Analysis of Key Provisions in the House and Senate Energy Bills

(as of April 25, 2002, 6pm)

The Senate energy bill began as a promising step toward a smarter, cleaner energy future and a far cry from the dirty, dangerous House energy bill. Unfortunately the nuclear, coal, oil, auto and utility industries have plundered the Senate energy bill with a series of amendments. There are several key differences between the bills, outlined in detail below. The Senate bill does not open the Arctic National Wildlife Refuge to drilling or weaken protections for other public lands. The Senate bill also includes standards requiring increased renewable energy generation and increased air conditioner efficiency. Finally, while both bills continue to squander taxpayer dollars on handouts to polluting energy sources, the Senate bill contains far fewer polluter tax breaks ($7.5 billion) compared to the House bill ($27.6 billion.) **There are at least eight ways (bolded) that the House and Senate energy bills actually weaken existing environmental and consumer protections.**

	House Bill (H.R. 4)			Senate Bill (S. 517)	

Drilling in the Arctic National Wildlife Refuge

The House bill reverses current law and opens the Arctic Refuge to oil and gas exploration and drilling; the Senate voted decisively against this destructive policy.

	House Bill (H.R. 4)			Senate Bill (S. 517)	
Arctic Refuge	**Opens up the coastal plain of the Arctic Refuge to oil and gas drilling.** The bill "limits" drilling to 2,000 acres, but this does not include the hundreds of miles of pipelines and roads that will cut through pristine wilderness.	–	Arctic Refuge	The Senate voted 54-46 to keep the Arctic National Wildlife Refuge off-limits to oil and gas drilling.	+

Protecting Other Wild Places

The House bill rolls back at least four current public lands protections in order to promote oil and gas exploration and drilling; the Senate bill contains no such rollbacks but weakens environmental protections for re-licensing of hydroelectric dams.

	House Bill (H.R. 4)			Senate Bill (S. 517)	
Public Lands	**Gives the Secretary of Interior broad discretion to bypass cornerstone environmental protections, such as the Endangered Species Act and National Environmental Policy Act, by eliminating "unwarranted" denials and stays of oil and gas leases on federal lands.**	–	Public Lands	The Senate energy bill does not contain any provisions to open new wild places or roadless areas to oil and gas drilling.	+
Public Lands	**Erects obstacles to enforcement of environmental laws for oil and gas operations on public lands by requiring the U.S. Forest Service and Bureau of Land Management to explain why federal restrictions on oil and gas leases differ from state regulations.**	–			
Public Lands	**Allows the Interior Secretary to revisit decisions made to protect public lands from oil and gas drilling and discourages efforts to offer new protections by requiring a written, detailed explanation if leases are rejected or modified to protect resources.**	–			
Public Lands	**Limits the Forest Service's ability to protect sensitive resources and values in National Forests from harmful oil and gas leasing and development.**	–			
America's Rivers	The House bill contains no objectionable hydroelectric provisions.	+	America's Rivers	**Reduces or eliminates environmental considerations when licensing hydroelectric power facilities, limits the ability of states, tribes and the public to participate in the licensing process, and concentrates authority with the owners of hydroelectric facilities and the Federal Energy Regulatory Commission.**	–

Oil & Gas Drilling Incentives

The House bill provides approximately $3.9 billion in tax incentives for oil and gas drilling and $14 billion in incentives for the oil industry as a whole, many of which are detailed below; the Senate bill provides $4.6 billion. The House energy bill also contains numerous direct subsidies to the oil and gas industry, the most substantial of which are highlighted below.

