was passed. Like my colleagues, I support a strong national defense and funding for true educational responsibilities. However, I think we must offset increases in these programs by making reductions in other areas, understanding the President is not going to get everything he wants and Members of this body are not going to get everything they want.

Unfortunately, that is not what we are doing. I agree with President Bush that the responsible course of action for the Congress is to immediately move up the two biggest appropriations bills, Defense and Labor-HHS. Consider them first. We need to get everything on the table and reallocate resources in order to stay within the budget limits, just as I did when I was Mayor of Cleveland and Governor of the State of Ohio.

If we were in this kind of situation in a county, or in a city or at the State level, we would get everything on the table, we would look at all the things that need to be done, and say we have to reallocate these resources. But not in the U.S. Senate. Not in the U.S. Congress. We do these appropriations bills, No. 1 with blinders on, No. 2 with blinders on, No. 3 with blinders on—we go all the way to the end and just keep ratcheting it up a little bit until we get to the biggest ones at the end, and then we say, we don’t have the money; and then Katie bar the door. That is what has happened in the last 2 years I have been here.

I urge the President and urge the Senate leadership, let’s get real. Let’s look at what we are doing and understand we cannot do everything for everyone, and try to figure out how we can live within the limits we have set. We can do that. I think it would be the finest thing we could do for this country. If the nation is here—I don’t remember if it has ever been done since I have been watching government, and I have been watching it as a mayor and as a Governor for 20 years. I would like to see that happen.

The other thing I am going to try to do to guarantee we do not end up spending the Social Security surplus is offer two amendments in the near future, with colleagues from both sides of the aisle, that will force the Senate and House to make the necessary hard choices that will bring fiscal discipline to the Government and keep the Social Security surplus from being used.

My first amendment I will introduce will address Congress’s perpetual irresponsible budget gimmicks, gimmicks that Congress used in 1999 to avoid the appearance of using Social Security. There are a lot of them out there. We have to make sure we are honest with the public about what we are doing and not try to pull the wool over their eyes.

The second amendment I will be offering is an amendment to guarantee Social Security funds will not be spent and instead will be used to reduce debt. It is my hope, as we proceed through the appropriations process, these offset increases favorably by bringing hard consideration by my colleagues and not turned aside on a procedural vote. We ought to have an up-or-down vote on some of these issues that are really going to clarify the process and make sure Congress and the Senate are more transparent. We owe the American people nothing less.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

The Senator from New Mexico. Mr. BINGAMAN. Mr. President, I ask unanimous consent I be allowed to speak for up to 15 minutes in morning business.

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

ENERGY POLICY

Mr. BINGAMAN. Mr. President, I will take this opportunity to speak for a few minutes on the work that is currently underway in the Energy and Natural Resources Committee on which the Presiding Officer serves with great distinction. We are making an effort in that committee to develop a comprehensive and balanced energy policy. I want to inform my colleagues about the likely steps we will be following in the near future.

As I see it, Congress has a real opportunity this fall to set an energy policy that will sustain our economic prosperity as we move into this new 21st century. The Senate has a key role to play in seeing this opportunity does not slip through.

A great deal has changed since 1992, which is the last time Congress enacted major energy legislation. We have seen energy markets become more competitive and more dynamic. But we have also seen some significant bumps along the way.

First, of all, consumers are more vulnerable to the vagaries of the energy markets than they ever were before. I think the evidence we have of what happened in California with electricity prices is one example.

Second, gasoline supplies are increasingly subject to local crises and price spikes due to the proliferation of inflexible local fuel specifications.

Third, we rely more heavily each year on natural gas—natural gas to heat our homes and to produce electricity. But our system for producing and transporting that natural gas is showing signs that it is reaching its limits.

Fourth, the need to address the fundamental connection between energy and global warming is something that is becoming a major concern of many of us, and I think rightly so.

So I am pleased most of my colleagues in the Senate recognize these challenges. I believe there is a bipartisan consensus in favor of a sensible energy policy that will smooth out the bumps in the market by increasing energy efficiency, by helping our energy supplies, by modernizing our energy infrastructure.

Technology and policy innovations will be key to achieving this balanced outcome so Americans can have reliable and affordable energy choices that are sustainable over the long term. Our energy problems cannot be effectively addressed by packaging up a collection of tired old wish lists and passing that through the Senate floor in a day or two. Energy consumers and producers, and several committees here in the Senate, will need to focus on new energy approaches if we are to protect our national economic prosperity and do so through smarter ways to produce and use energy.

