

THE ENERGY POLICY ACT OF 2003

HR6: BIG GIVEAWAYS FOR BIG INDUSTRY



LEAGUE OF CONSERVATION VOTERS

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HR6: BIG GIVEAWAYS FOR BIG INDUSTRY

The Energy Policy Act of 2003 (HR 6) is deeply flawed legislation. The bill promotes an ill-advised energy policy by placing the needs of GOP special interests ahead of the public interest while sacrificing our environment and natural resources for campaign contributors and political allies. This bill deteriorates environmental laws such as the Clean Water Act, the Safe Water Drinking Act, and the Clean Air Act that protect our nations most valued natural resources. The bill also goes father than just benign neglect for our national lands, rivers and open spaces; HR 6 opens up federal lands for oil and gas industry exploitation on one hand while also providing companies with significant financial incentives to drill for oil and use exploration techniques harmful to the environment on the other. While the stated purpose of this bill was to promote our nation's energy security and independence, HR 6 continues to assist the same old fossil fuel interests with billions of dollars in tax breaks and subsidies giving only a fraction to clean energy. And when the bill does seek out new sources of energy, it does so by providing subsidies to the environmentally risky nuclear industry. Finally, this bill is fiscally irresponsible. Laden with pork projects, HR 6 was fattened in order to reward campaign contributors, fortify vulnerable GOP members of Congress or candidates, and secure their votes on HR 6. This Energy Policy Act should be tabled and Congress should instead begin working on new legislation that is designed to provide for the serious and long-term energy needs of the United States while also taking care to protect America's environmental heritage. The report that follows develops the following themes:

- **HR 6 Is A \$96 Billion Giveaway For Big Industry and GOP Donors.** HR 6 is a massive give-away to corporations and GOP contributors. It is estimated that the Energy Policy Act of 2003 gives away a total of \$95.99 billion in direct spending and tax breaks that will mostly benefit industries – the same industries that have given over \$106 million to the Republican Party since the 2000 election. For their generosity, these donors have been rewarded with a bonanza of tax breaks and regulatory rollbacks. This bill provides \$21.837 billion in benefits for the oil and gas industry, \$10.05 billion for the electric and nuclear industry, and \$7.95 billion for the coal industry. The oil and gas industry will receive a liability waiver for MTBE lawsuits valued at \$29 billion alone. The electric industry is also blessed with an electricity title that repeals the Public Utility Holding Company Act and weakens the oversight role of the Federal Electric Regulatory Commission. One observer remarked that HR 6 reads more like the “world’s largest Christmas list” rather than a sound energy policy for the United States.
- **HR 6 Is Bad For Our Environment.** This bill places corporate desires ahead of public good by weakening laws designed to protect the nations air and water. HR 6 provides special exemptions to the Clean Water Act and Safe Water Drinking Act for oil and gas exploration and contains numerous provisions designed to provide access for oil and gas companies to exploit resources contained in federal lands and coasts. Section 1443 extends EPA deadlines for smog reduction that actually make it more difficult for our nation to clean its air in the most polluted regions. The bill also failed to include CAFE standards, a Renewable Portfolio Standard, and any language designed to deal with climate change or global warming. The bill also revitalizes the nuclear industry and provides for the expedited licensing of enriched uranium facilities – almost inconceivable in the aftermath of 9/11. Finally, this bill provides more than twice the money for “dirty energy” like coal and gas than it does for renewable clean energy.
- **HR 6 Is Pork Laden And Fiscally Irresponsible.** HR 6 finances many unnecessary projects that do nothing to promote sound energy policy and in some cases have simply been used to prop up embattled GOP incumbents or reward loyal donors. Some of the most egregious examples of pork include: \$2 billion in loan guarantees for so-called ‘Green Bonds’ designed to benefit a project being built by Robert Congel, a Bush Ranger, and Freshman Rep. Bob Beauprez (R-CO); loan guarantees for a coal gasification plant in Minnesota that helped secure the vote of Sen. Norm Coleman (R-MN); and \$20 billion for an Alaskan energy projects that would support the GOP’s most vulnerable Senator, Lisa Murkowski. But as usual, it is the American taxpayer who will foot the bill -- to the tune of \$140 billion over the next decade not including the additional \$25 billion this bill will add to our countries ever increasing federal budget deficit.

