

# **Comprehensive and Balanced Energy Policy Act of 2001**

## **Section-by-Section Summary**

### **DIVISION A–NATIONAL ENERGY POLICY PLANNING AND COORDINATION**

#### **TITLE I–INTEGRATION OF ENERGY POLICY AND CLIMATE CHANGE POLICY**

##### *Subtitle A–National Commission on Energy and Climate Change*

Establishes an 11-member Presidential Commission on Energy and Climate Change, to undertake a study of measures to achieve stabilization of greenhouse gas emissions in the United States in the context of an overall U.S. energy policy.

##### *Subtitle B–International Clean Energy Technology Transfer*

Establishes an interagency working group to coordinate and promote U.S. government efforts to transfer clean energy technology to the developing countries, and countries in transition, that are expected to experience, over the next 20 years, the most significant growth in energy production and associated greenhouse gas emissions. Requires all U.S. government entities supporting activities in the energy and environment sectors of such countries to support transfer of U.S. clean energy technology to the maximum extent practicable.

#### **TITLE II–REGIONAL COORDINATION ON ENERGY INFRASTRUCTURE**

Makes it U.S. policy to encourage states to coordinate, on a regional basis, state energy policies and planning for energy infrastructure, provides for the Department of Energy (DOE) to give technical assistance to states for such regional energy coordination, and establishes an annual conference on regional energy coordination involving federal agencies and representatives of state, local, and tribal governments.

#### **TITLE III–REGULATORY REVIEWS AND STUDIES**

##### **Sec. 301. Regulatory reviews for new technologies and processes.**

Requires each federal agency to report to Congress within one year and at least every five years necessary changes to regulations to remove barriers to market entry for energy-efficient technologies and processes.

**Sec. 302. Review of FERC policies on transmission and wholesale power markets.**

Requires a review of Federal Energy Regulatory Commission (FERC) standards for assessing market power in the wholesale power and transmission markets, reducing price volatility, and adequacy of transmission policies.

**Sec. 303. Study of policies to address volatility in domestic oil and gas investment.**

Requires an interagency study evaluating U.S. and state tax and royalty policies and how those policies might be adjusted to promote more stable and efficient development of domestic natural gas and oil.

**Sec. 304. Power marketing administration rights-of-way study.**

Requires the Secretary of Energy to evaluate the possibility of using existing rights-of-way owned by the Federal Power Marketing Administrations for siting other facilities.

**Sec. 305. Review of natural gas pipeline certification procedures.**

Requires the FERC to conduct an interagency review of policies, procedures and regulations to improve the process for approving new natural gas pipeline capacity. Also requires the Council on Environmental Quality to establish a memorandum of understanding among the various agencies with environmental review responsibilities for new natural gas pipelines.

**Sec. 306. Streamlining fuel specifications.**

Requires EPA and DOE to recommend national or regional fuel specifications to increase the flexibility in the distribution system and reduce price volatility, while maintaining air quality standards.

**Sec. 307. Study on financing for new technologies.**

Requires DOE to evaluate and recommend innovative financing techniques to encourage electricity generation technologies that might not otherwise be built.

**Sec. 308. Study on the use of the Strategic Petroleum Reserve.**

Requires DOE to report whether the Secretary of Energy needs more flexibility to draw down and distribute oil from the Reserve to mitigate price volatility or regional supply shortages.

## **DIVISION B—RELIABLE AND DIVERSE POWER GENERATION AND TRANSMISSION**

### **TITLE IV—ELECTRIC ENERGY TRANSMISSION RELIABILITY**

Creates an industry-run, FERC-overseen, organization that sets enforceable rules for the interstate transmission grid. Very similar to the electricity reliability bill passed unanimously by the Senate last year. Changes were made to the Senate-passed bill to incorporate subsequent consensus agreements.

### **TITLE V—IMPROVED ELECTRICITY CAPACITY AND ACCESS**

#### **Sec. 501. Universal and affordable service.**

Sense of Congress that states should ensure affordable electricity service for all consumers.

#### **Sec. 502. Public benefits fund.**

Establishes a system benefit fund collected as a wires charge, which would be distributed to the states based on residential electricity consumption to fund various energy efficiency, renewable energy, cost-shared greenhouse-gas mitigation, and low-income energy programs.

#### **Sec. 503. Rural construction grants.**

Establishes a grant program to fund construction of building or upgrading transmission and distribution facilities in rural areas and on tribal lands. The program is authorized at \$20 million for seven years.

#### **Sec. 504. Comprehensive Indian energy program.**

Establishes an Office of Indian Energy Policy and Programs in DOE to coordinate federal energy policy, research and programs concerning Indian tribes and related entities, and establishes an Indian energy grant program.

