

As a result, the existing scheme of voluntary compliance with voluntary industry reliability rules is simply no longer adequate.

There has been a marked increase in the number and seriousness of violations of voluntary reliability rules.

Under a voluntary system, there is no penalty for violating a reliability standard.

The users and operators of the system, who used to cooperate voluntarily on reliability matters, are now competitors without the same incentives to cooperate with each other or comply with voluntary reliability rules.

For example, last summer during an extremely hot period one Midwest utility took without any penalty electric power from the grid that it was not entitled to.

It did so without even informing other utilities on the grid what it was doing.

This action came close to jeopardizing power reliability in several States.

This legislation will prevent that kind of inappropriate activity in the future.

In order to maintain grid reliability, rules must be made mandatory and enforceable, and fairly applied to all participants in the electricity market.

To address this need, more than a year ago a group of electricity industry officials began meeting to develop legislative language.

As a result of this effort, the North American Electric Reliability Council and a broad coalition of industry organizations have jointly proposed the language which is embodied in S. 2071.

The legislation is supported by virtually all aspects of the electric power industry, including: the American Public Power Association, the Edison Electric Institute, the Electric Power Supply Association, the Electricity Consumers Resource Council, the National Rural Electric Cooperative Association, and the Canadian Electricity Association.

The proposal follows the model of the Securities and Exchange Commission in its oversight of the securities industry's self-regulatory organizations—the stock exchanges and the National Association of Securities Dealers.

Let me now describe the key elements of S. 2071.

S. 2071 helps protect grid reliability by creating an industry-run, FERC overseen, organization that sets enforceable rules for the use of the interstate transmission grid.

It also has provisions to ensure that States have an appropriate role in promoting reliability.

S. 2071 authorizes the establishment of a self-regulating Electric Reliability Organization.

Both the establishment of the Electric Reliability Organization and the reliability rules it establishes are subject to approval and oversight by the FERC.

The legislation spells out specific criteria required for the new Electric Re-

liability Organization. In essence, the requirements are that the Organization be independent and fair.

The Electric Reliability Organization would establish, monitor and enforce compliance with reliability standards for the interstate bulk power system.

The legislation does not give the Electric Reliability Organization or any affiliated regional reliability entity any authority to build or to pay for the building of any transmission or other facility necessary for a bulk power user to comply with a reliability requirement.

The reliability standards established by the Electric Reliability Organization would be mandatory on all owners, users and operators of the interstate bulk power system.

The cost of complying with a reliability requirement is the responsibility of bulk power users, not the Electric Reliability Organization or any affiliated regional reliability entity.

The reliability standards only concern the operational security of the bulk power system. They do not deal with generation adequacy, reserve margins; distribution system reliability; safety; transmission siting; or retail customer choice plans.

Activities conducted in compliance with the statutory requirements receive a rebuttable presumption of compliance with the Federal antitrust laws.

Until the new Electric Reliability Organization is up and running, the existing North American Electric Reliability Council and its individual regional reliability councils may file with FERC those existing reliability standards they propose to be mandatory in the interim.

The Electric Reliability Organization may delegate authority to implement and enforce regional standards to an Affiliated Regional Reliability Entity, which can enforce reliability standards and take disciplinary action against system operators and users.

As I said before, the real way to prevent brownouts and blackouts is through comprehensive legislation that stimulates the construction of new generation and transmission.

This legislation will help, but much, much more needs to be done.

I urge my colleagues to support this legislation and to pass it without amendment.

Mr. SMITH of New Hampshire. Mr. President, I commend the chairman of the Committee on Energy and Natural Resources on this important piece of legislation. I believe that this legislation, and the electric reliability organizations created by this legislation, will significantly improve the reliability of our transmission system. I understand that a question has been raised, however, about the potential scope of authority of these electric reliability organizations and specifically their authority to waive environmental requirements. I would like to seek clar-

ification of this issue. It is my understanding that nothing in this legislation in any way waives or modifies any environmental requirements, or exempts any facilities covered by the bill from any otherwise applicable federal or State environmental law or regulations, including the requirements of the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Endangered Species Act, or any other environmental law.

