

1880 of office positions filled that will obviously make my job
1881 perhaps a little easier.

1882 Mr. BARTON. Well, let me ask you a little tougher
1883 question, then. You are a former Senator from the great
1884 State of Michigan. You are very aware that CAFE is not a
1885 place you eat in a restaurant, it is Corporate Average Fuel
1886 Economy, a fairly controversial issue in your home State.
1887 The President and the Vice President and you have come out
1888 strongly for conservation. Your proposal as it stands would
1889 shave 48 quads of energy from the projected increase in
1890 demand if we did nothing in terms of conservation.

1391 Do you have any thoughts that you would care to share
1392 with the subcommittee on what a reasonable balanced increase
1393 in corporate average fuel economy standards might be that
1394 this subcommittee should consider legislatively?

1895 Secretary ABRAHAM. Well, our position as reflected in
1896 the plan, is to recommend that the Secretary of
1897 Transportation, who under statute has responsibility with
1898 respect to CAFE standards, makes recommendations and it is in
1899 his domain to do so.

1900 But let me just say I think--Congressman Dingell isn't
1901 here, but ~~obviously~~ ^I he and I have worked together on this
1902 issue on behalf of our constituents, but ~~we believe~~ ^{have worked together} on behalf
1903 of the American citizenry more broadly, with regard to ^{CAFE} ~~this~~
1904 in recent years. ~~I think that what~~ ^{we} effected last year in ⁵

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1905 ~~terms of~~ a compromise in the Senate that called upon the
1906 National Academy of Sciences to make ^{CAFE} recommendations by this
1907 July, in time for this year's considerations of the
1908 Appropriations Committee. ^{It} was an appropriate step to have
1909 taken last year. We acknowledged that in the recommendations
1910 in the President's report.

1911 I think as you look at the actions taken, without any
1912 governmental mandates, by the auto industry, you see a move
1913 in the direction of hybrid vehicles designed to improve fuel
1914 efficiency. ^{There are} ~~The~~ two things I would ~~just, I guess,~~ pose to
1915 Members of Congress--and now maybe I am speaking more because
1916 of previous roles than I am of my current one. ^{When} one
1917 considers whatever might be the ultimate standards to take
1918 into account, first the issue of safety; and second, the
1919 issue of the disparity, the potential disparity effect on
1920 American versus foreign manufacturing of changes. I think we
1921 need to proceed ahead if we are going to change the fuel
1922 efficiency standards consistent with those very important
1923 considerations.

1924 The National Highway transportation Safety Administration
1925 in the past has indicated that reducing the weight of
1926 vehicles has a direct correspondence to traffic fatalities.
1927 Gannett News Service in 1999 did a study ⁱⁿ which they
1928 ~~using that data~~ concluded that 46,000 Americans have lost
1929 their lives as a consequence of changes in the size of

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1930 vehicles that came about in efforts to meet CAFE standards.
1931 I ~~would~~ hope ~~we would~~ any changes would be considered
1932 against that backdrop. ^I ~~And~~ also recognize that there can be
1933 advantages that changes in the fuel efficiency standards
1934 might provide to nondomestic manufacturing ~~and try to script~~
1935 Any sort of change that might occur ^{must have} ~~so that it had~~ an even,
1936 rather than an uneven, impact on the various sources of
1937 manufacturing.

1938 Mr. BARTON. Okay. This last is not a question as much
1939 as it is a comment, something to think about. Your energy
1940 policy proposal that the President and the Vice President,
1941 you and the other Cabinet secretaries have put forward, shows
1942 in the year 2020 we expect to consume 127 quads of energy
1943 equivalent in this country. You also show that your
1944 policies, if enacted, would save 48 quads of energy from what
1945 the projected demand would be if we didn't have any
1946 conservation measures. You have a supply side to your policy
1947 but it is not quantified.

1948 I don't think we want to become totally energy
1949 independent. I have not heard the President or yourself or
1950 the Vice President say we should be independent, but I would
1951 like to work with you and the other administration officials
1952 to come up with a quantifiable target for supply in terms of
1953 quad, how much additional quads of oil, natural gas,
1954 electricity, coal, nuclear. And think as a starting point,

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1955 | the fact that you want to save 48 quads. If our supply
1956 | component were some--it shouldn't be 48 quads increase, but
1957 | something that gives us a target to shoot for as we go
1958 | through the process. Would you be willing--.

