

Lawmakers Get Ready To Revisit Energy Bills

House, Senate Must Reconcile Widely Varying Legislation

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Congress looks set to tackle energy legislation -- again.

Galvanized by a combination of \$70-a-barrel crude oil prices, \$3-a-gallon gasoline, war in the oil-rich [Middle East](#) and growing anxiety about climate change, House and Senate leaders have pushed through separate energy bills.

The only problem is that the two bills don't match, and the differences could prove tough to iron out.

? The Senate voted for raising average vehicle fuel efficiency to 35 miles a gallon; in the House, disagreement among Democrats prevented such a measure from reaching the floor.

? The House voted for a renewable-energy standard for utilities; support in the Senate fell short.

? The Senate voted to raise the minimum level of ethanol consumption nationwide; a House version never came to a vote.

? The House voted to increase royalty and tax payments for oil companies and give tax incentives for renewable resources and energy efficiency; the Senate didn't adopt any tax package.

Energy legislation remains a priority for [Senate Majority Leader Harry M. Reid \(D-Nev.\)](#), who is fighting to stop the construction of new coal plants in his home state, and for House Speaker [Nancy Pelosi \(D-Calif.\)](#), who has vowed to pass legislation that would help the environment and promote what she has called "energy independence."

"It's one of her priorities," said Drew Hamill, a Pelosi spokesman.

But some lobbyists wonder whether energy will get drowned out by debates on [Iraq](#) and appropriations.

"I think it's a priority for the Democrats and for the president. They all talk about energy," said Bob Dinneen, president of the Renewable Fuels Association, which represents the ethanol industry. "But this is a political town and a political season, and who knows?"

Further uncertainty surrounds procedural issues. To reconcile the House and Senate bills, one chamber may have to pass an additional measure, creating an opportunity for mischief by the legislation's foes.

Meanwhile, leading lawmakers are vowing to draw up climate-change bills, and these could also be at odds. Sens. [Joseph I. Lieberman](#) (I-Conn.) and [John W. Warner \(R-Va.\)](#) are teaming up to cap greenhouse-gas emissions and allow companies to trade credits and allowances; [House Energy and Commerce Committee](#) Chairman [John D. Dingell](#) (Mich.) wants to combine a cap-and-trade system with hefty taxes on emissions.

[President Bush](#)'s support remains doubtful on both the energy and climate-change fronts. [The White House](#) is opposed to most energy bill provisions. It has warmed to the idea of action on climate change as opinion polls and scientists register greater concern. But Bush still opposes unilateral U.S. action. He is to meet with leaders of developing nations this month to discuss climate change, but he has set December 2008, his last full month in office, as a target for reaching an international agreement.

Warner's decision last week to retire dealt a blow to advocates of climate-change legislation, who had hoped that the senior Republican, an opponent of past climate-change bills, would rally other [GOP](#) members behind a new measure.

"It probably takes the wind out of the sails of any effort to pass major global-warming legislation in this Congress," said Frank O'Donnell, president of Clean Air Watch. "It will be tough for a lame duck to pull more Republicans into the effort."

On the energy bill, many lobbyists have been wondering whether Pelosi, who favors the Senate fuel-efficiency clause, will let Dingell, who backs a much milder version, lead the House conference team or pass him over for veteran [House Ways and Means Committee Chairman Charles B. Rangel](#) (D-N.Y.).

Another possibility is that senior leaders will bypass the conference committee, the same way they handled the recent lobbying and ethics bill. Congressional leaders would make a deal, the Senate would amend and pass its own bill, and Pelosi would put it to a vote in the House without allowing amendments. Leadership aides said no decisions have been made on how to proceed.

Aside from the four major items in dispute, debate rages on other clauses with huge consequences for companies in the energy industry. [Public Citizen](#), a nonprofit watchdog group, has decried provisions that would expand loan guarantees for "innovative technologies," which, it says, could include as much as \$50 billion for nuclear plants.

Loan guarantees are limited by the Federal Credit Reform Act. The Senate bill would remove the limits, giving discretion to the [Energy Department](#). The House version makes clear that nuclear projects shouldn't be excluded from the list of innovative technologies.

In June, the White House budget office said that changes to the loan-guarantee program could "significantly increase potential taxpayer liability" and "eliminate any incentive for due diligence by private lenders." But [Sen. Pete V. Domenici](#) (R-N.M.), a booster of nuclear power, threatened to block the administration's nomination of [Jim Nussle](#) as director of the [Office of Management and Budget](#) unless the office altered its stance. In August, OMB Deputy Director Stephen S. McMillin wrote a letter to Domenici with concessions. He said the administration would let the guarantees cover up to 100 percent of a project loan, instead of 90 percent; set aside loan

guarantees for nuclear projects in addition to its \$9 billion appropriation request; and let industry use them in later years.

Domenici voted yesterday in favor of Nussle's nomination, which was approved 69 to 24.

The solar industry has also been pressing Congress for benefits, urging it to extend the 30 percent income tax credit for renewable energy to 2016. This is included in the House energy bill but not the Senate's.

"The ITC is critical," said Avi Brenmiller, president of Solel Solar Systems, which has signed a long-term contract to sell power from a 550-megawatt solar park in the Mojave Desert to Pacific Gas and Electric. Construction is to start in 2009, and power won't flow until 2011.

It has been 30 years since President [Jimmy Carter](#) delivered a call to action on energy, calling the issue "the moral equivalent of war." Like today's lawmakers, he warned that the United States risked compromising its foreign-policy latitude, the economy and the environment.

Yet the nation's energy picture is more dire today. The United States last year spent eight times as much on oil imports as it did 30 years ago. Oil imports account for more than 60 percent of U.S. consumption, up from just 25 percent when Carter spoke. The average American today uses about 70 barrels of oil a year; Carter said that in 1977 the average American used the energy equivalent of 60 barrels of oil.