ENERGY BILL (HR 6) IS A MASSIVE GIVEAWAY TO BIG INDUSTRY

HR 6 is not a bill to achieve national energy security, nor is it a “jobs” bill as some defenders have suggested. In the end, this piece of legislation provides \$96 billion dollars in giveaways -- including \$23.5 billion in tax breaks that mostly benefit the coal, nuclear, oil and gas industries.

The size and scope of the giveaway dwarf almost everything else about this bill and confirms that HR 6 is more about the special interests than our national interests.

Energy Bill Helps 37 Bush/Cheney “Pioneers” and “Rangers”

Energy Bill Would Benefit 37 Companies Tied to Bush Pioneers or Rangers. The Energy Policy Act of 2003 makes sure to take care of those that helped place the Bush Administration in power. It is estimated that 37 companies run by pioneer and ranger families will benefit in some way from the Energy Bill. [ABC World News Tonight, 11/23/03, Washington Post, 11/23/03]

Energy Bill Provides Huge Returns On Industry Contributions

Energy Bill Is A 41,097 Percent Return On Investment For Oil And Gas Industry. The Energy Bill provides more than \$21.837 billion in direct benefits including \$8.866 billion in tax breaks for the oil and natural gas industry, according to the Taxpayers for Common Sense. This industry has been a blank check for the GOP having contributed \$53,005,629 since 2000, or more than 80 percent of the contributions from this industry. If the \$53 million was looked at as a three-year investment, the return would be 41,097 percent. This return does not even begin to consider the provisions that open federal lands to oil and gas exploration. [Taxpayers for Common Sense Analysis of HR 6, Center for Responsive Politics]

Energy Bill Is A 68,340 Percent Return On Investment For Coal Industry. The Energy Bill provides more than \$7.95 billion in direct benefits including \$2.514 billion in tax breaks for the coal industry, according to the Taxpayers for Common Sense. This industry has strongly supported the Republican Party having contributed \$11,590,612 since the 2000 election. If these contributions were looked at as an investment, the return would be 68,340 percent. [Taxpayers for Common Sense Analysis of HR 6, Center for Responsive Politics]

Energy Bill Is A 31,466 Percent Return On Investment For The Electric And Nuclear Industry. The Energy Bill provides more than \$10.058 billion in direct benefits including \$2.968 billion in tax breaks for the utility and nuclear industries. The utility industry has strongly supported the Republican Party having contributed \$31,863,413 since 2000. If these contributions were looked at as a return on investment for provisions included in the energy bill, the return would be 31,466 percent. [Taxpayers for Common Sense Analysis of HR 6, Center for Responsive Politics]

Industries That Benefit From Energy Bill Contributed \$96 Million More to Republicans. The gas and oil, electric and nuclear, coal, auto, and railroad industry contributed \$140,075,036 to Republican candidates, but only contributed \$43,664,842 to Democrats since 2000. [Center for Responsive Politics]

Oil and Gas Industry Gets \$21.8 Billion In Subsidies, Tax Breaks and Special Exemptions In Energy Bill

What the Oil and Gas Industry Got: HR 6 Contains \$21.837 Billion For Industry. Taxpayers for Common Sense estimate that the Energy Bill contains \$21.837 billion for the oil and gas industry. This does not include an \$18 billion loan guarantee for the Alaskan Natural Gas Pipeline, nor a proposed liability waiver for MTBE producers valued at \$29 billion. With those provisions included the oil and gas industry would be reaping \$68 billion in benefits out of the Energy Bill. [Taxpayers For Common Sense Analysis of HR 6, 11/18/03]

