alternatives and energy-efficient technologies; and explore innovative programs to support the global adoption of these technologies.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Several significant initiatives have been undertaken to support exports of U.S. clean energy technologies and encourage their overseas development both bilaterally and multilaterally. The multilateral Carbon Sequestration Leadership Forum (CSLF), launched in June 2003, sets a framework for international cooperation on sequestration technologies. The Forum's 17 partners also are eligible to participate in FutureGen, the joint DOE/private sector near-zero emission power and hydrogen producing plant. The Administration led the 2003 formation of the International Partnership for the Hydrogen Economy (IPHE) to coordinate and leverage multinational hydrogen research programs. IPHE will address the technological, financial and institutional barriers to the hydrogen economy and develop internationally recognized technology standards to speed market penetration of new technologies.

The Administration also launched the new international "Methane to Markets Partnership" in a ministerial conference in Washington, D.C. in November, 2004. This is an innovative partnership of developed and developing countries working together to help promote energy security, improve environmental quality, and reduce greenhouse gas emissions by capturing methane that is currently wasted from leaky oil and gas systems, from underground coal mines, and from landfills and using it as a clean energy source. The Administration's Clean Energy Technology Exports (CETE) initiative is designed to promote the global adoption of these and other energy-efficient technologies and create international energy markets for trade and investment.

The United States has also supported locally based market solutions to address energy and environmental concerns in developing and transitional economies. In 2002 at the World Summit on Sustainable Development in South Africa, the United States announced the Clean Energy Initiative to reduce poverty and promote economic growth by creating access to clean efficient energy services.

96. **That the President direct federal agencies to support continued research into global climate change; continue efforts to identify environmentally and cost-effective ways to use market mechanisms and incentives; continue development of new technologies; and cooperate with allies, including through international processes, to develop technologies, market-based incentives, and other innovative approaches to address the issues of global climate change.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. President Bush is committed to addressing the long-term challenge of global climate change while ensuring continued economic growth and prosperity for America. Domestically, the President has committed America to reducing the greenhouse gas intensity of the U.S. economy by 18 percent by 2012, preventing the emission of more than 500 million tons of carbon over this period.

To address this issue, the Bush Administration is carrying out a comprehensive, innovative program of domestic and international initiatives to (1) improve our understanding of the science of climate change, (2) encourage near-term voluntary and cost-effective emissions reductions, (3) develop transformational energy technologies, such as hydrogen-powered

vehicles, safer and more proliferation-resistant nuclear power plants, and zero-emission coal power plants, to substantially reduce greenhouse gas emissions in the longer-term, and (4) build international partnerships (such as the Earth Observations initiative, the IPHE, the CSLF, and the Methane to Markets partnership) with developed and developing nations alike in a global, long-term effort to mitigate and adapt to climate change.

97. **That the President seek to increase international cooperation on funding alternatives to oil, especially for the transportation sector.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. DOE and USAID have provided grants for Clean Cities Coalitions and training programs in New Delhi, India; Dhaka, Bangladesh; cities in the Philippines; Mexico City, Mexico; and Lima, Peru, to assist with the conversion of vehicles to cleaner fuels. The Administration led the 2003 formation of the International Partnership for the Hydrogen Economy (IPHE) to coordinate and leverage multinational hydrogen research programs. IPHE will address the technological, financial, and institutional barriers to the hydrogen economy and develop internationally recognized technology standards to speed market penetration of new technologies.

98. **That the President direct the Secretary of State to reinvigorate its dialogue with the European Union on energy issues, and resume the consultative process this year in Washington.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. In November 2001, DOE and the Department of State hosted a bilateral consultation on energy issues with the EU, which was followed by an expert discussion on electricity and gas in May 2002. The EU has also joined several multilateral international energy initiatives launched by the United States including IPHE and CSLF. The United States and the EU also are partners in a climate change bilateral agreement that has a strong focus on energy technologies.

99. **That the President promote a coordinated approach to energy security by calling for an annual meeting of G-8 Ministers or their equivalents.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. Secretary Abraham co-chaired with Canada a meeting of G-8 Energy Ministers in May 2002, resulting in the issuance of a Joint Statement committing to cooperation in energy security, emergency responses, energy dialogue among producers and consumers, research, development and deployment and fostering open markets and a favorable/stable investment climate. An informal meeting of G-8 energy ministers was hosted by France in April 2003 which continued the dialogue on oil markets, producer/consumer relations, Iraqi production and market transparency. At the G-8 Summit in Evian, France in 2003, a science and technology action plan was endorsed which included cooperation in CSLF and IPHE. Many individual G-8 countries and the EU are participating in these initiatives. The G-8 Summit in June 2004 called for continued G-8 action to implement the Evian Action Plan and achieve concrete results.