Mr. BAUCUS. Mr. President, I share the concerns that have been raised about the potential scope of authority of the electric reliability organizations and would also seek clarification on this point. It is my understanding that in addition to not diminishing or affecting any environmental obligations, this legislation does not authorize the electric reliability organizations to direct or authorize any covered facility to violate or disregard the requirements of any Federal or State environmental law or regulation.

Mr. MURKOWSKI. Mr. President, the chairman and ranking member of the Committee on Environment and Public Works are both correct that the legislation will not affect or modify any requirements of our important environmental laws or authorize the electric reliability organizations to waive or modify those requirements.

Mr. BINGAMAN. Mr. President, I concur with the clarification by the chairman.

Mr. SMITH of New Hampshire. I thank the chairman for this important clarification.

Mr. BAUCUS. I also thank the chairman for his clarification.

Mr. LOTT. Mr. President, I ask unanimous consent that the committee amendment in the nature of a substitute be agreed to.

The committee amendment in the nature of a substitute was agreed to.

Mr. LOTT. Mr. President, I ask unanimous consent that the bill be read a third time and passed, as amended, the motion to reconsider be laid upon the table, and any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 2071), as amended, was read the third time and passed.

#### DEATH TAX ELIMINATION ACT

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now turn to the estate tax repeal bill.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Reserving the right to object. In fact, I should object. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. REID. Mr. President, I ask unanimous consent that when the Senate considers the estate tax bill, it be considered under the following limitation: That the bill be limited to relevant amendments, with the following exemptions of the minority: estate taxes

and tuition tax deductibility; second, estate taxes and Medicare prescription drug benefit; third, estate taxes and long-term care tax credit; next, estate taxes and Medicare off budget; next, estate taxes and retirement savings tax incentives; and, finally, estate taxes and kid savings accounts; that all first-degree amendments be subject to relevant second-degree amendments, and that there be a time limitation of 1 hour for debate, equally divided in the usual form, on all amendments.

I also say, just taking another brief minute, that at least one of our Members believes it would be appropriate that we should not be able to bring this estate tax legislation forward until we dispose of the China PNTR legislation.

The PRESIDING OFFICER. Is there objection?

Mr. LOTT. Mr. President, reserving the right to object, Senator DASCHLE and I have been discussing this matter in the hope that we could work out an agreement as to how we could proceed. We had discussed the possibility of certainly a substitute being in order on the estate tax legislation. I believe the Senator from New York, Mr. MOYNIHAN, had a substitute, or others, perhaps, joining with him would have a substitute, and other related or germane amendments to that issue. We even offered the possibility of having two nongermane amendments on each side.

Our problem gets to be when you go to five or six—I don't know how many were included in that list.

Mr. REID. Six.

Mr. LOTT. Plus, if you have a substitute and then you have, let's just say, one or two related germane amendments, then you have five amendments on each side—that is 10 amendments—and even if we got a time agreement, you are talking about 12, or more, or 14 hours, which would be a minimum of 2 days.

The problem we have in July is that we now have completed six appropriations bills, meaning there are still seven we have to get done.

I hope that, at a minimum, we get five or six more done in July because they are very important bills that need to get completed so they can get in conference with the House, so they can be sent to the President, so hopefully he can sign them.

We are talking about Agriculture; Interior; Housing and Urban Development; Treasury-Postal Service; Commerce-State-Justice—these are big, important appropriations bills. We have all those we have to do in July—a 3-week period—plus we have to do the marriage penalty tax elimination.

I think there is an overwhelming desire to get that done, on both sides of the aisle, although we still disagree on how to get it done. But the Finance Committee has reported that out in a reconciliation bill. And there is a desire to do the China PNTR.

I know we don't have the time to set aside 2 whole days in the midst of all

that for the death tax. If we could just agree to a substitute and germane amendments—this is a bill that passed the House overwhelmingly. Sixty-five Democrats voted for it. Members in the House, regardless of region or race or sex, voted for it. Why does the Senate need to get into all these other non-related matters?