Oil and Gas Industry Gets Billions In Tax Breaks

Section 1322 Provides \$1.28 Billion Tax Credit for National Gas Distribution Pipelines. This section allows that natural gas distribution pipelines can be treated as 15-year property. This section is a \$1.281 billion tax break for oil and gas industry. The Joint Committee on Taxation estimates that this provision will result in a \$1.281 billion loss of federal revenue by 2013. [HR 6 Title XIII Section 1322, Joint Committee on Taxation; 11/18/2003]

Section 1324 Provides \$98-Million Tax Credit For Complying With EPA Sulfur Regulations. This section provides small diesel fuel refiners with tax credit for complying with EPA sulfur regulations. This section is a \$98 million tax break for oil and gas industry. This provision is set to expire on 12/31/09. The Joint Committee on Taxation estimates that this provision will result in a \$98-million loss of federal revenue by 2013. [HR 6 Title XIII Section 1324; Joint Committee on Taxation, 11/18/2003]

Section 1344 Provides \$2.238 Billion In Tax Breaks For All Geological and Geophysical Expenditures. This section awards tax deductions for any geological or geophysical expense that is incurred with the development of an oil or gas lease in the United States. This deduction is available for a 24-month period. This section is a \$2.238 billion tax break for oil and natural gas industry. [HR 6 Title XIII Section 1344; Joint Committee on Taxation, 11/18/2003]

Section 1345 Awards 15 Companies That Use Coal Bed Methane With Millions in Tax Credits. Title XIII, Subtitle C, Sec. 1345 renews an expired tax credit known as "Section 29." This tax credit is available to energy producers that use unconventional energy sources, and one of the sources of such energy is coal bed methane. The Energy Bill expands and extends this tax credit to 2007. [HR 6 Title XIII, Subtitle C, Sec. 1345]

- **Public Citizen Investigation Shows 15 Companies Stand To Benefit From Section 29.** An investigation by Public Citizen shows that 15 companies stand to benefit from the Section 29 renewal. The Joint Committee on taxation has estimated that the extension of this tax credit will result in a loss of revenues equaling \$3.089 billion. [Citizen.org, Accessed 1/8/04]
- **Fifteen Companies That Benefit From Section 29 Have After-Tax Profits Of \$56 Billion.** The fifteen companies that will benefit the most from Section 29 have enjoyed after-tax profits of \$56 billion between 1999 and 2002. [Citizen.org, Accessed 1/8/04]

Oil and Gas Industry Gets Billions For "Dirty" Energy Research

Energy Bill Includes \$1.997 Billion For Fossil Fuel Research and Development. Title XIX of the Energy Policy Act of 2003 includes \$1.997 billion for fossil fuel research and development. [HR 6 Title XIX; Taxpayers for Commonsense Analysis of HR 6]

Oil and Gas Industry Gets Congressional Commitment To Dependence On Oil

Energy Bill Fails To Include Oil Reduction Provision. A provision that would require the Bush Administration to develop a plan that would reduce daily oil usage by 1 million barrels per day was not included in the Energy Policy Act. This provision was approved 99-1 by the Senate and was included in earlier forms of the Energy Bill. It is estimated that this provision would save 4 percent of projected demands for oil -- more than what could be gained by drilling in the Arctic National Wildlife Refuge. [National Environmental Trust; [Portland Herald Press](#), 7/26/03]

Oil and Gas Industry Gets Special Exemptions To Laws Protecting Water

Energy Bill Permits Usage Of Hydraulic Fracturing. Title III, Subtitle B. Section 327 and 328 of the Energy Policy Act exempts oil companies from the Safe Drinking Water Act so that they can use a technique known as hydraulic fracturing when searching for coal bed methane. [HR 6 Title III, Subtitle B, Sec. 327 & Sec. 328]

