



INSIGHTS

107th Congress

May 20, 2002

*Also available on the FEMP Home Page at
<http://www.eren.doe.gov/femp/resources/insights.html>.*

[Weekly Summary](#)

[New Legislation](#)

[Committee Activity](#)

[Administration
Initiatives](#)

[House](#)

[Senate](#)

[Hearings Schedule](#)

INSIGHTS is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

I. WEEKLY SUMMARY

HOUSE

This week, the House is expected to vote on the FY 2002 Supplemental Appropriations bill.

SENATE

This week, there are no activities of interest to report.

CONFERENCE COMMITTEES/VOTES

Energy Legislation Comprehensive energy legislation is still pending conference negotiations between the House and Senate. The Senate has selected conferees; the House has not. Latest reports indicate that conferees will try to begin meeting in June.

[Back to Table of Contents](#)

II. COMMITTEE ACTIVITY

HOUSE

There are no activities of interest to report.

[Back to Table of Contents](#)

SENATE

Energy Market Manipulation On May 15, the Subcommittee of Consumer Affairs of the Committee on Commerce, Science, and Transportation held a hearing to examine newly released Enron documents regarding market manipulation in Western states during 2000-2001. Committee Chairman Byron Dorgan (D/ND) charged that Enron's "culture of corruption" resulted in "significant legal problems and perhaps a substantial amount of criminal activity." He advocated creating a Special Counsel to investigate West Coast pricing schemes, companies potentially involved in creating pricing schemes, and an investigation into the Federal Energy Regulatory Commission's (FERC) behavior during the crisis.

Testimony was received from Pat Wood, Chairman of FERC; Loretta Lynch, Commissioner of the California Public Utilities (CPUC); Joseph Dunn, California State Senator (D/Santa Anna); Steven Hall, Director of Legal Services at UBS Warburg; and David Freeman, Chairman of California Energy Authority. Hearing witnesses agreed that market manipulation did occur in the California markets during 2000-2001. Chairman Wood testified that the commission responded "properly" to signals of market abuse. CPUC Commissioner Lynch testified that "instead of joining with California to get to the bottom of the market manipulation and fix the loose or nonexistent market rules, FERC has done its best to put off in depth investigations, refused to work with the state on investigating these problems jointly and by manipulating their own administrative processes, has refused to allow California to present its case to a neutral judge in a Federal court." Senator Dunn, Chairman of the California Select Committee to

Investigate Price Manipulation of the Wholesale Energy Market, told the committee, “while reasonable attorneys may disagree on interpretations of the law, I believe the answer [to whether market participants engaged in illegal conduct] is an unequivocal yes.” A second panel, comprised of former Enron Legal Counsel, testified of being aware of Enron’s manipulation of the market. Mr. Hall, told the committee,

One strategy dubbed “Load Shift” appeared to involve submitting schedules to the California Independent System Operator (“ISO”) that intentionally overstated or understated the load in different zones to cause the ISO to make payments to relieve the supposed congestion in the overscheduled zone. As I learned of deceptive practices, I advised the traders with whom I spoke that such practices were deceptive and that they should stop such practices immediately. I also attended meetings in which Enron traders provided assurances that such practices had been discontinued.

Panelists offered a number of recommendations to financially compensate energy consumers. Mr. Freeman suggested that FERC order refunds to consumers of at least \$9 billion, create just and reasonable rates for long-term contracts, continue to mitigate the Western market, and investigate all price gougers.

The Committee on Energy and Natural resources held a similar hearing on May 15. Terry Winter, Chief Executive Officer of the California Independent System Operator (CAL ISO), called for the committee to support a comprehensive market redesign proposal presented by the CAL ISO to FERC on May 1. The proposal establishes “a day ahead integrated market for procurement of energy and reserves and the management of congestion on the grid; and day ahead residual unit commitment, which will permit CAL ISO to require suppliers to make preparations to generate to meet tomorrow's demand. It also includes an obligation on utilities and others serving customers to arrange for a surplus of supply in advance to meet their customers demands.” Mr. Winter said that the proposal would eliminate the kind of market scheming committed by Enron.

[Back to Table of Contents](#)

III. NEW LEGISLATION

HOUSE

Number	Short title	Date	Sponsor	Status
<i>H.R. 4546</i>	<i>Bob Stump National Defense Authorization Act for Fiscal Year 2003</i>	April 23	Bob Stump (R/AZ)	Placed on Senate Legislative Calendar under General Orders
	Key Provisions:	Authorizes appropriations for FY 2003, for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.		