1959 | Secretary ABRAHAM. Let me point out, first of all, the
1960 | difference that would be remaining is not 48, it would be 29
1961 | quads. Let me also say that the gains you just alluded to
1962 | are ones we believe will happen with these policies, but also
1963 | with existing policies in place. We would like to go further
1964 | than that. I hope we can. And we will look forward to
1965 | working to gaining even further efficiencies.

1966 | At the same time, we chose not to try to specify, to make
1967 | a guess, to pick fuels of choice or sources. We know what
1968 | the current projections look like. And as I indicated, right
1969 | now, absent any changes, almost all of, for example, the
1970 | electricity generation increase we are likely to achieve over
1971 | the next 20 years would be natural gas-driven increases. And
1972 | a number of people have already commented on the potential
1973 | implications of relying on a single source for most of the
1974 | increase.

1975 | What we propose is the notion of balance between sources,
1976 | both traditional as well as renewable, but also between
1977 | traditional sources, so that electricity, for example--to try
1978 | and be brief here, the current Energy Office Administration
1979 | projections from our Department's independent arm is that as

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1980 | natural gas would increase, would see a decline in the role
1981 | of hydropower and nuclear energy in electricity generation
1982 | over the next 20 years and a very slight increase in the role
1983 | of renewables.

1984 | We chose not to try to specifically pick between those
1985 | different sources, but our view was to try to put in place
1986 | policies that would not place total dependency on natural gas
1987 | but would allow nuclear and hydro and renewables to play more
1988 | robust roles than predicted and projected today.

1989 | Mr. BARTON. Thank you. I am not trying to put you on
1990 | the spot. I know the natural gas industry says that they
1991 | would like to be around 30 TCF in natural gas by the year
1992 | 2010, 2015. The coal people have some targets in terms of
1993 | their increase if we can help them on clean coal technology.

1994 | We don't expect the oil industry to gain supply, t we are
1995 | hopeful we can we can do steady state. So really looking
1996 | more at hydroelectric, renewable, and some of the others, and
1997 | nuclear, to give us some targets. You have a better chance
1998 | to hit the target if you know what the target is. I mean,
1999 | every now and then, you just shoot up in the air and you hit
2000 | something. But most of the time you have got to aim at it.
2001 | So I just need some help in aiming. I figured you are a
2002 | pretty good marksman.

2003 | With that, I would recognize Mr. Markey for 5 minutes.

2004 | Mr. MARKEY. Thank you, Mr. Chairman very much. I have

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2005 | two posters that I would like to show the committee. The
2006 | first is from a report by the Federal Government. This is
2007 | the report on January 11th, 2001--from the Report of the
2008 | Commission to Assess United States National Security Space
2009 | Management, an organization which was chaired by Secretary
2010 | Donald Rumsfeld. The figure is credited to the Headquarters
2011 | Air Force Space Command. It is captioned, "Space Operations
2012 | Will Transform the Conduct of Future Military Operations."
2013 | It shows various high-technology systems anticipated being
2014 | used by the United States, much of which will be coordinated
2015 | by the Department of Energy in laboratories of Los Alamos and
2016 | Livermore.

2017 | The Commission was established by Public Law 106-65, and
2018 | in the National Defense Authorization Act for Fiscal Year
2019 | 2000.

2020 | The second poster that I would like to show you is an air
2021 | conditioner from the Web page of Goodman Manufacturing. As I
2022 | mentioned earlier, this already meets the standard that the
2023 | administration suspended as too onerous. Unlike national
2024 | missile defense, the technology is virtually off the shelf
2025 | today. And also, unlike NMD, we know it works because
2026 | Goodman has already tested it for us in the marketplace.

2027 | Now, this is something that Federal employees are going
2028 | to put together. Pretty complex, huh? Technologically
2029 | sophisticated. This is something the private sector is

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2030 | already doing. Now, I would like to believe that the FEC
2031 | employees are capable of doing this, but I technologically
2032 | believe it is highly unlikely that we will be shooting down,
2033 | in a minute and a half, Chinese and Russian missiles heading
2034 | into our country in the middle of the night anytime soon.