Practiced Was Banned In Alabama By U.S. Federal Appeals Court. A Tuscaloosa County, Ala., family charged in a lawsuit that its well water had been ruined by a coal bed methane-fracturing operation, a federal appeals court ruled in 1997 that hydraulic fracturing had to comply with the Safe Drinking Water Act. [Newhouse News Services, 2/21/02]

Oil and Gas Industry Gets Special Permission To Explore Public Land

Energy Taskforce Made It A Goal To Open Western Lands for Energy Exploration. One of the main goals of Vice President Dick Cheney's Energy Task Force was to make it an administration goal for the removal of restrictions to energy development in the region. The task force said 40 percent of the natural gas in the Rocky Mountains was off limits. [Associated Press, 11/30/03]

Energy Bill Contains Multiple Provisions To Increase Oil And Gas Leasing On Public Lands. The Energy Bill does big favors for the oil and gas industry by making it easier to get drilling rights for oil and gas on public lands. As if the oil and gas industries needed to be closer to the administration, a special office would be created inside the White House to coordinate and expedite the permits of energy projects on public lands. [Center for Public Integrity Report, 12/15/03]

Oil and Gas Industry Gets \$29-Billion MTBE Liability Waiver

The Energy Bill Will Create A Liability Waiver For MTBE Producers Nullifying All Lawsuits Filed After September 5, 2003. Title XV Section 1502 of the Energy Policy Act establishes a "safe harbor" for MTBE producers by nullifying all lawsuits by cities, states and other entities seeking compensation for groundwater contamination filed after September 5, 2003. [HR 6 Title XV Sec. 1502 p. 21.]

- **Waiver Estimated To Be A \$29-Billion Industry Giveaway.** The MTBE liability waiver included in the Energy

Policy Act of 2003 is estimated to protect MTBE producers from an estimated \$29 billion that they would have to pay to cleanup contaminated sites across the United States according to the Environmental Working Group. [www.ewg.org. Accessed 12/15/03]

- **Safe Harbor Provision of Energy Bill Would Set Dangerous Product Liability Precedent.** Section 1502 of H.R.6, the Energy Bill, ensures that no motor vehicle fuel with MTBE can be considered defective. This section of the bill establishes a dangerous precedent whereby other manufacturers would seek similar protections for their products even if they are considered harmful to public health and safety. [New Jersey State Law Journal, 10/20/03]

Oil and Gas Industry Gets \$18-Billion Pipeline

Energy Bill Provides \$18 Billion Loan Guarantee For Alaskan Natural Gas Pipeline. Title III Subtitle D Section 386 of the Energy Policy Act of 2003 provides an \$18 billion loan guarantee for the Alaskan Natural Gas Pipeline. [HR 6, Title III Subtitle D Section 386]

- **Oil Companies Have Spent \$125 Million On Market Studies.** ConocoPhillips, ExxonMobil and BP, the three companies with natural gas interests in Alaska's Prudhoe Bay have already spent \$125 million studying the feasibility of the pipeline in today's market. [Houston Chronicle, 10/18/03]

How Did the Oil And Gas Industry Get All This?

Oil and Gas Industry Gave \$39,677 Million More To Republicans Than Democrats Since 2000. Since 2000 the Oil and Gas Industry has given \$53,005,629 to Republicans, and during the same time period gave \$13,328,031 to Democrats. [Center for Responsive Politics]

Electric And Nuclear Industry Gets \$10.05 Billion – Gave \$31 Million To Get It

What Electric and Nuclear Industry Got: HR 6 Contains \$10.058 Billion In Subsidies For Nuclear and Electric Industry. The Energy Policy Act contains \$2.686 Billion in tax breaks and subsidies directly benefiting electric utilities and \$7.372 Billion in tax breaks and subsidies directly benefiting nuclear industries. The bill also provides provisions to re-vitalize the nuclear industry and benefits electric utilities by repealing PUHCA. [Taxpayers for Common Sense Analysis of HR 6]