House Bill (H.R. 4)

Tax Incentives	Provides $1.1 billion in tax incentives for marginal wells. The bill's definition of "marginal" could include more than three-fourths of all operating oil and gas wells.	–
Non-Conventional Fuels Tax Credit	Extends and modifies the tax credit for non-conventional fuels at a cost of $2.8 billion. Coal-bed methane developers would benefit the most from this credit.	–
Royalty Relief	Suspends the payment of royalties for certain offshore leases in the Gulf of Mexico for two years, at a potential cost of $7.4 billion in lost royalty revenue. Provides $491 million in royalty relief for marginal wells.	–
Offshore Drilling	Earmarks approximately $3 billion to fund research and development of technology to drill in waters deeper than 1,500 meters.	–
Royalties-in-Kind	Authorizes the Secretary of Interior to expand the royalty-in-kind program through 2006 at an estimated cost of $1.4 billion.	–

Senate Bill (S. 517)

Tax Incentives	Provides $3.2 billion in tax breaks to encourage oil and gas exploration and development, even though subsidies to the oil and gas industry already dominate the federal tax code.	–
Non-Conventional Fuels Tax Credit	Extends and modifies the tax credit for non-conventional fuels at a cost of $1.4 billion. Coal-bed methane developers would benefit the most from this credit.	–

Coal Incentives

The House bill contains $3.3 billion in tax incentives for coal-burning power plants; the Senate bill contains $1.9 billion. Both bills also contain direct subsidies, the most substantial of which are highlighted below.

House Bill (H.R. 4)

Tax Incentives	Provides $3.3 billion in tax incentives for so-called "clean coal" without requiring meaningful emission targets during the life of the program.	–
Subsidies	Allocates $2 billion in subsidies for so-called "clean coal" technology, without requiring emission reductions during the period the program is funded.	–
Research & Development	Provides $537 million to the coal industry and electric utilities for coal research and development. Despite billions in taxpayer dollars already spent on this type of research, global warming emissions from utilities have jumped 27% since 1990.	–

Senate Bill (S. 517)

Tax Incentives	Provides $1.9 billion in tax incentives for so-called "clean coal" without requiring meaningful emission targets during the life of the program.	–
Subsidies	Allocates $2 billion in subsidies for so-called "clean coal" technology, without requiring emission reductions during the period the program is funded.	–
Research & Development	Provides $1 billion to the coal industry and electric utilities for coal research and development. Despite billions in taxpayer dollars already spent on this type of research, global warming emissions from utilities have jumped 27% since 1990.	–

Nuclear Power Incentives

Both the House bill and the Senate bill contain tax incentives of $1.9 billion and $1 billion, respectively, for owners of nuclear power plants. The Senate bill extends and weakens the Price Anderson Act, which limits the liability of nuclear power plants in case of an accident. The House extended the Price Anderson Act in a separate bill. The House and Senate bills also reverse a long-standing U.S. policy against reprocessing irradiated nuclear fuel.

	House Bill (H.R. 4)		Senate Bill (S. 517)	
Price-Anderson Act	[In separate legislation, the House extended the subsidy known as the Price Anderson Act, which guarantees that nuclear power plant owners get limited liability in case of a nuclear accident while the public gets no guarantee of compensation.]		**Extends the subsidy known as the Price Anderson Act, which guarantees that nuclear power plant owners get limited liability in case of a nuclear accident while the public gets no guarantee of compensation. The Senate bill weakens current law by allowing certain new nuclear power plants to pay even less money than existing plants in case of an accident.**	–
Tax Incentives	Extends to unregulated utility owners a $1.9 billion tax deduction similar to the deduction currently enjoyed only by rate-regulated utilities in connection with nuclear decommissioning funds.	–	Extends to unregulated utility owners a $1 billion tax deduction similar to the deduction currently enjoyed only by rate-regulated utilities in connection with nuclear decommissioning funds.	–
Research & Development	Commits $500 million for nuclear research and development, although there is no long term solution for safe disposal of radioactive waste.	–	Commits $1.3 billion for nuclear research and development, although there is no long term solution for safe disposal of radioactive waste.	–
Spent Nuclear Fuel Research	**Reverses a long-standing U.S. policy against reprocessing of irradiated nuclear fuel by allotting $10 million for research into fuel recycling technology.**	–	**Reverses a long-standing U.S. policy against reprocessing of irradiated nuclear fuel by establishing the Office of Spent Nuclear Fuel Research.**	–
Uranium Mining	Appropriates $10 million to the Department of Energy to identify, test, and develop in situ leach uranium mining technologies. In situ leach mining is environmentally devastating.	–		

	House Bill (H.R. 4)		Senate Bill (S. 517)	

Renewable Energy Policies

The Senate bill contains a national renewable energy standard requiring increased generation of renewable energy. The House bill contains no standard.