For this reason, as the Senate takes up and considers energy legislation this fall, we will be talking about the need for proactive policies, about the need for technology-driven approaches to our energy problems. We have made a good start already in the Committee on Energy and Natural Resources. We began our markup in July, before the August recess—a markup of comprehensive energy legislation.

The first part of the bill that we have substantially completed at this point is a comprehensive revitalization of the national capabilities for energy research and development. Putting research and development first reflects a broad consensus that new science and new technology are at the core of any solution to our national energy challenges. Despite the importance of energy R&D, our recent commitment to it leaves a great deal to be desired. The level of effort we are making today in terms of energy research and development is equivalent in constant dollars to what we were making in 1966. Yet our economy is three times larger today than it was in 1966. It is very hard to see how we can build a 21st century energy system on a 1960s level of effort in the research and development budgets.

The committee will begin its deliberations beginning this next week and its effort to mark up a bill this next week. Major topic areas before the committee as we move forward in this markup will include policy proposals to improve energy efficiency, to improve our ability to produce energy from a great diversity of sources, and second, the tough issues related to electricity restructuring.

Today I am releasing a detailed description of the proposed chairman’s mark in these various areas. I am also releasing the text of the major portions of the bill we will work on in committee—the next major portion of the bill. This part of the bill will deal with electricity, and it will provide a...
framework to integrate new technologies into electricity markets to provide high-quality, efficient electricity generation in every community and to give consumers new ways to manage and control energy use and energy costs.

I would like to take an opportunity to describe some of the key proposals in the mark that we will be considering in a little more detail. With respect to energy efficiency, the chairman’s mark that we will be considering for the energy policy bill will contain provisions that will improve energy efficiency in household appliances—also provisions that will improve energy efficiency in Federal and other facilities and industry itself.

Let me state my belief, though, that increasing vehicle fuel efficiency is one of the highest legislative priorities that we should have in the current legislation. In addition to our growing dependence on foreign imported oil, we have reached the limits of our current infrastructure to refine and distribute fuels. A policy of simply continuing to increase the demand for gasoline is not sustainable. Fortunately, advanced technology in a variety of areas to improve automotive fuel efficiency offers a better answer, and we need to move in that direction.

The National Academy of Sciences has given us some very useful ways of thinking how to reformulate the CAFE program. Clearly, consumers want the option to choose the type of vehicle that suits their needs and preferences. They also want to be able to count on reliable and affordable fuel supplies.

While CAFE standards are not in the Energy Committee’s jurisdiction, a number of other mechanisms to encourage greater fuel efficiency in cars and trucks are in our jurisdiction. The mark that we will be considering for Federal fleets that will provide greater incentive to automobile and truck manufacturers to produce more highly efficient vehicles.

A topic closely allied to vehicle fuel efficiency is the question of the fuels that we will need in the future to power cars and trucks. Here, the Congress has a clear duty to address the growing multiplicity of fuel specifications around the country. Part of the solution to this problem will be provided for by a bill in the Committee on Environment and Public Works, sponsored by Senators Smith and Reid. I hope that these provisions find their way into our overall energy bill in the Senate.

The Chairman’s mark will include a number of energy efficiency provisions relating to appliances. Perhaps the most visible proposal in this regard will be one that enacts a 13 Seasonal Energy Efficiency Rating (SEER) standard for central air-conditioning units. Such a standard was finalized earlier this year, but since then the Bush Administration has attempted to withdraw it and substitute a lesser standard. The Committee on Energy and Natural Resources held hearings on this topic and the chairman has stated that he is persuaded that the administration based its decision on economic information that was outdated and inaccurate.

A 13 SEER rating for central air-conditioning units can do a lot to help avoid summer blackouts and brownouts when high temperatures send electricity demand soaring. During the intense heat wave we had in early August, which was felt nationwide, peak demand from air-conditioning did, in fact, lead to problems in electricity availability in some parts of the country, while others were uncomfortably close to the margin. We need to build more efficiency into this part of our system over the long term, and a higher standard for large air-conditioning units will help.

The Chairman’s mark will also require the Federal government to purchase Energy Star or other efficient products designated by the Federal Energy Management Program. This is a requirement that, again, makes eminent sense. Taxpayers save money, and the cost of energy-efficient appliances to consumers comes down, when the Federal government takes a leadership role in using highly energy efficient computers, office machines, and other appliances.

