

TO EXTEND CERTAIN PROGRAMS UNDER THE ENERGY
POLICY AND CONSERVATION ACT

SEPTEMBER 26, 1997.—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

REPORT

[To accompany H.R. 2472]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, to whom was referred the bill (H.R. 2472) to extend certain programs under the Energy Policy and Conservation Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CONTENTS

	Page
Purpose and Summary	1
Background and Need for Legislation	2
Hearings	3
Committee Consideration	3
Rollcall Votes	3
Committee Oversight Findings	3
Committee on Government Reform and Oversight	3
New Budget Authority and Tax Expenditures	3
Committee Cost Estimate	4
Congressional Budget Office Estimate	4
Federal Mandates Statement	6
Advisory Committee Statement	6
Constitutional Authority Statement	6
Applicability to Legislative Branch	6
Section-by-Section Analysis of the Legislation	6
Changes in Existing Law Made by the Bill, as Reported	6

PURPOSE AND SUMMARY

H.R. 2472 extends for a period of one year, through September 30, 1998, the authority of the Department of Energy to buy or lease

oil for, operate, and drawdown the Strategic Petroleum Reserve. The bill also extends authority for the United States to participate in the International Energy Agreement for another fiscal year.

BACKGROUND AND NEED FOR LEGISLATION

The Energy Policy and Conservation Act (EPCA) was enacted on December 22, 1975, to deal with the chronic energy supply shortages, particularly petroleum supply shortages, experienced by the United States in the early 1970's. Among other things, EPCA authorized the creation of a Strategic Petroleum Reserve (SPR) capable of storing up to one billion barrels of oil to reduce the disruption from a cut-off in petroleum imports and to meet U.S. obligations under the International Energy Program. Other provisions in EPCA restrict exports of energy; regulate certain joint oil exploration ventures on the Outer Continental Shelf; set forth Corporate Average Fuel Economy (CAFE) standards; provide a limited antitrust exemption for U.S. oil companies that participate in the International Energy Program (IEP); and authorize the President to allocate oil supplies in an oil emergency in order to comply with the United States' obligation under the IEP.

Strategic petroleum reserve

The SPR was created to protect the United States from interruptions in foreign oil supplies. The SPR presently consists of six sites on the Gulf Coast in Texas and Louisiana. These sites currently contain about 563 million barrels of crude oil and have a total storage capacity of approximately 680 million barrels. The current storage level of oil in the SPR is equivalent to approximately 67 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 stop buying oil for the SPR. The SPR costs approximately \$200 million per year to operate, although recent maintenance and repair programs have led to higher costs in the past few years. EPCA gives the President the authority to drawdown the SPR in the event of a severe energy supply interruption.

H.R. 2472 extends the authorization to maintain, operate, and drawdown the SPR for an additional fiscal year, through September 30, 1998. Absent this reauthorization, that authority would expire on September 30, 1997.

International Energy Program

The U.S. has participated in the International Energy Agreement (IEA) since 1974. The purpose of the IEA is to coordinate the responses of oil-consuming nations to oil supply disruptions to minimize the global impact of those disruptions. EPCA authorizes the President to participate in the program and gives the oil companies a limited antitrust exemption for their participation.

H.R. 2472 extends for one fiscal year, through September 30, 1998, the authority for the United States to participate in this program. Absent this extension, authority to participate in the IEA would expire on September 30, 1997.

HEARINGS

The Subcommittee on Energy and Power held a hearing on H.R. 2472, a bill to extend certain programs under the Energy Policy and Conservation Act, on September 16, 1997. The Subcommittee received testimony from: The Honorable Elizabeth Anne Moler, Deputy Secretary, Department of Energy; Mr. Wayne Curtis, Chief, Office of Human Services, National Association for State Community Services Programs; Ms. Cheryl DeVol-Glowinski, Director, Office of Energy Policy, Indiana Department of Commerce, representing the National Association of State Energy Officials; Mr. David Bradley, Executive Director, National Community Action Foundation; and Mr. S. Lynn Sutcliffe, President and CEO of SYCOM Enterprises Inc. on behalf of the National Association of Energy Service Companies.

COMMITTEE CONSIDERATION

On September 16, 1997, the Subcommittee on Energy and Power met in open markup session and approved H.R. 2472 for Full Committee consideration, without amendment, by a voice vote. The Full Commerce Committee met in open markup session on September 18, 1997, and ordered H.R. 2472 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 amendments thereto. There were no recorded votes taken in connection with ordering H.R. 2472 reported. A motion by Mr. Bliley to order H.R. 2472 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 finds that H.R. 2472 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 25, 1997.

