

# Taking the Bipartisan Road to Energy Bill Passage

by Pete V. Domenici  
Chairman, Senate Energy Committee

I believe Congress is a few short months away from passing its first comprehensive energy bill in 14 years. The Senate Energy & Natural Resources

Committee, which I chair, just finished marking up a bipartisan energy bill that does more for conservation and efficiency that Congress has ever done before while diversifying and expanding energy production. The committee approved the bill 21-1 and it is slated for floor debate in June.

The President has asked Congress to deliver an energy bill to his desk by August. I am working toward that deadline. I am hopeful that the strong bipartisan support for the bill in committee has paved the way for cordial and swift consideration on the Senate floor.

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commercial refrigerators, washers, freezers and icemakers. In addition, we raise the efficiency standards for other energy-intensive products.

The bill's unprecedented conservation and efficiency measures will save 1.1 trillion cubic feet of natural gas by 2020 – equivalent to current annual consumption of New York State, according to the American Council for an Energy Efficient Economy. By 2020, the bill's conservation measures will have reduced peak electric demand by 50,000 MW – equivalent to the capacity of 170 300-MW power plants, according to the ACEE. We also require the Administration to put together a plan to reduce U.S. oil consumption by 1 million barrels of oil per day by 2015.

In addition, the legislation modernizes and expands the nation's electricity grid, and encourages the design and deployment of advanced nuclear technologies, clean coal technologies and hydrogen technologies aimed at moving America away from its dependence on foreign oil.

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President Bush earlier this year said he wanted the energy bill to do four things: conserve more, produce more, diversify our energy supply and modernize our energy infrastructure. The Senate's new energy bill achieves all four objectives.

I'm proud of this bill and even more proud of the bipartisan effort that went into writing it. I started work on this bill in January. Working closely with Jeff Bingaman, the ranking senator on my committee and my New Mexico colleague, we put together an energy bill that I believe incorporates the best of the previous energy bills and, using innovative technology and building off our economy's growth, goes further than the other bills to produce clean and affordable energy for this country.

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More than two years ago, I agreed to become chairman of the Senate Energy & Natural Resources Committee because I was intrigued by the enormity of the challenge facing the committee. Two years earlier, President Bush had called on Congress to pass comprehensive energy legislation that will increase our nation's energy supply, lower prices, create jobs, improve national security and protect our environment.

Between 2000 and 2002, a Republican and Democratic energy committee chairman each tried to pass an energy bill and failed. The stalled efforts of my able predecessors reflect the partisan and regionalized nature of energy. Not only do Democrats and Republicans nationally emphasize differing aspects of energy production and conservation, but also the

different regions of the country have even more sharply-delineated priorities. In some instances, those priorities clash. The hydropower dependent Northwest has very different challenges than does the Southeast with its state-controlled utilities, or the Northeast with its increasing dependence on energy produced outside its region. A policy that would be good for energy producers and consumers in the Northwest could hurt energy production in the Southwest.

But in the area of regional differences, I have found that the earlier iterations of the energy bill have contributed to agreements forged in the bill now moving through the Senate. Each time we attempted to pass an energy bill, we defined more clearly the universe of the possible and staked out possible compromises with-

in that universe. Today, we have workable compromises on issues where, four years ago, we had sharp divisions.

Ethanol is a good example. While the ethanol mandate in the energy bill is widely recognized as a boon to America's farm communities in the interior states, senators from coastal states are concerned it will drive up the cost of their gasoline. The committee acknowledged that regional difference with two policy changes. First, committee senators voted to exempt California from the ethanol mandate during summer months. Second, we also increased the ethanol credit for cellulosic biomass – waste from products like rice, sugar beets and potatoes – so agricultural communities in the coastal states of the Northwest and



Southeast could reap the mandate benefits that the interior states will enjoy.

We also found compromise on an electricity reform issue that has, for years, divided Republicans and Democrats. Republicans, generally speaking, have wanted to repeal the Public Utilities Holding Company Act because we believe this outdated legislation discourages urgently needed investment in our nation's power grid.

Democrats generally have been concerned that without PUHCA, utilities will merge into monopolies that disregard consumer interests. In exchange for repealing PUHCA, some have wanted to give the Federal Energy Regulatory Commission expanded review over mergers. The issue has often been as divisive as it is complicated.

But this time, seasoned by years of discussion on the issue, senators from both parties and all regions found a compromise that repeals PUHCA while giving FERC limited expansion of its existing merger review authority to mitigate the impact the repeal

may have on holding company structures and consumers.

My committee's recent approval of the energy bill is just one milestone in the long road we still must travel this year. I hope we can limit the debate on the Senate floor to consideration of the most pertinent and meaningful amendments.