Electric and Nuclear Industry Gets Billions In Tax Breaks

Section 1323 Provides \$1.462-Billion Tax Break For New Electricity Transmission Property. This provision allows electric utility owners to write-off new electricity transmission property to be as 15-year equipment. The Joint Committee on Taxation has estimated that this provision will result in the loss of \$1.462 billion in federal tax revenue by 2013. [HR 6 Title XIII Section 1323; Joint Committee on Taxation, 11/18/2003]

The Energy Policy Act Will Provide Nuclear Industry With \$1.637 Billion In Tax Breaks. Title XIII of the Energy Policy Act of 2003 will provide the nuclear industry with \$1.637 Billion in tax breaks. [Taxpayers for Common Sense Analysis of HR6]

Section 1328 Provides \$1.462-Billion Tax Break By Modifying Rules for Nuclear Decommissioning Costs. This provision modified nuclear decommissioning costs in a number of ways. It permits the transfer of pre-1984 decommissioning costs to qualified funds so that the seller gets the deduction on the sale. It eliminates the cost of service requirements. The Joint Committee on Taxation estimates that this provision will result in a loss of \$1.462 billion in federal revenues by 2013. [HR 6 Title XIII Section 1328; Joint Committee on Taxation, 11/18/2003]

Electric and Nuclear Industry Gets Billions In Research And Development

Energy Bill Provides \$1.11 Billion For Electricity Research And Development. Title XIX of the Energy Policy Act of 2003 provides \$1.11 billion in direct spending for electricity research and development. [HR 6 Title XIX Section 911, Taxpayers for Common Sense Analysis of HR 6]

Energy Bill Allocates More Money To Nuclear Industry Research Than Any Other Energy. Title XIX Section 924 of the Energy Policy act authorizes \$4.549 billion for

nuclear power research and development. This is the most research and development money allocated in the energy bill. The next closest is renewable energy, which fell short of the nuclear amount by \$1.54 billion. [HR 6 Title XIX Section 924, Taxpayers for Common Sense Analysis of HR 6]

Energy Bill Establishes A Nuclear Research Initiative. Title XIX Section 925 of the Energy Policy Act authorizes the Energy Secretary to create a Nuclear Research Initiative for research and development related to nuclear energy. [HR 6 Title XIX Section 925]

- **Energy Bill Creates Roadmap To Deploy New Nuclear Plants By 2010.** Title XIX Section 925 of the Energy Policy Act directs the Energy Secretary to carry out a program called "Nuclear Power 2010" that is based off of recommendations in the Department of Energy's Nuclear Energy Research Advisory Committee report, entitled "A Roadmap to Deploy New Nuclear Power Plants in the United States by 2010." [HR 6 Title XIX Section 925]

Electric and Nuclear Industry Gets Weakened Federal Oversight

Energy Bill Repeals PUHCA Creating An Environment Of Enron-Like Energy Manipulation. Title XII Subtitle F of the Energy Policy Act of 2003 repeals the Public Utility Holding Company Act of 1935. PUHCA's repeal would open up approximately one trillion dollars worth of electric generation, transmission and distribution assets to any kind of company in 12 months time. [HR 6 Title XII Subtitle F; Public Citizen's Analysis of Electricity Title (XII) in Omnibus Energy Bill (H.R.6)]

Energy Bill Weakens FERC's Hand At Reviewing Mergers. Title XII Subtitle H Section 1292 of the Energy Policy Act of 2003 immediately reduces FERC's ability to review mergers and dispositions of facilities by greatly increasing the price of the transactions FERC can review from \$50,000 to \$10,000,000 (ten million dollars). Public

Citizen states that utilities will be able to structure most deals into contracts of less than ten million dollars, and thus avoid FERC review altogether for the acquisition of huge amounts of electric capacity. [HR 6 Title XII Subtitle H Section 1292; Public Citizen's Analysis of Electricity Title (XII) in Omnibus Energy Bill (H.R.6)]

