

Senate energy bill update
May 27, 2005

We thought you would like an update on the recent Senate committee action on the energy bill. On Thursday, May 26, the Senate Energy and Natural Resources Committee passed the energy bill by a vote of 21-1. Sen. Ron Wyden of Oregon was the lone dissenter, saying his “no” vote centered on “cars, carbon and corn.” Translated this means the bill has no increase in auto efficiency standards, does not directly address climate change, and provides what he considers to be unnecessary subsidies to the ethanol industry.

From WORC’s point of view the Senate bill is more responsible and balanced in its approach to energy policy than the House version, HR 6. However, the Senate bill still falls far short of what our country needs in terms of an energy policy.

The United States needs a forward looking energy policy that promotes a secure and diversified energy supply and safeguards human health, land and water. Neither the House or Senate bill meets this goal.

What are some of the good things about the Senate energy bill?

- The Senate energy bill left out some of the worst provisions contained in the House bill, which include, but are not limited to:
 - Allowing oil and gas companies to take up to two years to comply with drilling permit application requirements, but limiting the BLM to only ten days to make decisions on drilling permit applications.
 - Weakening the Safe Drinking Water Act by prohibiting hydraulic fracturing fluids from being considered pollutants of drinking water.
 - Undermining the Clean Water Act by exempting from the “storm water” requirements all oil and gas construction activities, including construction of roads, drill pads, pipeline corridors, refineries, compressor stations, sweetening plants, etc.
 - Limiting environmental, public health, and citizen review of oil and gas projects under the National Environmental Policy Act (NEPA).
- It directs the National Academy of Sciences to study “the effect of coal bed natural gas production on surface and groundwater resources, including groundwater aquifers, in the states of Montana, Wyoming, Colorado, New Mexico, North Dakota and Utah.”
- It sets up a program to remediate, reclaim and close orphaned, abandoned or idled oil and gas wells located on public land, with authorized appropriations of \$20 million each year for fiscal years 2006-2010.

- It provides technical and financial assistance to oil and gas producing states to remedy environmental problems caused by orphaned and abandoned wells on state and private land, with authorized appropriations of \$5 million each year for fiscal years 2006-2010.
- It directs the Secretaries of Interior and Agriculture to improve inspection and enforcement of oil and gas activities, including enforcement of terms and conditions in permits to drill, with an authorized appropriation of \$20 million for fiscal years 2006-2010.
- It directs the Secretary of Interior to make land available for leasing to conduct research and development activities for the recovery of oil shale, but specifies that a Programmatic Environmental Impact Statement must be prepared under NEPA before commercial leases can be issued.

What are some of the bad things about the Senate energy bill?

- It gives the permit holder for electric transmission facilities in a designated "National Interest Electric Transmission Corridor" the right of eminent domain and power to condemn private property in U.S. District Court.
- It increases the current 160 acre limitation for federal coal lease modifications to 320 acres, or acreage no larger than that in the original lease.
- It repeals a long standing consumer protection law, the Public Utility Company Holding Act, that could lead to more Enron style debacles.
- It would prevent local communities and states from having meaningful input in siting liquefied natural gas terminals.
- It would lift the 240,060 acre limitation on the amount of federal oil and gas acreage one entity can control, encouraging monopolization of the use of federal oil and gas resources.
- It would establish a perpetual "pilot project" for streamlining the approval of energy permits in the following BLM Field Offices: Rawlins and Buffalo, Wyoming; Carlsbad and Farmington, New Mexico; Miles City, Montana; Grand Junction/Glenwood Springs, Colorado; and Vernal, Utah.

What we'd still like to see in the Senate energy bill?

- A federal Renewable Energy Standard that would require utilities to generate electricity from clean, renewable sources such as the wind and sun. Twenty states have enacted their own Renewable Energy Standards.
- A ten-year extension of the federal Production Tax Credit (PTC) for wind energy and other renewable resources that also allows limited liability corporations and other locally based tax-paying entities to transfer the PTC to parties not owning the generating facilities.
- Clear requirements for the proper management of produced water extracted in the course of oil and gas development.

- Clear requirements that provide for greater involvement of landowners in plans for oil and gas drilling, and that give landowners 45 days advance written notice of oil and gas lease sales.
- Clear requirements that would force developers to draft reclamation plans and post reclamation bonds for the restoration of lands affected by drilling for federal oil and gas.

What's next?

Just to be clear, there is much more in the Senate energy bill that we have not covered here, both good and bad. Now that the bill has cleared the Energy and Natural Resources Committee, the Finance Committee has to offer its proposal on how to allot \$11 billion in energy tax breaks and incentives. In addition, the Environment and Public Works Committee still must act on nuclear regulatory matters and could do so the week of June 6. Floor debate is likely to occur later in June.

If the bill comes out of the Senate, there will then be a conference with the House to try and reconcile the differences. Based on past experience, many more bad than good things are likely to happen in such a conference. Stay tuned. It's anybody's guess what will happen.

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