But I understand there are Senators on the Democratic side who wish to have a debate and votes on these other matters. I believe they will probably have an opportunity to come up on other bills before the session is out. But that is why I object at this time.

The PRESIDING OFFICER. Objection is heard.

Mr. REID. Will the Senator yield?

Mr. LOTT. Under my reservation, I yield to Senator REID.

Mr. REID. I say to my friend, I think what we have done these last 4 days shows we can move through things very quickly. There were over 150 amendments after we worked on the bill a couple days. So we probably resolved over 200 amendments in the Labor-HHS bill.

But I also say, in the short time I have been in the Senate, we have had some tax bills with hundreds of amendments and we have been able to work our way through those in some way.

As with the leader, we on this side of the aisle think there should be some change in the estate taxes. We want to do that. We are getting the same calls you are.

But I say to my friend, we would be willing to take time agreements on these amendments. I am certain we could finish the amendments in one good, long day. We would take time agreements on these amendments.

On tax bills that have traditionally been brought up in the Senate, we have not had any restrictions on them. We will agree to have some restrictions, but we think this would be appropriate.

We will be happy to have our staffs work on this during the break, and as soon as we get back, the two leaders can again talk about this. We do want to bring up the estate taxes.

Mr. BAUCUS addressed the Chair.

Mr. LOTT. Mr. President, if I may respond to that, just briefly.

After the good work that has been done, in a bipartisan way, this past week, and after having participated in the effort that was just made to complete action on the military construction appropriations conference report, it has restored my faith that anything is possible in the Senate. I hope we can continue to work to find a way to resolve this and get it considered other than through the cloture process. I am going to hold out hope until the very last minute that we can get that done.

So we will continue to work. Our staffs have been exchanging proposals, and we will continue to do that right up until the time we need to begin voting, which would be, I guess, Tuesday or Wednesday of the week we return.

Under my reservation, I yield to the Senator from Montana.

Mr. BAUCUS. I thank the majority leader very much. I assure him, as a member of the Finance Committee, we definitely plan to take up some form of estate tax reform. I don't know what version it would be, but clearly that has to pass this year.

In addition, however, I do believe there is one other matter that is even more important than estate tax reform, and that is PNTR for China. It far transcends appropriations bills, marriage penalty relief, bankruptcy reform. Getting PNTR passed in July, I think, is of such urgency and is so important that I am constrained to object to any unanimous consent request that sets the schedule for July unless it also includes a time when we are going to take up PNTR. I know the leader knows that is my view. I just hope that in working with the leader, we can work out some accommodation to reach that objective.

#### MOTION TO PROCEED—H.R. 8

##### CLOTURE MOTION

Mr. LOTT. Mr. President, in light of the objections—and I do object—I now move to proceed to H.R. 8 and send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

##### CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to Calendar No. 608, H.R. 8, a bill to amend the Internal Revenue Code of 1986 to phase out the estate and gift taxes over a 10-year period:

Trent Lott, Bill Roth, Charles Grassley, Larry E. Craig, Chuck Hagel, Jeff Sessions, Pete Domenici, Strom Thurmond, Jon Kyl, Thad Cochran, Jim Bunning, Craig Thomas, Kay Bailey Hutchison, Susan M. Collins, Don Nickles, and Wayne Allard.

Mr. LOTT. Mr. President, this cloture vote will occur on Tuesday, July 11. I will notify all Members as to the time of the vote. In the meantime, I ask unanimous consent that the mandatory quorum under rule XXII be waived.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Mr. President, reserving the right to object, I would say there is a strong possibility we may not need a vote on this motion to proceed.

Mr. LOTT. If I may respond, I hope we can work through that. I thought maybe that would be the case. I want to say, again, I am still hoping we can come to an agreement to have some limited number of amendments that would be offered. Then we would be able to vitiate this whole thing.

In view of the time in July, I felt I needed to go ahead and get the process moving. And we still would have that option right up until Tuesday when we come back.