2035 | On the other hand, Mr. Secretary, your administration has
2036 | decided to roll back the 30 percent improvement in air
2037 | conditioners which the Clinton administration had
2038 | promulgated. Now, that is going to increase over the next 20
2039 | years the need for 43 additional 300-megawatt plants that
2040 | will have to be constructed in the United States.

2041 | Now, I was the author, Mr. Secretary, of the House bill
2042 | that gave you the authority to promulgate the national apply
2043 | and efficiency standards. And one of these provisions is a
2044 | no rollback provision. The reason I built that in was that
2045 | the Reagan administration had actually flouted earlier laws
2046 | dealing with this subject. So let me read you the language
2047 | from the statute. It says: The Secretary may not prescribe
2048 | any amended standard which increases the maximum allowable
2049 | energy use or decreases the minimum required energy
2050 | efficiency of a covered product.

29013

2051 RPTS BULKLEY

2052 DCMN HERZFELD

2053 [12 noon.]

2054 Mr. MARKEY. Here we are talking about air-conditioners.
2055 Now, in rolling back, Mr. Secretary, the final
2056 air-conditioning rule adopted by the Clinton administration,
2057 you are in clear violation of this no rollback provision, and
2058 you are in violation of that law at the same time that your
2059 administration is saying that there is an energy crisis in
2060 our country, and you are also saying that we have a national
2061 security crisis that is going to call for the abrogation of
2062 the ABM treaty so that we can deploy this new technology over
2063 the next 5 to 10 years in the United States that will
2064 theoretically provide an impermeable, technological
2065 protection for our country.

2066 Mr. Secretary, are you willing to review your decision to
2067 abrogate the implementation of the fuel economy standards for
2068 air conditioners, especially on a day like today where 35
2069 percent of all electricity in America is heading towards air
2070 conditioners--in Texas, it is 75 percent of all electricity
2071 heading towards air conditioners--in order to adopt a
2072 standard which Goodman Manufacturing has already been able to
2073 put out there on the marketplace?

2074 Secretary ABRAHAM. Well, as you know, Congressman, there
2075 were two standards under consideration. In our judgment, the

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2076 standard which the Goodman Company was proposing was one that
2077 would not allow for a competitive marketplace to exist. And
2078 ^{I believe} one of the ~~I believe~~ considerations that we are expected to
2079 take into account as we evaluate setting these mandated
2080 standards is ~~whether or not~~ --not only what the payback
2081 periods would be--that is, to the consumer who has to pay
2082 more--and I am not sure what the cost of the Goodman product
2083 is; I suspect it is considerably greater than other types of
2084 models, which has an impact on the pocketbooks of average
2085 families--but also whether or not a competitive market will
2086 ensue at the end of the process.

2087 It was not only our judgment, but also, ~~I think~~ the
2088 conclusions reached both by the previous as well as the
2089 current Justice Department that there were significant issues
2090 with respect to the competitive disadvantages in the
2091 marketplace to other manufacturers. This is a case where, in
2092 fact, there was a considerable difference between
2093 ~~different~~ ^{of} perspectives as to whether or not such a
2094 competitive market would exist.

2095 What I would say to you is this. ^{were} We ~~have been~~ asked when
2096 we came into office to review three rules that were, in our
2097 judgment, according to our legal counsel, not in a final
2098 stage to have triggered the provisions you have just
2099 mentioned. We would be glad to share with you the legal
2100 considerations that we have followed. But two of the three

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2101 | we kept in place, and in this case we have suggested that
2102 | instead the rule ought to be a 12 versus a 13-sere air
2103 | conditioner standard, both because it would more effectively
2104 | address this question of market competitiveness and at the
2105 | same time be a little more friendly to the pocketbooks of
2106 | average Americans.

2107 | But at the same time, I would note in response to your
2108 | point that in our National Energy Plan, ~~in the~~ in chapter 4
2109 | of the conservation chapter, we have been asked and our
2110 | agency has been directed to seek to expand the standards in
2111 | both products in which we already have assessed and placed
2112 | standards, as well as to expand the number of products that
2113 | we would consider.

