

TO EXTEND CERTAIN PROGRAMS UNDER THE ENERGY
POLICY AND CONSERVATION ACT THROUGH SEPTEMBER
30, 1997

SEPTEMBER 20, 1996.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. BLILEY, from the Committee on Commerce,
submitted the following

R E P O R T

[To accompany H.R. 4083]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, to whom was referred the bill (H.R. 4083) to extend certain programs under the Energy Policy and Conservation Act through September 30, 1997, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

H.R. 4083 extends certain programs under the Energy Policy and Conservation Act through September 30, 1997. Paragraphs 1 and

2 of H.R. 4083 extend the authorities to buy or lease oil for, operate, and drawdown the Strategic Petroleum Reserves through September 30, 1997, and authorize such sums as may be necessary. Paragraphs 3 and 4 extend funding and authority for the United States to participate in the International Energy Agency (IEA) through September 30, 1997, and authorize such sums as may be necessary. Absent an extension, (1) the President's authority to drawdown the Reserve in an emergency might be insufficient or his ability to order a rapid drawdown if necessary could be delayed, and (2) the ability of oil companies to participate in oil sharing programs ordered by the IEA in an emergency would be severely limited.

BACKGROUND AND NEED FOR LEGISLATION

The Energy Policy and Conservation Act (EPCA) was enacted on December 22, 1975, (Public Law 94-163) to deal with the chronic energy supply shortages, particularly petroleum supply shortages, experienced by the United States in the early 1970s. Among other things, EPCA authorized the creation of a Strategic Petroleum Reserve (SPR or Reserve) capable of storing up to one billion barrels of oil to reduce the U.S.'s vulnerability in the event of a disruption in imported petroleum supplies. EPCA also authorized U.S. participation in the International Energy Agreement. Authorization of both of these programs expired June 30, 1996.

The SPR presently consists of six sites on the Gulf Coast in Texas and Louisiana. These sites currently contain about 582 million barrels of crude oil and have a total storage capacity of 750 million barrels. The current storage level is equivalent to approximately 71 days of U.S. imported oil consumption. By law, the SPR is required to contain one billion barrels of oil. However, recent budget constraints have forced the Department of Energy to end plans to expand the SPR's capacity and to propose to stop buying and to start selling SPR oil. In the 104th Congress, two sales of oil from the Reserve were authorized to meet budgetary goals and a third has been proposed.

The purpose of the International Energy Agreement is to coordinate the responses of oil consuming nations to oil supply disruptions in order to minimize the global impact of those disruptions. The authorities being extended by H.R. 4083 allow the President to participate in the program and give U.S. oil companies a limited antitrust exemption for their participation in the program.

Authority to undertake activities related to the Reserve and the International Energy Agreement expired on June 30, 1996. Concerns have been raised that the expiration of this authority leaves the President without complete authority to drawdown the Reserve in an energy emergency and impairs the ability of U.S. oil companies to participate in the International Energy Agreement. This short term extension addresses these concerns and assures that these important authorities are continued when the Congress adjourns. This short term extension also gives the Congress additional time to consider issues involved in a longer term extension.

HEARINGS

The Subcommittee on Energy and Power held a hearing on H.R. 2965, a bill to extend energy conservation programs under the Energy Policy and Conservation Act through Fiscal Year 1999, and for other purposes, on November 9, 1995. The Subcommittee received testimony from the following witnesses: Mr. C. Kyle Simpson, Associate Deputy Secretary for Energy Programs, U.S. Department of Energy; Mr. John Nunley, III, Director, Wyoming Energy and Conservation Office, representing the National Association of State Energy Officials; and Mr. Scott Sklar, Executive Director, Solar Energy Industries Association.

COMMITTEE CONSIDERATION

On September 18, 1996, the Committee on Commerce met in open markup session and ordered H.R. 4083, a bill to extend certain programs under the Energy Policy and Conservation Act through September 30, 1997, reported to the House, without amendment, by a voice vote.

ROLLCALL VOTES

Clause 2(1)(2)(B) of rule XI of the Rules of the House requires the Committee to list the recorded votes on the motion to report legislation and on amendments thereto. There were no recorded votes taken in connection with ordering H.R. 4083 reported. A motion by Mr. Bliley to order H.R. 4083 reported to the House, without amendment, was agreed to by a voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee held a legislative hearing and made findings that are reflected in this report.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

Pursuant to clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings have been submitted to the Committee by the Committee on Government Reform and Oversight.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 4083 would result in no new or increased budget authority or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 19, 1996.