Energy Bill Provides Participant Funding Benefiting Entergy And Southern Company. Title XII Section 1242 of the Energy Policy Act of 2003 should be declared the section written for Southern Company and Entergy, according to Public Citizen. This section provides for participant funding, which protects vertically integrated utilities like Southern Company and Entergy by forcing unregulated plants to pay their own cost to connect to the electricity grid. [HR 6 Title XII Section 1242; Public Citizen's Analysis of Electricity Title (XII) in Omnibus Energy Bill (H.R.6)]

Electric and Nuclear Industry Gets Limited Liability In Case Of A Nuclear Accident

Energy Bill Extends Limited Liability Guarantees For Nuclear Industry In Case Of Catastrophic Accident. Title VI Sections 601-609 extends the limited liability guarantees of the Price-Anderson Act for an additional 20 years. These guarantees would ensure that in the event of a catastrophic accident at a nuclear plant that its operators would only be partially responsible. [HR 6, Title VI Sections 601-609]

Electric and Nuclear Industry Gets Incentives To Produce More Uranium

Energy Bill Provision Grants Export Licenses For Highly Enriched Uranium. Title VI, Section 633, of The Energy Policy Act (H.R.) amends Section 134 of the Atomic Energy Act of 1954 to provide for the exportation of highly enriched Uranium to Canada, Belgium, France, Germany, and the Netherlands for medical isotope production. [HR 6, Title VI Section 633 pg. 20]

Energy Bill Provides Millions For Dangerous Uranium Mining. Title VI Section 631 of the Energy Policy Act of 2003 provides \$30 million in taxpayer funds to uranium companies for polluting mining practices that threaten drinking water aquifers. The provision contains a red herring exclusion for New Mexico; one company with operations in New Mexico and other states could receive bail out money for mines in other states, freeing up company dollars for

proposed mines in Navajo communities in New Mexico that would threaten the sole source of drinking water for 15,000 Native Americans. [HR 6, Title VI Section 631]

How Did The Electric And Nuclear Industry Get All This?

Electric and Nuclear Industry Gave \$16.29 Million More To Republicans. Since 2000 the Electric and Nuclear Industry has given \$31,863,413 to Republicans, and during the same time period \$15,573,063 to Democrats. [Center for Responsive Politics]

Coal Industry Gets \$7.95 Billion -- Gave \$11.59 Million To Get It

What Coal Industry Got: Energy Bill Gives \$7.95 Billion To Coal Industry. Taxpayers for Common Sense estimate that the Energy Policy Act contains \$7.95 billion in subsidies for the coal industry. [Taxpayers for Common Sense Analysis of HR 6]

Coal Industry Gets Billions In Tax Breaks

Energy Policy Act Will Provide Coal Industry With \$2.516 Billion In Tax Breaks. Title XIII of the Energy Policy Act of 2003 provides the coal industry with \$2.516 billion in tax breaks. [Taxpayers for Common Sense Analysis of HR6]

Coal Industry Gets Billions For Research

Energy Bill Provides \$1.422 Billion in Coal Demonstration Projects. Sections 931 and 935 of the Energy Policy Act of 2003 provide \$1.422 billion from 2004 to 2008 for coal demonstration projects that provides programs that facilitate: innovations for existing plants; integrated gasification combined cycle; advanced combustion systems; turbines for synthetic gas derived from coal; carbon capture and sequestration research; coal-derived transportation fuels and chemicals; solid fuels and feedstocks; advanced coal related research; advanced separation technologies; a joint project for permeability enhancement in coals for natural gas production and carbon dioxide sequestration. [HR 6 Title XIX Sections 931 and 935]