2114 | Mr. MARKEY. I think the Chairman--.

2115 | Secretary ABRAHAM. I take that seriously, and one of the
2116 | priorities for us is to review appliance standards, but to
2117 | determine if additional ones should be considered, as well
2118 | as, if we go forward into the future, whether or not air
2119 | conditioners will fall into this or not. We will see.

2120 | Mr. BARTON. You can tell that the Secretary was a former
2121 | Senator. He tends to give us a lot of answer for a short
2122 | question.

2123 | Secretary ABRAHAM. Well, it was not meant to be a
2124 | patronizing--.

2125 | Mr. BARTON. I didn't say that.

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2126 Secretary ABRAHAM. --or filibustering.

2127 Mr. MARKEY. I will just say this, Mr. Secretary.

2128 Mr. BARTON. Briefly, because we have got a lot of
2129 Members and theoretically only an hour to go.

2130 Mr. MARKEY. In my opinion, Mr. Secretary, we do have an
2131 electricity crisis in California. It is not a national
2132 crisis, but there is an electricity crisis in California. We
2133 need solutions. So far your solutions have been giving us a
2134 faith-based electricity policy. You will pray for us across
2135 the country, but not give us specific solutions. There is no
2136 near-term solution, you say.

2137 But when it comes to where electricity goes, and it is
2138 primarily at the air conditioners in the summer in most of
2139 the States in the United States, you have decided not to, in
2140 fact, impose a tough standard on air conditioners and have
2141 rolled back, in my opinion illegally, a final rule
2142 promulgated by the Clinton administration that will make it
2143 much more difficult for us in the long term to have our
2144 country solve this electricity situation, and I think it is
2145 an historic mistake which the administration has made.

2146 Thank you, Mr. Chairman.

2147 Mr. BARTON. Before we go to Mr. Shimkus, just so we have
2148 the complete record, could you put in the record what the
2149 current air conditioner efficiency standard is, what the
2150 Clinton administration proposed, and what the Bush/Cheney

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2151 administration has promulgated?

2152 Secretary ABRAHAM. Mr. Chairman, I would be glad to do
2153 it, and I think people are seeing that we are calling for a
2154 significant increase, approximately 20 percent, in the
2155 efficiency of air conditioners. As was noted, if people want
2156 more efficient air conditioners, today they can go out and
2157 purchase them, and I think perhaps some will.

2158 Mr. BARTON. But we need the specific numbers.

2159 Secretary ABRAHAM. I will do that, sir.

2160 [The information follows:]

2161 ***** COMMITTEE INSERT *****

29018

COMMITTEE: HOUSE ENERGY AND COMMERCE
SUBCOMMITTEE: ENERGY AND AIR QUALITY
DATE: June 13, 2001
WITNESS: Secretary Spencer Abraham
PAGES: 96-97 Lines 2161

INSERT FOR THE RECORD

Authority	NAECA ¹		January 22, 2001 Final Rule		July 2001 Proposed Rule	
Product class	Seasonal Energy Efficiency Ratio (SEER)	Heating Seasonal Performance Factor (HSPF)	Seasonal Energy Efficiency Ratio (SEER)	Heating Seasonal Performance Factor (HSPF)	Seasonal Energy Efficiency Ratio (SEER)	Heating Seasonal Performance Factor (HSPF)
Split system air conditioners	10	n/a	13	n/a	12	n/a
Split system heat pumps	10	6.8	13	7.7	12	7.4
Single package air conditioners	9.7	n/a	13	n/a	12	n/a
Single package heat pumps	9.7	6.6	13	7.7	12	7.4
Space constrained products other than through-the-wall	10/9.7 ²	6.8/6.6 ²	reserved ³	reserved ³	12 ⁴	7.4 ³
Through-the-wall air conditioners and heat pumps: split systems	10 ⁵	6.8 ⁴	reserved ³	reserved ³	10.9	7.1
Through-the-wall air conditioners and heat pumps: single package	9.7 ⁶	6.6 ⁵	reserved ³	reserved ³	10.6	7.0

¹ NAECA, the National Appliance Energy Conservation Act of 1987, Pub. L. 100-12.