After the Senate passes an energy bill, we face a challenging conference with the House. The House and Senate bills already differ in some key areas. We must find compromises on several sticky points. Unquestionably, the biggest challenge will be deciding how to handle the question of who must pay to clean up MTBE – a gasoline additive that has contaminated soil and water in several states.

The bill approved by my committee is silent on this subject. I don't expect the Senate to address the matter during floor debate either. Frankly, at this point, I don't see a MTBE solution that attracts enough votes to get through the Senate. We will leave this matter until conference. I share with House Energy &

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Commerce Chairman Joe Barton a strong commitment to delivering an energy bill to the President. I believe that shared commitment will help us overcome differences between the House and Senate bills.

I am particularly buoyed by what I see as a renewed national resolve to do something about America's energy challenges. When President Bush first called for an energy bill four years ago, the wholesale price of natural gas was \$2 per MMBtu. Now, four years later, it has climbed as high as \$10 per MMBtu and moved from being one of our most consistent-ly cheap and abundant energy sources to one of the most volatile traded commodities, second only to electricity.

In August 2003 we suffered the worst black-out in our nation's history. The blackout left nearly 50 million people in eight states and Ontario without power for up to three days.

Last summer, gasoline prices stunned all of us as they continued to climb month after month. More trou-bling, the prices didn't drop in the fall as they usually do. Instead, gasoline prices contin-ued to climb through the winter. Now, after nearly a year of steep gasoline prices, people are parking their SUVs, joining waiting lists to purchase hybrid cars and clamoring for price relief.


Americans have watched all of this with growing concern.

Several recent polls show that Americans' concern over the economy now exceeds their concern over national security. In November, a Gallup poll showed that 51 percent of those polled listed defense as their top concern. Only 31 percent listed the economy. An ABC poll was similar, with 43 percent of those polled cit-ing defense as a top concern and only 24 per-cent listing the economy.

But last month, Gallup reported that 29 per-cent polled listed economic concerns as their most pressing worry with 26 percent citing defense. Likewise, an ABC poll showed 34 per-cent concerned about defense while 32 percent were most concerned about the economy. What drove the change in the polls? Energy prices, according to several poll analyzers that I've read.

As the public's concern is heightened, so, too, is the public's support for an energy bill, something leaders in both parties recognize.





The American people want leadership in solving our energy challenges. They want a vision for the future and solutions that make a real difference.

I believe the work of both the House and the Senate this year offers the solutions that will make a difference.

According to a recent poll by the respected Winston Group, the American people are deeply committed to diversifying our energy supply; 42 percent of those polled say that diversification through renewable and alternative energy sources was their preferred way of addressing high energy prices.

Congress recognized that priority and has responded. Both the House and Senate bills diversify America's energy portfolio. Both bills include initiatives to expand our production of clean and renewable energies such as wind, solar, geothermal and ethanol. We also expand the production of electricity from clean coal and nuclear power, which is our cheapest and most reliable source of climate-friendly energy.

We do everything politically possible to ease the demand on oil and natural gas. In particular, both bills take steps to move America away from its heavy reliance on foreign oil, partly by including provisions to expand other energies, including innovative energies of the future like hydrogen.

President Bush two years ago gave Americans the vision of a hydrogen future free from a reliance on foreign oil. The energy bill moves us toward that future with an investment of \$2.3 billion in the research of hydrogen and hydrogen fuel cells.

I don't want to oversell either the House or Senate bills. Neither provides the ultimate solution to all of our energy challenges. There are some goals neither the House or Senate bill try for because they aren't politically possible right now. Some make great hay advocating

higher automobile fuel efficiency standards. Efforts to increase automobile fuel efficiency standards have repeatedly failed. I recognized that and took a different approach. My bill, when combined with the energy tax package from the Finance Committee, will provide tax credits of up to \$2,000 to consumers who purchase hybrid vehicles. If I can't mandate that SUVs be more environmentally sensitive, I can give consumers incentives to buy vehicles that are.

We don't have all the answers. Legislation never does. But the House and Senate bills and the conference report we will create from these bills will take this country closer to a day when abundant, reliable and affordable energy is produced with little impact on the environment and no dependence on the good will of hostile nations.

*Senator Domenici was born May 7, 1932 in Albuquerque, New Mexico. He is one of five children, and the only son, of Italian immigrants. He earned an education degree from the University of New Mexico in 1954. He received a law degree from the University of Denver in 1958 and returned to Albuquerque, entering private practice.*

*Domenici was elected to the Albuquerque City Commission in 1966. He was elected Commission Chairman (equivalent then to Mayor) in 1967. He was the first Republican in 38 years in New Mexico to be elected to the U.S. Senate in 1972. With his re-election in 2002, Domenici became the first New Mexican elected to serve six full six-year terms in the Senate. Domenici has served longer in the U.S. Senate than any other New Mexican in history.*

*Senator Domenici was married to Nancy Domenici, nee Burk, in 1958. They have eight children: two sons and six daughters.*