Coal Industry Gets Loan Guarantees For New Power Plants

Energy Bill Provides \$1 Billion Loan Guarantee For Plant That Turns Coal Into Volatile Gas. Title IV Section 412 of the Energy Policy Act of 2003 provides a loan guarantee for a project that produces energy from a plant using integrated gasification combined cycle technology of at least 400 megawatts in capacity that produces power at competitive rates in deregulated energy generation markets and that does

not receive any subsidy (direct or indirect) from ratepayers. This provision would directly benefit the Excelsior Energy Company's coal gasification plant in Iron Ridge, Minnesota. [HR 6 Title IV Section 412; Duluth News-Tribune, 10/5/03]

Energy Bill Provided Hundreds of Millions of Dollars in Loan Guarantees to Company Run By Bush "Pioneer". Title IV, Subtitle B, Sec. 412 of the Energy Policy Act of 2003 authorizes federal loan guarantees for a coal gasification plant owned by Massey Energy in West Virginia. Massey Energy and its Board of Directors have given nearly \$200,000 to federal candidates since 2001; 99 percent of which has gone to Republicans. The company's director, James H. "Buck" Harless, is a "Pioneer" fundraiser for President George W. Bush. [Citizen.org, Accessed 1/9/04]

How Did The Coal Industry Get All Of This?

Coal Industry Gave \$9.487 Million More To Republicans. Since 2000 the Coal Industry has given \$11,590,612 to Republicans, and during the same time period \$2,102,975 to Democrats. [Center For Responsive Politics]

ENERGY BILL

CREATES LASTING ENVIRONMENTAL DAMAGE

HR 6 opens our public lands to exploitation by the oil, gas and coal industry. The bill provides special exemptions to the Clean Water Act and the Safe Water Drinking Act so that oil and gas companies cannot be held liable for the environmental damage they cause during their search for more fossil fuels. HR 6 also revitalizes the nuclear industry and will inevitably lead to more nuclear waste and raises the potential of catastrophic danger to our environment. Finally, the bill does not do enough to move this country towards the increased usage of renewable fuels.

Energy Bill Exploits Our Public Lands

Interior Secretary Able To Fast Track Pipelines On Public Lands. Title III Section 350 of the Energy Policy Act will allow the Interior Secretary to use "secretarial order" to designate utility and pipeline corridors across public lands without seeking public input through a land use planning process. [National Environmental Trust; HR 6 Title III Sec. 350 p.83]

Opens Alaskan National Petroleum Reserve Without Environmental Protections. Title III Section 317 of the Energy Policy Act of 2003 authorizes the leasing of the entire National Petroleum Reserve - Alaska for oil and gas production without protection for wildlife, native subsistence hunting and fishing, and sensitive areas. Also gives away taxpayer dollars to the industry by allowing the Secretary to waive royalties from any other production that occurs on this land. [National Environmental Trust; HR 6 Title III Sec. 317.]

Energy Bill Contained Provision To Drill In Alaska. HR 6 as passed contained a provision that called for drilling in the Arctic National Wildlife Refuge even though a study by the U.S. Geological Survey projects that the coastal plain would yield less than the U.S. consumes in 6 months and take at least 10 years to bring to market. However, neither the Senate version of the bill nor the House-Senate conference report, later passed by the House but not yet passed by the Senate, include Arctic drilling language. [2003 League of Conservation Voters Scorecard]

Energy Bill Creates Special White House Office To Help Big Energy Companies

"One-Stop Shopping Office" For Oil And Gas Industry Created In White House. Title III Section 341 of the Energy Policy Act establishes an "Office of Federal Project Coordination" within the White House intended to expedite the permitting and completion of energy projects on federal lands, and overrides environmental safeguards. [National Environmental Trust; HR 6, Title III Sec. 341 p. 66.]

Energy Bill Dirties Our Water

Energy Bill Makes Exemptions To Clean Water Act -- Benefiting Oil & Gas Industry

Oil And Gas Industries Receive Special Exemption For Water Run-Off On Construction Projects. Oil and gas construction activities would be exempted from the Clean Water Act, even though most other large construction activities would still have to obtain permits and control their pollution runoff. [Center for Public Integrity Report, 12/15/03, Title III Sec. 328 p. 55.]

