



INSIGHTS

107th Congress

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[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 in the House, activities of interest include:

- House Leadership may announce selection of conferees for comprehensive energy legislation.

SENATE

No activities of interest have been scheduled.

CONFERENCE COMMITTEES/VOTES

Comprehensive Energy Legislation Speculation of when and who will serve as House conferees continues on Capitol Hill. Speaker Dennis Hastert (R/IL) is expected to announce House conference negotiators sometime this week; unconfirmed reports indicate that selection of conferees would be voted on by the full House on either June 12 or 13. In the House, 13 committees were involved in crafting *H.R. 4*, but the majority of conferees are expected to represent the Committee on Energy and Commerce.

In a related matter, Joe Barton (R/TX), Chairman of the Subcommittee on Energy and Air Quality (Committee on Energy and Commerce) has said he plans to introduce his draft utility restructuring bill during conference negotiations since *H.R. 4*, unlike the Senate version, does not address this issue. In remarks last week, Chairman Barton said his bill would serve as “the basic starting point” for dealing with utility restructuring in a comprehensive energy bill. He did not reveal whether his entire draft bill or selected provisions would be used. The bill was drafted last year and met with opposition from Democrats and outside interest groups over various provisions. Because of controversy over the bill’s provisions, the subcommittee never marked up the bill. House and Senate negotiators are also expected to deal with several other controversial issues including Senate language on a renewable portfolio standard and reformulated gasoline.

The Senate, which selected eight Democrats, eight Republicans, and one Independent to serve on the committee, continues to insist that it is the Senate’s turn to chair conference negotiations on energy legislation, while the House maintains that it has the lead. Senator Bingaman (D/NM) or Representative Billy Tauzin (R/LA) will most likely chair the conference, depending on which chamber assumes the lead. It is also unclear whether negotiations can begin before the July Fourth holiday recess begins.

[Back to Table of Contents](#)

II. COMMITTEE ACTIVITY

HOUSE

Federal Buildings Construction and Modernization On June 5, the Subcommittee on Economic Development, Public Buildings and Emergency Management of the House Committee on Transportation held a hearing on the General Services Administration’s (GSA) FY 2003 Capital Investment Program. The purpose of the hearing was to discuss funding requirements for GSA’s Repair and Alterations account (\$986 million including \$433 million for the modernization of 13 Federal buildings and **\$99**

million for programs including energy efficiency and future design) and the New Construction account (\$556.5 million).

Public Buildings Service Commissioner Joseph Moravec and U.S. Court of Appeals Judge Jane Roth testified before the subcommittee. Focusing on Federal courthouse projects, Ms. Roth expressed concern that the \$260 million earmarked for ten courthouse construction projects and \$66.9 million for six court-related repair and alteration projects does not cover the previous year's backlog of unfunded projects. She stated that the FY 2003 funding level as submitted by GSA is not adequate; she recommended \$1.02 billion to cover all necessary construction projects. To substantiate the request to increase funding for building repair and alterations, Mr. Moravec referred to the findings of a GAO report issued two years ago: "Without increased levels of funding, the continued degradation [of Federal buildings] would result in an irreversible loss of real estate assets and a grave national liability in providing adequate workspace for the federal workforce. However... with proper maintenance and repair, the deterioration of the national assets could be reversed and the needs of agencies and the public could be met safely and efficiently."

[Back to Table of Contents](#)

SENATE

FY 2002 Emergency Supplemental Appropriations On June 7, the Senate passed a \$31 billion supplemental appropriations bill, which provides primarily increased funding for homeland security and national defense measures along with funds to restore the site of the New York City terrorist attack. The bill exceeds the House-passed bill of \$29.4 billion and the President's request of \$27 billion. Earlier in the week, the Office of Management and Budget (OMB) issued a statement that the Senate bill exceeds the President's request by \$4 billion noting "the bill severely constrains the President's ability to fund emergency homeland requirements by compelling him to release non-emergency money provided in the bill." The President's senior advisors will recommend that he veto a supplemental appropriations bill if presented to him in the Senate form. **OMB objects to many provisions in the Senate bill as non-emergency measures or activities that duplicate the President's FY 2003 funding request including \$90 million for the construction and renovation of a Department of Agriculture facility in Ames, Iowa. In addition, OMB opposes \$315 million to fund the Centers for Disease Control and Prevention Buildings and Facilities account, noting that the agency cannot obligate these funds during the remainder of FY 2002.**

Reportedly, Majority Leader Tom Daschle (D/SD) may attach a \$770 billion budget resolution cap for FY 2003 for discretionary spending to the supplemental appropriations bill. The Senate, unlike the House has not passed an FY 2003 Budget Resolution. The House plans to proceed with the appropriations process using their \$759 billion resolution as the foundation; the President has recommended a discretionary funding level of \$747 billion.

Pending Nominations Last week, the Committee on Energy and Natural Resources approved the nominations for two Department of Energy positions:

- Kyle McSlarrow for Deputy Secretary
- Guy Caruso for Administrator of the Energy Information Administration

The full Senate has announced no schedule for consideration and a vote on the nominees.