#### **Sec. 505. Environmental disclosure to consumers.**

Requires the Federal Trade Commission to issue rules ensuring retail electricity consumers are notified of the energy sources used to generate the power used by the customer. Authorizes DOE to start a program to certify electricity products with more than 50 percent renewables content.

**Sec. 506. Consumer protections.**

Requires the Federal Trade Commission to issue regulations governing full disclosure by retail electricity marketers of the terms of service.

**Sec. 507. Wholesale electricity market data.**

Requires FERC to establish a public system for providing current and transparent information on the availability of generating and transmission capacity.

**Sec. 508. Wholesale electricity energy rates in the western energy market.**

Requires FERC to impose just and reasonable load-differentiated demand rates or cost-of-service based rates on sales by electric utilities of electric energy at wholesale in the western energy market, and for states to allow such rates to be passed along to consumers.

**Sec. 509. Natural gas rate ceiling in California.**

To end price gouging, reimposes a ceiling on the rate that can be charged for unused capacity in natural gas pipelines into California.

**Sec. 510. Sale price in bundled natural gas transactions.**

To create more transparency in natural gas prices, requires FERC to issue an order that sellers of natural gas in bundled transactions disclose the portions of the sale price attributable to the cost of the gas paid by the seller and the cost of transportation price paid by the seller.

**TITLE VI—RENEWABLES AND DISTRIBUTED GENERATION**

**Sec. 601. Assessment of renewable energy resources.**

Requires DOE to publish an annual inventory and assessment of renewable energy resources in the United States, to promote the development of such resources.

**Sec. 602. Federal purchase requirement.**

Requires the Federal government to purchase a certain amount of its electricity needs from renewable energy sources or fuel cells. The percentage increases from 3 percent in 2002 to 7.5 percent by 2010 and each year thereafter.

**Sec. 603. Interconnection standards.**

Requires the FERC to adopt rules to ensure the interconnection of distributed generation to local distribution facilities.

**Sec. 604. Net metering.**

Requires electric suppliers to provide net metering services for on-site generators. The terms include payment for excess energy supplied to the grid.

**Sec. 605. Access to transmission by intermittent generators.**

Requires transmitting utilities to provide service for intermittent generators, such as wind, at rates and terms that do not penalize the generator for scheduling deviations. An exemption may be granted to avoid a substantial adverse impact on the utility's system.

**TITLE VII—HYDROELECTRIC RELICENSING**

**Sec. 701. Alternative conditions.**

Require agencies to adopt an alternative condition proposed by an applicant for a hydroelectric relicensing project if the applicant can demonstrate that the proposed condition is equally or more protective of the environment than conditions suggested by the agency, is based on sound science, and would be more cost effective or would result in less loss of generating capacity.

**Sec. 702. Disposition of hydroelectric charges.**

Directs annual fees collected for resource agency administrative costs to the resource agencies themselves rather than having them paid into the Treasury.

**Sec. 703. Relicensing study.**

Amend the FERC study requirement imposed in last year's EPCA bill to require FERC to coordinate with the resource management agencies to determine, for the 100+ hydroelectric relicenses (covering approximately 250 dams) issued since January 1, 1994: how long the application process took; loss of generating capacity caused by new conditions; environmental improvements created by the conditions; conditions resulting in litigation, etc. The purpose is to examine the extensive data from this group of relicensings to determine where problems and bottlenecks actually exist. FERC would be directed to work with the resource management agencies having conditioning authority under the Federal Power Act to compile this information.

## **TITLE VIII–COAL**

### ***Subtitle A--National Coal-Based Technology Development and Applications Program***

Authorizes the Secretary, in consultation with the private sector, to establish R&D cost and performance goals that can be achieved by 2007, 2015 and 2020 by coal-based generating facilities. Directs the Secretary to carry out a program of research and development, demonstration, and commercial applications of coal based technologies capable of achieving the performance goals. Authorizes \$100 million for each fiscal year from 2002 to 2012.

### ***Subtitle B–Power Plant Improvement Initiative***

Establishes a cost-shared demonstration program for new or retrofits of technologies that increase efficiency while reducing emissions at least one criteria pollutant. Federal funding, not to exceed 50% of the cost of a project, would be available from unobligated funds available to the Secretary from the clean coal technology program or otherwise.

## **TITLE IX–PRICE-ANDERSON ACT REAUTHORIZATION**

Extends the provisions of the Price- Anderson Act for an additional ten years to ensure that immediate and substantial compensation is available to the public in the event of a nuclear incident at a commercial nuclear power plant or a Department of Energy facility. Coverage under the Price-Anderson Act for commercial nuclear facilities incurs no cost to the federal government or taxpayers. Adopts the recommendations of the NRC and DOE in their reports to Congress on the Act.