The mark also authorizes a grant program to help build energy-efficient schools. School districts can ill afford to waste taxpayer funds on excessive energy bills because of the inefficiency of school buildings.

With respect to new energy sources, it is important that the Senate look to policies that will truly improve our energy security, including measures to improve our supply of natural gas and to diversify our energy mix to include a greater reliance on domestic renewable resources. These are the types of provisions that I will include in the Chairman’s mark.

I will not be including in the mark any provisions relating to drilling for oil in the Arctic National Wildlife Refuge. The debate over oil drilling in the Arctic National Wildlife Refuge—a long-standing bone of contention in energy policy—is in many ways a distraction from more important opportunities to bolster our domestic energy security. Oil produced from the arctic refuge is not likely to influence the world market or the prices that U.S. consumers pay for gasoline. I plan to focus attention in the Energy Committee mark-up on a number of issues that will have a greater impact on our domestic production of oil and gas and a larger near-term impact than drilling in the Arctic.

The first such issue is another Arctic resource that could be brought to U.S. markets—natural gas. The exploration for oil in the Prudhoe Bay region of Alaska has resulted in the discovery of abundant supplies of natural gas, but there is now no way to bring that gas to markets in the lower 48 States that could benefit from it. The projection of growing demand for natural gas has awakened interest in building a pipeline from Prudhoe Bay in Alaska to markets in the lower 48 States. That pipeline would be an enormous construction project on the part of the private sector, requiring perhaps 2,000 miles of steel pipe and costing $20 billion. A lot of spurious job numbers have been floated about drilling in the Arctic Refuge. The gas pipeline would be the real thing as far as job creation is concerned.

If we do not act while there is substantial private-sector interest in building the Arctic gas pipeline, we will lose an important opportunity to bolster our national energy security in natural gas. If we do not transport the Alaska gas to market, then our growing demand for gas will be met by large-scale import of liquefied natural gas. At $3 or less per million BTU, imported LNG will be cheaper than Alaskan gas. But it would be folly to look at the issue solely through the prism of short-term economics. We are already more than 50 percent dependent on foreign oil. If we do nothing about the Arctic gas, we could wind up being similarly dependent on foreign natural gas, from many of the same OPEC countries from which we import oil. That is an economic and national security issue.

We face a clear moment of decision. The Chairman’s mark that I will bring before the Committee will contain authorizing provisions to streamline the regulatory approval process to move forward with the pipeline. We may find a mechanism to ensure that the domestic option for a pipeline route is chosen. I hope to be able to work with my colleague from Alaska during the mark-up to help make that happen.

The second key initiative for domestic production is to undertake a top-to-bottom review of both federal and State royalty and tax policy on domestic gas and production. Our current policies were put in place when the U.S. had abundant and easily accessible supplies of natural gas. Under current policies, we could lose out on economic and job creation opportunities. The pipeline from Alaska would provide substantial private-sector interest in Alaska where it would join with existing gas pipelines that serve the United States. That pipeline would be an enormous construction project on the part of the private sector, requiring perhaps 2,000 miles of steel pipe and costing $20 billion. A lot of spurious job numbers have been floated about drilling in the Arctic Refuge. The gas pipeline would be the real thing as far as job creation is concerned.

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that actually make new leases for oil and gas available to domestic producers. For all the rhetoric from the administration about the need to boost production, it has not asked for increased money in order to bring this about. The result is likely to be further delays and frustration on the part of U.S. oil and gas producers. In the mark that I will present to the committee, we will authorize a higher level of funding for the necessary personnel to make the decisions and to process applications for domestic production.

The area of electricity, as I mentioned earlier in these remarks, is the next major topic that we will take up in the markup. We do need to provide for reliable and diverse electric power generation and distribution sources in the country. Electricity is a central part of modern life. Yet our electric system largely operates on a design that is nearly a century old. There are many problems in our electricity markets that need to be addressed. The problems faced by California and the West each year should be a wakeup call to all of us.

What the electricity crisis in California showed is that the institutions that developed in the last century have not evolved enough to ensure reliable and affordable supplies of electricity. We face a crucial turning point. During the next few years, billions of dollars of investment will be planned and committed to electric generation and transmission. Those investments will have a 30- to 50-year lifespan. Will we put in place a structure to maximize the chances that investments will go to new technologies that will give consumers real choices over their energy use or will Congress, by its inaction, perpetuate obsolete frameworks for managing electricity markets, with the result that we wind up with little improvement in the status quo?