FreedomCAR Initiative On June 6, the Subcommittee on Oversight and Investigations of the House Committee on Energy and Commerce held a hearing entitled *DOE's FreedomCAR: Hurdles, Benchmarks*

for Progress, and Role in Energy Policy. Testimony was received from David Garman, Assistant Secretary of the Department of Energy's Office of Energy Efficiency & Renewable Energy; Jim Wells, Director of Natural Resources and Environment of the U.S. General Accounting Office; Robert Culver, Executive Director of the United States Council for Automotive Research; Dr. Vernon Roan, Professor of Mechanical Engineering and Director of the Fuel Cell Laboratory at the University of Florida; William Miller, President of UTC Fuel Cells; and Dr. Donald Paul, Vice-President and Chief Technology Officer of Chevron Texaco.

Calling it the Administration's "flagship research and development initiative to reduce the nation's dependence on foreign oil by dramatically changing how we power our cars and light trucks," Mr. Garman outlined FreedomCAR's strategic three-step plan:

- Develop technologies to enable mass production of affordable hydrogen-powered fuel cell vehicles and assure the hydrogen infrastructure to support them.
- Develop the program as a partnership with industry.
- Develop technologies applicable across a wide range of passenger vehicles.

He also outlined the differences between the previous Administration's Partnership for a New Generation of Vehicles (PNGV) program and the current FreedomCAR initiative:

- FreedomCAR is focused on petroleum-free, emissions-free transportation, with emphasis on hydrogen fuel cells; PNGV was focused on building a production prototype 80 mile-per-gallon family sedan.
- FreedomCAR is a partnership solely between DOE and USCAR; PNGV was a collaboration between USCAR and seven government agencies led by the Department of Commerce.
- FreedomCAR is focused on hydrogen and fuel cells; PNGV emphasized compression ignition direct injection (diesel) hybrids.
- FreedomCAR is focused on R&D with equal emphasis on light trucks and cars; PNGV emphasized development and demonstration of mid-sized family sedans.

The Department of Energy proposes to spend \$150.3 million on the FreedomCAR initiative in FY 2003 including \$50 million for vehicle fuel cell R&D (an increase of \$8.075 million over FY 2002 levels). While the only Federal partner in FreedomCAR is the Department of Energy, the program will incorporate the expertise of other Federal and state government programs for technology research, development, and demonstration programs.

Mr. Culver discussed the beneficial short-term benefits associated with the development of the FreedomCAR:

- Lightweight material technologies can provide benefits for a variety of vehicles regardless of propulsion system.
- Power electronic technologies, critical for fuel cell drivetrains, are equally beneficial for nearer-term vehicles.

In support of the new hydrogen-fueled car, he noted, "It is also critical to demonstrate user-friendly hydrogen fueling stations and develop a roadmap for the new infrastructure development. FreedomCAR

can serve to jointly develop demonstration plans and milestones to lead the transition to hydrogen powered vehicles.”

Dr. Roan believes that while the FreedomCar initiative is “reasonably well considered and includes the necessary elements to guide and support the more critical technology developments in a fashion appropriate for the government.” He pointed out that “millions of megawatts of new, non-fossil, power generation plants will be needed to replace older fossil fuel plants and to provide electrical power to produce the hydrogen. This transition will take decades and will involve huge amounts of capital expenditures. During this lengthy transition period, it will become increasingly important to have an orderly evolution of technologies which can contribute to more fuel-efficient vehicles.”

Mr. Miller outlined key issues to assess in the move to a hydrogen-based infrastructure. Coordination of the FreedomCAR initiative must involve other key Federal agencies such as the Departments of Transportation and Defense and should aim to:

- Reduce the fuel cell system’s cost, size and weight while improving durability and performance.
- Improve the production, storage, and distribution of hydrogen as well as fuel cell power plant research, development and demonstration efforts.
- **Increase the number of government demonstration programs.**
- Increase involvement by resource suppliers.

Because building codes and hydrogen system design standards were not developed for consumer market applications, Mr. Paul suggested that new codes and standards be established to permit the development of widespread fuel cell infrastructure. He described key elements of a public-private partnership to promote fuel cell technology development:

- Consideration of infrastructure as well as the technology
- Management of public expectations
- Leveraging of private industry stakeholders
- Monitoring market signals

[Back to Table of Contents](#)

III. NEW LEGISLATION

HOUSE

There is no legislation of interest to report.

SENATE

There is no legislation of interest to report.

[Back to Table of Contents](#)

IV. ADMINISTRATION INITIATIVES

No new announcements of interest to report.

[Back to Table of Contents](#)

V. HEARINGS SCHEDULE

HOUSE – COMMITTEE ON APPROPRIATIONS

There are no hearings, mark ups, or votes of interest to report.

HOUSE – AUTHORIZATIONS/OVERSIGHT

There are no hearings, mark ups, or votes of interest to report.

SENATE – COMMITTEE ON APPROPRIATIONS

There are no hearings, mark ups, or votes of interest to report.

SENATE – AUTHORIZATIONS/OVERSIGHT

There are no hearings, mark ups, or votes of interest to report.

CONFERENCE COMMITTEE NEGOTIATIONS/FLOOR VOTES

There is no scheduled activity of interest to report.

[Back to Table of Contents](#)