² Not considered as a separate product class in NAECA, the standards for split system and single package air conditioners and heat pumps apply.

³ These were space-constrained products, defined in January 22, 2001 notice (66 FR 7196-7197), for which minimum SEER and HSPF values had not been determined. Had the January 22, 2001 rule become effective, SEER and HSPF values would have been determined in a supplemental final rule.

⁴ Not considered as a separate class in the July 2001 proposed rule, the standards for split system air conditioners and split system heat pumps apply.

⁵ Not considered as a separate product class in NAECA, the standards for split system air conditioners and split system heat pumps apply.

⁶ Not considered as a separate product class in NAECA, the standards for single package air conditioners and single package heat pumps apply.

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2162 Mr. BARTON. Because my understanding is you have
2163 supported an increase in the efficiency.

2164 Secretary ABRAHAM. Right. That is correct.

2165 Mr. BARTON. But not as high a number as the outgoing
2166 Clinton administration proposed. Isn't that correct?

2167 Secretary ABRAHAM. That is right.

2168 Mr. BARTON. The gentleman from Illinois. And we are
2169 going to try to continue so that we don't shut the hearing
2170 down. So if you folks want to go vote and then come back,
2171 that would be appreciated.

2172 Mr. Shimkus for 5 minutes.

2173 Mr. SHIMKUS. Thank you, Mr. Chairman, and the rules--the
2174 numerous rules and regulations promulgated by the last
2175 administration as they left off, this is one of those
2176 last-minute, in the dark of the night, surprise, and you have
2177 this. So I think it is meritorious to review those.

2178 But what is interesting, this is really an ideological
2179 debate, because my friend from Massachusetts--I am sorry he
2180 left, but there are votes--is that the market has already
2181 responded to higher efficiency standards. The market is what
2182 we are trying to make sure works. We need to have a
2183 diversified fuel portfolio so that the market can best choose
2184 the right fuel for the right use. If you continue to put all
2185 your eggs in one basket, which we have done over the past 8
2186 years, which is natural gas, you don't have the flexibility

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2187 | for the market to choose the best fuel for the best use, and
2188 | so that is why I applaud the administration.

2189 | One of the last-minute rules that this administration did
2190 | not promulgate, which they had ample opportunity to, was the
2191 | California waiver. The Clinton administration had a full 18
2192 | months to make a decision on the California waiver but chose
2193 | to leave office without taking a position. The last
2194 | technical submissions from the State of California concerning
2195 | its petitions were submitted in February 2000, a full 11
2196 | months before the end of the Clinton administration. I could
2197 | only assume that the Clinton administration did not
2198 | see--there was no meritorious position, otherwise it would
2199 | have been lumped in with all those other last-minute rules
2200 | and regulations.

2201 | But it is a great debate, because what it does is it has
2202 | supposed clean air advocates arguing against clean air, and I
2203 | know this is kind of an EPA thing, but it is timely, and it
2204 | has supposed pro-oil individuals against big oil.

2205 | So, again--but make no mistake, there is one proethanol
2206 | Member of Congress. There is many of us, but there is one
2207 | right here supporting ethanol, so I am not trying to, you
2208 | know, hide my true colors. But the reality is the whole
2209 | debate is fascinating from the aspect of those who support
2210 | clean air are talking against ethanol and the oxygen
2211 | standard, and those who should be siding with big oil

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2212 | actually sided against big oil.

2213 | But I do think, as in my opening comment, having internal
2214 | ability to refine and have natural resources of fuel helps
2215 | decrease our alliance on foreign oil, and I think that is
2216 | very, very important.

2217 | And I have to respond also to the other comment on the
2218 | national missile defense. Just because this is one Member of
2219 | Congress--first of all, it is not designed to shoot down
2220 | every missile that will be launched from every country at one
2221 | time. It is designed to be able to knock down a rogue
2222 | nation, a terrorist missile attack. And this is one Member
2223 | of Congress who will--I am willing to take that one shot of a
2224 | bullet hitting a bullet if it means protecting Los Angeles,
2225 | California, or Chicago, Illinois, or Washington, D.C. I am
2226 | not going to be the person who says, no, I didn't think that
2227 | was important enough. I am going to let that go.