	House Bill (H.R. 4)		Senate Bill (S. 517)	
Renewable Portfolio Standard	The House energy bill does not contain a renewable portfolio standard.	-	Contains a very modest renewable portfolio standard that could result in four to five percent of our electricity being generated from new renewable sources by 2020, after accounting for the exemptions for some utilities. Unfortunately, the bill's definition of renewable energy could allow mercury-emitting garbage incinerators and trees that are less than 12 inches in diameter—or nearly 15 percent of some national forests—to count as renewable energy.	+

Renewable Energy Incentives

The House and Senate bills contain $2.4 billion and $3.3 billion, respectively, in production tax incentives for renewable energy.

	House Bill (H.R. 4)		Senate Bill (S. 517)	
Tax Incentives	Includes $2.4 billion in tax incentives for renewables, extending the Production Tax Credit for wind facilities, closed-loop biomass facilities and poultry waste facilities through January 2007. The proposal also extends the tax credit to open-loop biomass and landfill gas.	+	Includes $3.3 billion in tax incentives for renewables, extending the Production Tax Credit for wind facilities, closed-loop biomass facilities and poultry waste facilities through January 2007. The proposal also extends the tax credit to four new categories of renewable energy: solar, open-loop biomass, swine and bovine waste, and geothermal energy.	+
Subsidies	Reauthorizes the Renewable Energy Production Incentive program, which compensates eligible utilities for generating electricity from renewable resources for 10 more years, at a cost of $168 million.	+	Reauthorizes the Renewable Energy Production Incentive program, which compensates eligible utilities for generating electricity from renewable resources, for 10 more years. Unlike the House bill's provision, the Senate bill adds damaging hydropower language.	-

House Bill (H.R. 4) / Senate Bill (S. 517)

Energy Efficiency Policies

Neither the House nor the Senate bill guarantees a meaningful increase in vehicle fuel economy standards. Both roll back current law by extending the flexible fuel loophole, which allows vehicles to qualify for fuel economy credits even though they don't actually consume alternative fuels. The Senate bill also rolls back current law by exempting pick-up trucks from future increases in fuel economy standards. In addition, the Senate bill rolls back existing energy efficiency standards for air conditioners, a move that will cost consumers and the environment.

	House Bill (H.R. 4)		Senate Bill (S. 517)	
Fuel Economy	**Directs the National Highway Transportation Safety Administration to reduce the gasoline consumption of the light truck fleet by 5 billion gallons by 2010. The bill also extends a loophole for flexible fuel vehicles, which would produce a projected increase in gasoline use of nine billion gallons – resulting in a net increase in gasoline consumption of four billion gallons by 2010.**	–	**Strikes key vehicle safety provisions and directs the National Highway Traffic Safety Administration to further study the need for higher fuel economy standards. The provision actually weakens current law by exempting pickup trucks from any future increases in fuel economy standards. This bill also includes the flexible fuel loophole.**	–
Air Conditioner Standards			**Rolls back existing energy efficiency standards for air conditioners. By 2020, this step backwards will cost the country $1 billion annually in higher electric bills for consumers and will increase carbon dioxide emissions by 2.5 million tons.**	–
Energy Efficiency Programs	Proposes spending approximately $10 billion on energy efficiency and conservation programs, such as awarding grants to states to promote energy-efficient technologies and construct energy-efficient public buildings; reauthorizing the Weatherization Assistance Program; and establishing a new program for developing advanced building technologies.	+	Allocates more than $13.6 billion for energy efficiency programs such as establishing a grant program for school districts willing to construct energy efficient schools; upgrading the Federal Emergency Management Program to increase energy savings in federal buildings; and giving DOE power to set standards for additional commercial and consumer products such as refrigerators and vending machines.	+