SENATE

Number	Short title	Date	Sponsor	Status
<i>S. 2488</i>	<i>Commission on the Accountability and</i>	May 9	Sam Brownback (R/KS)	Referred to the Committee on

Number	Short title	Date	Sponsor	Status
	<i>Review of Federal Agencies Act</i>			Governmental Affairs
	Key Provisions:	<p>Establishes a commission to conduct a comprehensive review of Federal agencies and programs and to recommend the elimination or realignment of duplicative, wasteful, or outdated functions, and for other purposes.</p> <p>The 12-member commission will evaluate all agencies and programs within those agencies. If two or more agencies or programs are performing the same essential function and the function can be consolidated or streamlined into a single agency or program, the commission will recommend that the agency or program be realigned. The commission will recommend the elimination of any agency or program that has completed its intended purpose, has become irrelevant, or has failed to meet its objectives.</p>		
S. 2473	<i>Recreational Fee Authority Act of 2002</i>	May 8	Craig Thomas (R/WY)	Referred to the Committee on Energy and Natural Resources
	Key Provisions:	<p>Funds collected through the Recreational Fee program will be applied to a variety of National Park Service improvements including facility repair, maintenance, and enhancement along with other unrelated tasks.</p>		
S. 2474	<i>Public Lands Planning and Management Improvement Act of 2002</i>	May 8	Larry Craig (R/ID)	Referred to the Committee on Energy and Natural Resources
	Key Provisions:	<p>Provides for the development of a global renewable resources assessment and elimination of renewable resource program requirement.</p> <p>Analysis will include:</p> <ul style="list-style-type: none"> ○ Present and anticipated national and international use, demand and supply of renewable resources. ○ Inventory of present and potential national and international renewable resources, and an evaluation of opportunities for improving the yield of goods and services from these resources. ○ Assessment of environmental constraints and effects on production of renewable resources in the United States. ○ Assessment of renewable programs of other countries and how they ensure sustainable use. ○ Description of national and international programs and responsibilities in research on renewable resources ○ Recommendations for administrative or legislative changes or initiatives to be considered by Agencies or Congress. 		
S. 2516	<i>Military Construction Authorization Act for Fiscal Year 2003</i>	May 15	Carl Levin (D/MI)	Placed on Senate Legislative Calendar under General Orders
	Authorizes appropriations for FY 2003, for military construction, and for other			

Number	Short title	Date	Sponsor	Status
	<p>purposes. Provisions of interest include the following:</p> <p><u>ARMY</u> Authorizes \$2.999 billion for military construction, land acquisition, and military family housing functions of the Department of the Army.</p> <p><u>NAVY</u> Authorizes \$2.47 billion for military construction, land acquisition, and military family housing functions of the Department of the Navy.</p> <p><u>AIR FORCE</u> Authorizes \$2.597 billion for military construction, land acquisition, and military family housing functions of the Department of the Air Force.</p> <p><u>DEFENSE AGENCIES</u> Authorizes \$2.317 billion for military construction, land acquisition, and military family housing functions of the Department of Defense (other than the military departments). Includes \$50.5 million for energy conservation projects.</p> <p><u>NATIONAL GUARD AND RESERVE CONSTRUCTION AND LAND ACQUISITION PROJECTS</u> Authorizes costs of acquisition, architectural and engineering services, and construction of facilities for the National Guard and Reserve Forces:</p> <ul style="list-style-type: none"> o Authorizes \$183 million for the Army National Guard, and \$63 million for the Army Reserve. o Authorizes \$58.5 million for the Navy and Marine Corps Reserves. o Authorizes \$204 million for the Air National Guard and \$59.8 million for the Air Force Reserve. 			
S. 2517	<i>Department of Energy National Security Act for Fiscal Year 2003</i>	May 15	Carl Levin (D/MI)	Placed on Senate Legislative Calendar under General Orders
	Authorizes appropriations for 2003, for defense activities of the Department of Energy, and for other purposes.			

[Back to Table of Contents](#)

IV. ADMINISTRATION INITIATIVES

No new announcements to report.

[Back to Table of Contents](#)

V. HEARINGS SCHEDULE

HOUSE – COMMITTEE ON APPROPRIATIONS

There are no hearings of interest to report.

HOUSE – AUTHORIZATIONS/OVERSIGHT

There are no hearings of interest to report.

SENATE – COMMITTEE ON APPROPRIATIONS

There are no hearings of interest to report.

SENATE – AUTHORIZATIONS/OVERSIGHT

There are no hearings of interest to report.

CONFERENCE COMMITTEE NEGOTIATIONS/FLOOR VOTES

There are no activities of interest to report.

[Back to Table of Contents](#)