2228 | So to my friends on the left who don't--who doesn't think
2229 | national security and the ability to defend our people is
2230 | that important, I would say it is probably the primary role
2231 | of the Federal Government is to protect its citizens.

2232 | Now I will go on two issues. I am going to continually
2233 | focus on the biofuels component of a National Energy Policy.
2234 | Although in southern Illinois, we do have marginal wells. We
2235 | have abundant coal reserves. We do have, as I said, the
2236 | reprocessing uranium facility that is in the deep south in

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2237 Metropolis, Illinois, but, of course, ethanol and biodiesel
2238 have been projects that I have undertaken. And a couple
2239 years ago we were able to help pass an addition to the Energy
2240 Policy Conservation Act, which allowed the fuel addition of
2241 biodiesel to be considered to help decrease our reliance on
2242 foreign oil.

2243 We have another piece of legislation that has been
2244 submitted within the last couple of weeks to affect the--and
2245 it really is through the Transportation Committee, but for
2246 your information, it does tie in, because any time we use
2247 biofuels in any percentage, mixture with petroleum-based
2248 fuels, it decreases our demand for the petroleum-based
2249 product. That is why ethanol is helpful. That is why
2250 biodiesel is helpful.

2251 And if it can help clean the air--I would just want to
2252 put on record, Mr. Secretary, so you know, that we have
2253 dropped legislation on the Congestion Mitigation Air Quality
2254 Act, which would allow, you know, credit for fuel usage of a
2255 renewable fuel additive so that you can get credit for the
2256 using of biodiesel or ethanol in these highly dense
2257 transportation corridors that are congested, and there is a
2258 clean air aspect. There is a renewable fuel aspect and all
2259 the great things that are involved.

2260 The last thing that I will mention, since I am the only
2261 one talking, and no one else is around--.

29023

2262 Mr. BARTON. We have Mr. John and Mr. Cox here.

2263 Mr. SHIMKUS. How am I doing on time, Mr. Chairman?

2264 Mr. BARTON. You are 23 seconds over.

2265 Mr. SHIMKUS. Well, then I yield back my time.

2266 Mr. BARTON. All right.

2267 The gentleman from Louisiana is recognized for 5 minutes.

2268 Mr. JOHN. Mr. Secretary, thank you very much for coming.

2269 Being from Louisiana, which is a producing State, I really
2270 understand the industry as a whole and how it impacts from an
2271 economic standpoint, and as from being a Member of Congress
2272 for the last 6 years, I understand it on the national level
2273 and its importance to our security, to our national security
2274 and other things.

2275 I seem to try to put it into very easy-to-understand
2276 components that all make up an energy policy, and, number
2277 one, I think you have to find it. Number two, you have to
2278 refine it. And number three, you have to transport it. And
2279 each one of those components, as simple as they may seem, is
2280 a very critical component of delivering an energy policy that
2281 I think all of America wants.

2282 And I would like to focus just a little bit on the
2283 transport part of my analogy. Now, it is my understanding
2284 that in California, we can--the pipelines that lead to the
2285 border can deliver a lot more natural gas, but once they get
2286 to the border, they get choked out, and--from that situation

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2287 other complications happen.

2288 I would like to focus in on your transport part of the
2289 policy and how do you envision delivering, whether it is
2290 pipelines for natural gas that fuel electricity power plants
2291 or transmission lines that, without them, you really have a
2292 bottleneck and a problem. And I think that is a very
2293 important part of the whole energy debate. Some people in
2294 America seem to maybe focus on the production side, and it is
2295 high profile and Federal lands, other things that seem to be
2296 politically, you know, very--that sit on a powder keg. But I
2297 think transportation of whether it is electricity, gas or
2298 crude is very important. Could you hit on that, please?

2299 Secretary ABRAHAM. Well, just ~~as first~~^g a broad
2300 statement, I would just say that we have devoted an entire
2301 chapter of the energy plan to the infrastructure challenges
2302 we confront, for a good reason, which is that ~~even~~^g if we
2303 increase supply, or even^{Just} ~~if we just can~~^g maintain current
2304 supply levels, if we have lack of capacity to deliver the
2305 supply, as you have indicated we have--.