Hon. THOMAS J. BLILEY, Jr.,
*Chairman, Committee on Commerce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4083, a bill to extend certain programs under the Energy Policy and Conservation Act through September 30, 1997.

Enacting H.R. 4083 would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to the bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 4083.
2. Bill title: A bill to extend certain programs under the Energy Policy and Conservation Act through September 30, 1997.
3. Bill status: As ordered reported by the House Committee on Commerce on September 18, 1996.
4. Bill purpose: H.R. 4083 would amend the Energy Policy and Conservation Act (EPCA) to extend the authorization of programs and activities related to energy emergencies through September 30, 1997. The previous authorization for these activities expired on June 30, 1996. This bill would authorize the Department of Energy (DOE) to continue to operate the Strategic Petroleum Reserve, participate in the International Energy Agency, and conduct related activities through the end of fiscal year 1997, and would authorize such sums as may be necessary for these programs.
5. Estimated cost to the Federal Government: As shown in the following table, we estimate that enacting H.R. 4083 would result in additional discretionary spending totaling \$224 million over the 1997–2002 period, assuming appropriation of the necessary amounts for fiscal year 1997.

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
Spending under current law:							
Budget authority ¹	290	.....	.....	.....	.....	.....	.....
Estimated outlays	272	128	29	.....	.....	.....	.....
Proposed changes:							
Estimated authorization level .....	.....	224	.....	.....	.....	.....	.....
Estimated outlays .....	.....	123	79	22	.....	.....	.....

[By fiscal year, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
Spending under H.R. 4083:							
Estimated authorization level ¹	290	224	.....	.....	.....	.....	.....
Estimated outlays	272	251	108	22	.....	.....	.....

¹ The 1996 level is the amount appropriated for that year.

The costs of this bill fall within budget function 270.

6. Basis of estimate: For the purpose of this estimate, we assume that appropriations will be provided by the start of fiscal year 1997 and that outlays will follow historical trends for the affected programs. In the absence of specific authorization levels, we assume that the amounts appropriated for the current fiscal year represent the level of funding necessary to carry out the functions outlined in the bill. The one exception to this approach is the estimate for operation and maintenance of SPR facilities. For that account, we have based our estimate on DOE's current estimate of the program's requirements for 1997 because the 1996 level includes the one-time cost of decommissioning one of the SPR sites. Hence, we project spending for the SPR would total about \$220 million in 1997, assuming appropriations consistent with operations and maintenance needs.

For comparability to the estimate for 1997, the table includes the \$287 million gross appropriation for the SPR facilities account for 1996. This SPR account received no new budget authority for 1996 because the entire operation was offset by collections of \$100 million from a sale of oil from one of the SPR sites and by the transfer of \$187 million in unobligated balances from the SPR petroleum acquisition account.

7. Pay-as-you-go considerations: None.

8. Estimated impact on State, local, and tribal governments: The bill contains no intergovernmental mandates as defined by the Unfunded Mandates Reform Act of 1995 (Public Law 104-4), and would not have any impact on the budgets of state, local, or tribal governments.

9. Estimated impact on the private sector: This bill would impose no new private-sector mandates as defined in Public Law 104-4.

10. Previous CBO estimate: In 1996, CBO submitted estimates of several bills approved by the House Committee on Commerce and the Senate Committee on Energy and Natural Resources that would have extended the authorization of the programs authorized by H.R. 4083. Estimates were provided for H.R. 2596, a bill to reauthorize the Energy Policy and Conservation Act through 1999, and for other purposes; H.R. 3868, a bill to extend certain programs under the Energy Policy and Conservation Act through September 30, 1996; S. 1605, the Energy Policy and Conservation Act Amendment Act; and S. 1888, the Energy Policy and Conservation Act Amendments of 1996. Most of differences between those estimates and the estimate for H.R. 4083 reflect differences in the time period and programs that would be affected by the respective bills.

11. Estimate prepared by: Federal cost estimate—Kathleen Gramp. Impact on State, local, and tribal governments—Pepper Santalucia. Impact on the private sector—Patrice Gordon.

12. Estimate approved by: Robert A. Sunshine, for Paul N. Van de Water, Assistant Director for Budget Analysis.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee finds that the bill would have no inflationary impact.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act are created by this legislation.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Paragraph 1 of H.R. 4083 authorizes such sums as may be necessary to carry out the Strategic Petroleum Reserve program through September 30, 1997. Funds for this program have already been appropriated through the end of Fiscal Year 1997.