## **DIVISION C–DOMESTIC OIL AND GAS PRODUCTION AND TRANSPORTATION**

### **TITLE X–OIL AND GAS PRODUCTION**

#### **Sec. 1001. Outer Continental Shelf Oil and Gas Lease Sale 181.**

Requires the Secretary of the Interior to proceed with Lease Sale 181 in the Eastern Gulf of Mexico planning region no later than December 2001. Adjusts the lease acreage within 100 miles of the Florida border.

#### **Sec. 1002. Federal onshore leasing programs for oil and gas.**

To facilitate access to oil and gas on public lands, authorizes additional funding to ensure adequate personnel at the Departments of the Interior and Agriculture, so that required environmental reviews related to oil and gas production on public lands can be completed expeditiously.

#### **Sec. 1003. Increasing production on State and private lands.**

Requires DOE in conjunction with the Interstate Oil and Gas Compact Commission to evaluate opportunities for increasing production of oil and gas on state and private lands.

## **TITLE XI—PIPELINE SAFETY RESEARCH AND DEVELOPMENT**

Requires the Department of Transportation to develop an R&D program to ensure integrity of natural gas and hazardous liquid pipelines, including materials inspection techniques, risk assessment, and information systems surety and within 240 days of enactment submit to Congress a 5-year plan for activities under the section with annual reports.

## **DIVISION D—DIVERSIFYING ENERGY DEMAND AND IMPROVING EFFICIENCY**

### **TITLE XII—VEHICLES**

#### **Sec. 1201. Vehicle fuel efficiency.**

Requires the Secretary of Transportation, in coordination with the Secretary of Energy, to implement policies to ensure petroleum use in the light vehicle sector is capped by 2008 at no more than five percent above the 2000 level.

#### **Sec. 1202. Increased use of alternative fuels by federal fleets.**

Mandates Federal fleets with alternative fuel capability to use alternative fuels for at least 50% of the total annual volume of fuel used in such vehicles by 2003 and 75% of the total annual volume of fuel used by 2005.

#### **Sec. 1203. Exception to HOV passenger requirements for alternative fuel vehicles.**

Allows State highway agencies to allow alternative fuel vehicles to utilize High Occupancy Vehicle (HOV) lanes on highways regardless of number of passengers carried.

### **TITLE XIII—FEDERAL AND PUBLIC FACILITIES**

#### **Sec. 1301. Federal energy bank.**

Establishes a funding mechanism to finance federal energy efficiency projects.

**Sec. 1302. Incentives for energy-efficient schools.**

Establishes a new program within DOE making grants to local school districts in improve energy efficiency of school buildings and expand use of renewable energy. Authorizes \$200 million in fiscal year 2002, increasing in subsequent fiscal years.

**Sec. 1303. Voluntary commitments to reduce industrial energy intensity.**

Authorizes DOE to enter into voluntary agreements with energy-intensive industrial sectors to reduce their energy intensity, with a goal of a 1 percent improvement each year from 2002 to 2012.

**DIVISION E—ENHANCING RESEARCH, DEVELOPMENT, AND TRAINING**

**TITLE XIV—RESEARCH AND DEVELOPMENT PROGRAMS**

Establishes the framework for a comprehensive energy research, development and deployment program to reduce energy intensity by 1.9 percent each year through 2020, to reduce total consumption by 8 quadrillion Btu by 2020 from otherwise expected levels, and to reduce carbon dioxide emissions from expected levels by 166 million metric tons by 2020.

Authorizations for enhanced energy efficiency, including vehicles, start at \$879 million in FY 2002, increasing to \$1.2 billion in FY 2006; for renewable energy, \$419 million in FY 2002 to \$652 million by FY 2006; for fossil energy, in addition to the sums authorized under Title VIII, \$462 million for FY 2002 to \$558 million by 2006; for nuclear energy \$433 million for FY 2002 to \$557 million for FY 2006; and for programs in fundamental energy science, \$3.7 billion in FY 2002 to \$5.4 billion in FY 2006.

**TITLE XV—MANAGEMENT OF DOE SCIENCE AND TECHNOLOGY PROGRAMS**

Requires independent reviews of scientific and technical merit of proposals undertaken under Title XIV. Requires cost share of at least 20 percent from non-federal sources for research and development not of a basic or fundamental nature and 50 percent for demonstration and deployment. Establishes a framework for independent review and oversight of programs under Title XIV. Elevates importance of science and technology at DOE by creating an Under Secretary for Science and Technology, who oversees departmental civilian R&D coordination and also serves as the science and technology adviser to the Secretary.

**TITLE XVI—TRAINING**

Authorizes DOE to monitor workforce trends in energy-related industries and establishes training guidelines for energy industry personnel of the future.