2306 Mr. JOHN. That is my point exactly.

2307 Secretary ABRAHAM. --it affects price. It obviously
2308 affects shortage issues as well.

2309 ~~We are in the~~^g In the plan we are making a number of
2310 recommendations. With regard to the pipelines, the President
2311 ~~calls for~~^g directs Federal agencies on an interagency basis

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2312 | to try to work together for the purposes of designing and
2313 | developing recommendations to expedite the permit process
2314 | that is involved in pipeline siting.

2315 | He also has encouraged FERC to consider improvement in
2316 | the regulatory process which governs the approval of these
2317 | interstate systems. And we also endorse Senator McCain's
2318 | legislation with regard to pipeline safety.

2319 | At the same time, on the transmission side, we have a
2320 | number of recommendations which play a fairly active role in
2321 | ^{development} ~~developing~~, because ~~i think~~ with regard to electricity
2322 | transmission, we face a greater challenge, and that challenge
2323 | comes about because of the fact that there is no Federal
2324 | authority to site electricity transmission. We ^{have} ~~had~~ that
2325 | capacity with respect to oil pipeline, natural gas pipeline
2326 | at the Federal level. We do not have that power with respect
2327 | to electricity.

2328 | What we have in this country is an electricity
2329 | transmission system that was largely constructed at a time
2330 | when a local power plant serviced its community. It was not
2331 | developed for long-haul transmission. It was not developed
2332 | for a national energy or electricity market. As we have
2333 | strived for more competition in the marketplace of
2334 | electricity, we have done so primarily with regard to price
2335 | control issues. And California has obviously had one type of
2336 | experience, Pennsylvania another.

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2337 But even as we deregulate on the price side, we still
2338 have the challenge if there isn't a sufficient number of
2339 sellers available or buyers or vice versa, and so what we are
2340 talking about, and actually interestingly it was, I think,
2341 well stated by Congressman Sawyer's remarks--in his remarks,
2342 of the notion of moving towards a national highway system for
2343 electricity.

2344 What we propose is several steps to get there: Step
2345 number 1, an analysis by my Department to try to determine
2346 where we need more transmission, where we need more
2347 interconnectivity.

2348 Second, a process that would involve encouraging the FERC
2349 to develop a rate structure system that would encourage,
2350 through rates, the construction of the additional
2351 transmission.

2352 Third, for us to consider the benefits of a national
2353 grid. That is for the Department to make a review of that
2354 and recommendations.

2355 Also looking at the Federal facility, such as the
2356 Bonneville, BPA Administration to determine whether they
2357 need--and somebody--I think Congressman Walden asked about
2358 this-- whether we need to expand their debt availability so
2359 they can participate in construction.

2360 But finally, of asking for us to develop legislation that
2361 would provide the Federal Government with an eminent domain

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2362 power to address situations that might arise where we need
2363 interconnectivity.

2364 And there certainly have been many examples in recent
2365 years where the--where we are talking about interstate
2366 situations where somebody just won't take the action. The
2367 authority lies at the State and local level. If a community
2368 or a State decides it will not site ^g a transmission, it may
2369 make a problem far more acute.

2370 We have cities in this country that are limited in terms
2371 of how much electricity they can import, considerably
2372 constrained in that regard, such as New York. We have
2373 States, because of their nature, some--for example, Florida,
2374 because of being a peninsula--where we have similar kinds of
2375 limits in terms of importation. And within States or within
2376 regions, we have these. And I don't see--at least it
2377 wouldn't be my vision that the Federal Government, ^g with ^{once}_^
2378 having identified these problem areas, immediately launch
2379 through an imminent domain power, siting program.

2380 Rather, I would hope we could ~~develop~~ ^g working ^g together
2381 to develop legislation that once we identify these, we bring
2382 them to the attention of the appropriate regulators at the
2383 State and local level; that we work with FERC to perhaps
2384 provide a rate structure that encourages transmission
2385 development. ^B ~~But that~~ ^{should} there [^] be at least a last resort option
2386 available to us at the Federal level to make sure that we

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2387 | don't have the kinds of challenges that some parts of the
2388 | country confront, of being in situation where they literally
2389 | can't import anymore generation where they need it most.