Paragraph 2 of the bill extends the authorities to buy or lease oil for, operate and drawdown the Strategic Petroleum Reserves through September 30, 1997. Absent extension of this authority the President's ability to drawdown the Reserve in an energy emergency is incomplete.

Paragraph 3 authorizes such sums as may be necessary to participate in the International Energy Program through September 30, 1997. Funds for the program have already been appropriated through the end of Fiscal Year 1997.

Paragraph 4 simply extends the authority for the U.S. to participate in the International Energy Agency (IEA) through September 30, 1997. Absent such an extension, the ability of oil companies to participate in oil sharing programs ordered by the IEA in an emergency would be severely limited.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ENERGY POLICY AND CONSERVATION ACT

* * * * *

**TITLE I—MATTERS RELATED TO DOMESTIC SUPPLY
AVAILABILITY**

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PART B—STRATEGIC PETROLEUM RESERVE

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【AUTHORIZATION OF APPROPRIATIONS

【SEC. 166. (a) There are authorized to be appropriated—

[(1) such funds as are necessary to develop and implement the Early Storage Reserve Plan (including planning, administration, acquisition, and construction of storage and related facilities) and as are necessary to permit the acquisition of petroleum products for storage in the Early Storage Reserve or, if the Strategic Petroleum Reserve Plan has become effective under section 159(a), for storage in the Strategic Petroleum Reserve in the minimum volume specified in section 154(a) or 155(a)(2), whichever is applicable;

[(2) \$1,100,000,000 to remain available until expended to carry out the provisions of this part to develop the Strategic Petroleum Reserve Plan and to implement such plan which has taken effect pursuant to section 159(a), including planning, administration, and acquisition and construction of storage and related facilities, but no funds are authorized to be appropriated under this paragraph for the purchase of petroleum products for storage in the Strategic Petroleum Reserve;

[(3) such funds for the fiscal year ending September 30, 1978, not to exceed \$1,210,000,000, as are necessary to permit the acquisition and storage of petroleum products in the Strategic Petroleum Reserve, in accordance with the storage schedule set forth in the Strategic Petroleum Reserve Plan then in effect in excess of the minimum volume specified in section 154(a), but not in excess of 500,000,000 barrels; and

[(4) for the fiscal year ending September 30, 1982, not to exceed \$260,000,000 to carry out the provisions of this part, except—

[(A) acquisition, transportation, and injection of petroleum products for the Reserve, and

[(B) the carrying out of any drawdown and distribution of the Reserve.]

AUTHORIZATION OF APPROPRIATIONS

SEC. 166. *There are authorized to be appropriated for fiscal year 1997 such sums as may be necessary to implement this part.*

* * * * *

PART D—EXPIRATION

EXPIRATION

SEC. 181. Except as otherwise provided in title I, all authority under any provision of title I (other than a provision of such title amending another law) and any rule, regulation, or order issued pursuant to such authority, shall expire at midnight, [June 30, 1996] *September 30, 1997*, but such expiration shall not affect any action or pending proceedings, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to midnight, [June 30, 1996] *September 30, 1997*.

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TITLE II—STANDBY ENERGY AUTHORITIES

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PART B—AUTHORITIES WITH RESPECT TO INTERNATIONAL ENERGY PROGRAM

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DOMESTIC RENEWABLE ENERGY INDUSTRY AND RELATED SERVICE INDUSTRIES

SEC. 256. (a) * * *

* * * * *

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary for purposes of carrying out the programs under subsections (d) and (e) \$10,000,000, to be divided equitably between the interagency working subgroups based on program requirements, for each of the fiscal years 1993 and 1994, and such sums as may be necessary for fiscal year 1995 to carry out the purposes of this subtitle. *There are authorized to be appropriated for fiscal year 1997 such sums as may be necessary to carry out this part.*

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PART D—EXPIRATION

EXPIRATION

SEC. 281. Except as otherwise provided in title II, all authority under any provision of title II (other than a provision of such title amending another law) and any rule, regulation, or order issued pursuant to such authority, shall expire at midnight, **[June 30, 1996]** *September 30, 1997*, but such expiration shall not affect any action or pending proceedings, civil or criminal, not finally determined on such date, nor any action or proceeding based upon any act committed prior to midnight, **[June 30, 1996]** *September 30, 1997*.

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