I believe that we in Congress and the President have a great opportunity to be visionary about the future of electricity. A transmission grid that is open to a wide variety of generation options, including distributed generation, will be visionary about the future of electricity. A transmission grid that is nearly a century old. There are market defects, without interfering unduly in those market defects. I believe we need to move forward now with a legislative solution to these problems. To leave electricity legislation for another day would be to perpetuate an obsolete system that will not provide the reliability, quality, affordability, and choice that consumers will want and need.

The changes that I believe are needed, and that we are going to be trying to address in the chairman’s mark, include the following:

First, we will try to clarify who has jurisdiction over regulating electricity transmission in interstate commerce. That is a key part of what the legislation will do. That role is assigned to the Federal Energy Regulatory Commission, or FERC. FERC will be given authority to ensure that all electric transmitting organizations in interstate commerce play by a consistent set of fair rules.

Second, the chairman’s mark will give FERC the responsibility for taking the current voluntary system for promoting reliability in electric transmission and making adherence to reliability rules mandatory.

Third, the chairman’s mark will give the FERC the tools to ensure that competitive markets work well to provide customers with affordable electricity.

Fourth, the chairman’s mark will address the issue of new transmission facilities. This is something that the President has indicated his support for. A national transmission grid is a necessity, but cannot occur without a new approach to transmission planning, expansion, and siting. Federal eminent domain, by itself, is not likely to lead to an effective approach to meeting this need. What is needed is to use federal eminent domain as a backstop to a more cooperative, regionally based approach to transmission and siting issues. Thus, the chairman’s mark will rely on regional transmission organizations to do the bulk of transmission planning, expansion, and siting. Only if those regional entities run into federal eminent domain authority be invoked, and that authority will be used only to implement the decisions taken regionally.

The chairman’s mark will include a repeal of the 1935 Public Utility Holding Company Act, or PUHCA, but the protections in that act will be replaced by giving FERC jurisdiction over mergers of holding companies that own utilities and over acquisitions of generation assets.

Finally, the chairman’s mark will ensure that there is transparent information on market transactions.

As part of a balanced and comprehensive legislative solution, the chairman’s mark also includes numerous benefits and protections for consumers, so that we don’t repeat the mistakes of deregulation of telecommunications practice; and a Public Benefits Fund to ensure that there is a way to fund electricity programs in the public interest.

The chairman’s mark also includes a series of provisions to ensure that we have a greater role in our electricity generating system of the future for renewables and distributed generation, while maintaining the contribution that can be made by existing large-scale generation, such as hydropower and nuclear. Among the important tools for making sure that we have diversity in our sources of electricity is a renewable portfolio standard, uniform interconnection standards to the electric grid, greater flexibility and predictability to the process of relicensing hydroelectric dams, and a reauthorization of parts of the Price-Anderson Act.

Finally, a common thread among many of the provisions that I have mentioned in this chamber today and that we will be considering in the bill is perhaps the most important public policy challenges of the 21st century, and that is climate change. Climate change policy and energy policy are inseparably linked because energy use and the use of energy are leading sources of greenhouse gases that affect the atmosphere. The Senate must ensure that the energy legislation it passes makes a meaningful, positive contribution to dealing with this issue. Many of the provisions that I have already discussed—energy efficiency, the focus on more renewables—make a contribution to this goal. The mark that we will be considering in committee will contain some additional provisions to promote better information and policy on greenhouse gas emissions.

Energy policy is a difficult and complex topic. Getting to a solution that gives America a vibrant energy infrastructure and the right policies for the 21st century will require careful work on complicated issues. Our Nation’s future economic prosperity, and the jobs of millions of Americans, are at stake. I hope that the approach taken in the Senate combines a thoughtful analysis of current energy policies with a willingness to take some bold policy steps to address those challenges. That certainly is the spirit in which I will be making proposals before the committee.

I look forward to working with all my colleagues in the Senate to produce constructive legislation for the future of our country.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. Edwards). The Senator from Ohio.

UNITED STATES-MEXICO ENGAGEMENT: AN UNPRECEDENTED OPPORTUNITY FOR COOPERATION

Mr. DeWINE. Mr. President, earlier today we welcomed to the historic House Chamber President Vicente Fox, the President of Mexico. At this moment, President Bush and President Fox are in my home State of Ohio. They traveled to Toledo, OH, making several visits there. So we welcome both Presidents to our home State.