2390 | Mr. JOHN. First, let me encourage you to research and
2391 | study the national electric highway grid. I think it is
2392 | meritorious. I think that there is some substantial reason
2393 | to go about that. When you look--when you are looking at the
2394 | economy today and all these e-businesses that are popping up
2395 | everywhere, you are not sure where they are, and it really
2396 | doesn't matter. And I think that same mindset may overlap on
2397 | electricity. If it can be generated somewhere, does it
2398 | matter where it comes from if it is going to plug into a
2399 | grid, into a national highway grid?

2400 | Secretary ABRAHAM. Well, if I could just say--and I know
2401 | I may be a little bit over here, but if I could just add one
2402 | other point. In addition, ^{it would} ~~helping~~ us--if we were to
2403 | resolve these bottlenecks and so on, ~~helping~~ us deal with
2404 | opening ~~maybe~~ a more competitive system, ~~and~~ in addition to
2405 | helping us address situations where there might be an
2406 | electricity shortage in one area and a surplus in another
2407 | that right now can't be used to address the shortage.

2408 | And also I think it could open the way ultimately for us
2409 | to address the NIMBY problem, which was referred to by
2410 | Congressman Radanovich, ~~which is that~~ ^{Right} now the
2411 | reluctance of a community to have any new generation can

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2412 | create a situation with literally--you know, they have a
2413 | problem there, but they have no option because they can't
2414 | import any more electricity. There are communities that
2415 | would like to increase the amount of generation they have,
2416 | places perhaps where they already are a source, but if there
2417 | is not enough transmission to get any additional electricity
2418 | from there to a more grid-intensive area, they don't have
2419 | that option.

2420 | Mr. JOHN. Well, being from Louisiana, I could sure
2421 | understand that mentality, that we will drill as much as you
2422 | want down at our end. We understand the jobs that are
2423 | created.

2424 | Finally, let me briefly say that I look forward to
2425 | working with you as we embark upon this issue. In my eyes, I
2426 | do not believe that there is a more important issue facing
2427 | this Congress, and it is not going to be solved this year or
2428 | next year. There is no silver bullet. It is a myriad of
2429 | things that have to be addressed in one package. I think it
2430 | is a threat to our economy. It is a threat to our
2431 | prosperity. I think it is a threat to our informational
2432 | security. And it is something that we need to work on.

2433 | Being cochairman of the Blue Dogs, we have recognized
2434 | that, and we have activated an energy task force, cochaired
2435 | by our colleague Ralph Hall on the committee and also Max
2436 | Sandlin, and we are putting together principles of an energy

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2437 | policy. And we are going to invite you to one of our
2438 | meetings. I think we will play a very important role in
2439 | this, because it is a very important issue, and I look
2440 | forward to working with you and thank you for being here.

2441 | Mr. WHITFIELD. [Presiding.] Mr. Secretary, I also want
2442 | to welcome you to our panel this morning, and I was not here
2443 | for the opening statements, but we are delighted that you are
2444 | here. And I particularly am pleased that this administration
2445 | is placing emphasis on all fuel sources, particularly the
2446 | emphasis you are placing on clean coal technology, as well as
2447 | expanding the use of nuclear fuels.

2448 | I would like to talk to you--ask a few questions just on
2449 | a few parochial issues as well. As you may know, I represent
2450 | the Paducah gaseous diffusion plant, and I was pleased that
2451 | the administration is its budget had requested \$18 million in
2452 | a supplemental appropriation for environmental cleanup at the
2453 | Paducah plant. And I know that you can't speak for what will
2454 | happen here on the Hill, but it is my understanding that at
2455 | least in you all's view, that the entire \$18 million was to
2456 | be set aside for the Paducah cleanup. Is that correct?

2457 | Secretary ABRAHAM. Yes. That is my understanding.

2458 | Mr. WHITFIELD. And then on another issue, I really
2459 | appreciate the Department's continued efforts to move ahead
2460 | with the DUF6 conversion plants at both Paducah and at
2461 | Paducah--I mean, at Paducah and at Portsmouth. Those plants

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