100. **That the President reaffirm that the Strategic Petroleum Reserve (SPR) is designed for addressing an imminent or actual disruption in oil supplies, and not for managing**

**prices.**

STATUS: IMPLEMENTED. The Administration has continually resisted calls to use the SPR for manipulating prices. The United States will use the SPR only during a severe supply disruption, if necessary to protect American consumers and our economy. The SPR is vital to our national security and filling it to capacity is necessary to maximize protection for American consumers and our economy against severe oil supply disruptions, which could result from a variety of events, including natural disasters, industrial accidents, and terrorist attacks.

101. **That the President direct the Secretary of Energy to work within the International Energy Agency (IEA) to ensure that member states fulfill their stockholding.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The United States has worked with the IEA to ensure that member states fulfill their stockholding requirements. Currently, IEA Members collectively hold 116 days' worth of imports in oil stocks. The U.S. supported new, tougher measures to address certain members' failure to maintain emergency reserves equal to 90 days' worth of national oil imports. IEA held an energy emergency response exercise to evaluate readiness for an international emergency.

102. **That the President direct the Secretary of Energy to encourage major oil-consuming countries that are not IEA members to consider strategic stocks as an option for addressing potential supply disruptions.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The United States has worked with Asian countries through APEC to encourage the build-up of oil stocks by non-IEA members as a cushion against market disruptions and to address oil market transparency. China, India, Thailand, and the Philippines have announced stockholding plans. The IEA has held workshops for China, India, and ASEAN countries, all of which have indicated a desire to hold strategic stocks. China has plans to begin construction of an SPR, and India recently passed legislation in December 2003 authorizing establishment of the first part of an Indian SPR. DOE has hosted Chinese and Indian delegations to study the SPR. State and DOE have used APEC as another forum in which to urge non-IEA members to hold strategic stocks, and stockholding is now part of the APEC Energy Security Initiative, endorsed by APEC Leaders in Bangkok in November 2003.

103. **That the President direct the Secretary of Energy to offer to lease excess SPR storage facilities to countries (both IEA and non-IEA members) that might not otherwise build storage facilities or hold sufficient strategic stocks, consistent with statutory authorities.**

STATUS: NOT IMPLEMENTED. In November 2001, the President directed the Secretary of Energy to fill the SPR to its 700 million barrel capacity in a cost-effective manner using principally royalty oil from federal offshore leases; the SPR is expected to reach its capacity during FY 2005. The United States and IEA continue to promote and support workshops and other actions to encourage holding of strategic oil stocks in both IEA and non-IEA

member countries.

104. **That the President, at such time that exchanged SPR barrels are returned to the SPR, should determine whether offshore Gulf of Mexico royalty oil deposits to the SPR should be resumed, thereby increasing the size of our reserve.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. In November 2001, the President directed the Secretary of Energy to fill the SPR to its 700 million barrel capacity in a cost-effective manner using principally royalty oil from federal offshore leases. In August 2004, DOE awarded three new contracts to deliver crude oil to the Strategic Petroleum Reserve under the Royalty-In-Kind (RIK) exchange program. The RIK program is managed by the Department of Interior Minerals Management Service and represents a practical means of filling the reserve in keeping with the President's objective to do so in a deliberate and cost-effective manner.

105. **That the President direct the Secretary of Energy to work closely with Congress to ensure that our SPR protection is maintained.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. The SPR is now at its highest level and continues to grow as additional crude oil is received. In 2001, the SPR contained enough oil to cover the loss of U.S. imports for 54 days. When the SPR reaches 700 million barrels in mid-2005 as directed by the President, the SPR will provide nearly 60 days of import protection. The Administration recommended to Congress in 2003 that the optimal size of the SPR be analyzed before determining whether further expansion of the SPR is warranted.

106. **That the President direct the Secretary of Energy to work with producer and consumer country allies and the IEA to craft a more comprehensive and timely world oil data reporting system.**

STATUS: IMPLEMENTED; ACTIVITIES ONGOING. DOE continues participation in the Joint Oil Data Initiative (JODI) to improve international oil market transparency. Over the past year, the timeliness and coverage of APEC member data collection has significantly improved. DOE is supporting the International Energy Forum Secretariat and the African Energy Information System data reporting initiatives. The U.S. has also highlighted the "oil data" issue as a key objective of the producer-consumer dialogue.