Energy Efficiency Incentives

Both the House and the Senate bills contain tax incentives for increased (non-vehicle) energy efficiency of $6 billion and $2.4 billion, respectively. The House and Senate bills each contain incentives for increased vehicle efficiency of $2.1 billion and $1.1 billion, respectively. However, the provision in the House bill is riddled with loopholes that could subsidize the purchase of inefficient vehicles.

	House Bill (H.R. 4)		Senate Bill (S. 517)	
Tax Incentives	Includes $6 billion in tax breaks to provide incentives for energy efficiency, such as credits for solar water heaters, fuel cells, energy efficient appliances, energy efficient homes and electric vehicles.	+	Includes $2.4 billion in incentives for energy efficiency, including tax incentives for energy efficient homes and appliances; tax credits for purchase of alternative energy systems using wind and solar energy to power, heat and cool homes; and tax deductions for commercial building owners who take energy efficiency measures and reduce energy consumption.	+
Alternative Vehicle Tax Credits	Provides $2.1 billion in tax credits for purchase of fuel efficient hybrid cars. However, the bill does not require hybrids to meet standards for fuel economy or emissions. The Dodge Durango hybrid, which gets 22 mpg, would qualify because it burns 30% less fuel than a conventional 17 mpg Durango. Carmakers could benefit from these tax credits and still produce highly inefficient vehicles.	–	Provides $1.1 billion in incentives to encourage the production and sale of clean and efficient electric, hybrid and fuel cell vehicles. This is a beneficial provision as long as it does not come at the expense of gains in vehicle fuel economy.	+

House Bill (H.R. 4)			Senate Bill (S. 517)		

Clean Air and Clean Water

By banning the fuel additive MTBE and strengthening air quality protections, the Senate bill contains an improvement in current law regarding reformulated gasoline. Unfortunately, the Senate bill also weakens drinking water protections for oil and gas drilling and exempts renewable fuels from product liability.

House Bill (H.R. 4)			Senate Bill (S. 517)		
			Safe Drinking Water	**Weakens the Safe Drinking Water Act in order to expand oil and gas exploration using hydraulic fracturing. Blocks drinking water regulation of coalbed methane wells for the duration of new studies and potentially suspends regulation of all oil and gas wells at the end of the studies.**	−
			MTBE	Phases out MTBE while strengthening air quality protections through the reformulated gasoline program.	+
			Fuel Additives	**Insulates the oil and renewable fuels industries from liability for damage should fuel additives made from renewable fuels cause the same public health and environmental problems experienced with MTBE.**	−

Consumer Protection

The Senate bill rolls back an important consumer protection for electricity markets.

House Bill (H.R. 4)			Senate Bill (S. 517)		
			PUCHA	**Repeals the pro-consumer Public Utility Holding Company Act (PUHCA), an important mechanism to protect electricity consumers from unfair practices.**	−
			Consumer Advocacy	Creates an Office of Consumer Advocacy to handle energy issues within the Department of Justice. This office will represent consumers within the Federal Energy Regulatory Commission (FERC), before the courts and in front of Congress.	+

Global Warming

The Senate bill contains a voluntary requirement to report emissions of global warming pollution.

House Bill (H.R. 4)			Senate Bill (S. 517)		
Global Warming	Does not include any provisions to address global warming.	−	**Global Warming**	Creates a voluntary reporting requirement for major emitters of greenhouse gases. This could encourage voluntary global warming pollution reductions and expand the public's right to know about who is responsible for global warming emissions. The bill contains a trigger mechanism to make the reporting mandatory if, after five years, a large percentage of the emitters have not voluntarily complied.	+