Hon. TOM BLILEY,
*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. 2472, a bill to extend certain programs under the Energy Policy and Conservation Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

Enclosure.

H.R. 2472—A bill to extend certain programs under the Energy Policy and Conservation Act

Summary: H.R. 2472 would extend for one year the Department of Energy's (DOE's) authorities related to energy emergencies. The bill also would authorize such sums as may be necessary for fiscal year 1998 for DOE's activities related to the Strategic Petroleum Reserve (SPR).

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 2472 would result in additional discretionary spending of about \$220 million over the next three years. The legislation would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. H.R. 2472 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: For the purposes of this estimate, CBO assumes that the amounts necessary for the SPR program will be appropriated near the start of fiscal year 1998 and that outlays will follow the historical pattern for these activities. The estimated budgetary impact of H.R. 2472 is shown in the following table.

	By fiscal years, in millions of dollars—						
	1996	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION							
Spending Under Current Law:							
Estimated Budget Authority ¹	0	0	0	0	0	0	0
Estimated Outlays	139	46	111	22	0	0	0
“Such Sums” Authorizations Projected at the 1997 Level:							
Proposed Changes:							
Estimated Authorization Level	0	0	220	0	0	0	0
Estimated Outlays	0	0	121	77	22	0	0
Spending Under H.R. 2472:							
Estimated Authorization Level ¹	0	0	220	0	0	0	0
Estimated Outlays	139	46	232	99	22	0	0
“Such Sums” Authorizations Adjusted for Inflation:							
Proposed Changes:							
Estimated Authorization Level	0	0	226	0	0	0	0
Estimated Outlays	0	0	124	79	23	0	0
Spending Under H.R. 2472:							
Estimated Authorization Level ¹	0	0	226	0	0	0	0
Estimated Outlays	139	46	235	101	23	0	0

¹The 1996 and 1997 levels are the net amounts appropriated for those years.

The costs of this legislation fall within budget function 270 (energy).

Basis of estimate: The estimated authorization for the SPR program is based on the gross rather than the net amount appropriated for the current year—\$220 million. (The SPR program received a net appropriation of zero for both 1996 and 1997, because the spending authority for both years was offset by an equal amount of receipts generated by the sale of oil from the reserve.) The estimate does not assume any sale of oil from the reserve because none is authorized or mandated by the bill. Because H.R. 2472 does not specify the amount authorized for the program, the table shows two alternative sets of authorization levels for fiscal year 1998: one without an adjustment for anticipated inflation (\$220 million) and a second that includes an adjustment for inflation (\$226 million).

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: H.R. 2472 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Previous CBO estimate: On May 22, 1997, CBO transmitted a cost estimate for S. 417, a bill to extend energy conservation programs under the Energy Policy and Conservation Act through September 30, 2002, as ordered reported by the Senate Committee on Energy and Natural Resources on May 21, 1997. Differences between the two estimates reflect differences in the two bills. The Senate bill would provide an authorization for a longer period of time and would fund several energy conservation programs in addition to the SPR. The Senate bill also includes provisions related to the leasing of the excess capacity of the SPR to foreign governments, which affects direct spending.

Estimate prepared by: Kathleen Gramp.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

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

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for this legislation is provided in Article I, section 8, clause 3, which grants Congress the power to regulate commerce with foreign nations, among the several States, and with the Indian tribes.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Energy and Policy Act amendments

Section 1 extends the EPCA authority to buy or lease oil for, operate, and drawdown the Strategic Petroleum Reserve, through September 30, 1998, for such sums as may be necessary. Absent this extension, authority for the SPR expires September 30, 1997.

Section 1 also extends funding and authority for the U.S. to participate in the International Energy Agreement (IEA) for one fiscal year, through September 30, 1998, and authorizes such sums as may be necessary. Absent such an extension, U.S. participation in the IEA expires at the end of Fiscal Year 1997.

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

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**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. There are authorized to be appropriated for fiscal year **[1997]** 1998 such sums as may be necessary to implement this part.

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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 amendment another law) and any rule, regulation, or order issued pursuant to such authority, shall expire at midnight, September 30, **[1997]** 1998, 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, September 30, **[1997]** 1998.

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TITLE II—STANDBY ENERGY AUTHORITIES

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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 amendment another law) and any rule, regulation, or order issued pursuant to such authority, shall expire at midnight, September 30, **[1997]** 1998, 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, September 30 **[1997]** 1998.

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