Oil And Gas Industry Will Benefit From Changes To Safe Water Drinking Act. Included in the Energy Bill is a provision (Title III Sec. 327 p. 54-55.) that would allow drilling companies like Halliburton to get an exemption from the Safe Drinking Water Act for a mining technique known as hydraulic fracturing. During this process diesel fuel is injected into underground sources of drinking water without federal oversight. [Public Citizen Analysis of HR 6]

Energy Bill Prevents Polluters From Having To Pay For Their Messes

Energy Bill Will Create A Liability Waiver For MTBE Producers Nullifying All Lawsuits Filed

After September 5, 2003. Title XV Section 1502 of the Energy Policy Act establishes a "safe harbor" for MTBE producers by nullifying all lawsuits by cities, states and other entities seeking compensation for groundwater contamination filed after September 5, 2003. [HR 6 Title XV Sec. 1502 p. 21.]

***Energy Bill
Dirties Our Air***

***Energy Bill
Aids Sources Of Polluting Energy***

Energy Bill Will Likely Increase Air Pollution Through New Incentives For Coal, Gas, And Oil. Titles III, IV, and VIII of the Energy Policy Act could dramatically increase air pollution and global warming with huge new incentives for burning coal, oil and gas. [National Environmental Trust; HR 6, Titles III, IV, and VIII]

***Energy Bill
Pushes Back Deadlines For Smog Removal***

Energy Bill Extends Deadlines For Smog Removal. Title XIV Section 1443 pg. 43 of the Energy Policy Act allows more smog pollution for longer periods of time than the current Clean Air Act authorizes. Under the existing Act, areas that have unhealthy air are required to reduce ozone-forming smog pollution by strict statutory deadlines. If these areas fail to meet these deadlines, they are given more time to clean up, but must adopt more rigorous air pollution control measures. In contrast, this bill attempts to allow polluted areas to have more time to cleanup but without having to implement stronger air pollution controls, placing a significant burden on states and communities down-wind of the urban areas subject to this provision. [National Environmental Trust; HR 6, Title XIV Sec. 1443 p. 43]

***Energy Bill
Fails To Strengthen CAFE Standards***

Energy Bill Weakens CAFÉ Standards. The Energy Policy Act of 2003 fails to increase average fuel economy standards in automobiles. Oil savings provisions were removed from the bill passed by the Senate when Sen. Bill Frist (R-TN) substituted the

language of the 2002 Senate passed energy bill for the language in the 2003 energy bill. The conference failed to put the oil savings provision back in and weakened the CAFÉ proposal by extending a loophole that the Bush Administration's own report showed would waste 9-17 billion gallons of gas by allowing auto makers to make more gas guzzlers if they made dual fuel vehicles. [HR 6: The Energy Policy Act of 2003, HR 4 The Energy Policy Act of 2004, Senate Amendment 1537]

***Energy Bill
Revitalizes The Nuclear Industry***

***Energy Bill Brings Nuclear Power
Back to the Forefront of Energy Policy***

Energy Bill Allocates More Money To Nuclear Industry Research Than Any Other R&D Source. Title XIX Section 924 of the Energy Policy act authorizes \$4.549 billion for nuclear power research and development. This is the most research and development money allocated in the energy bill. [HR6 Title XIX Section 924, Taxpayers for Common Sense Analysis of HR 6]

Energy Bill Extends Limited Liability Guarantees For Nuclear Industry In Case Of Catastrophic Accident. Title VI Sections 601-609 extends the limited liability guarantees of the Price-Anderson Act for an additional 20 years. These guarantees would ensure that in the event of a catastrophic accident at a nuclear plant that its operators would only be partially responsible. [HR 6, Title VI Sections 601-609]

***Energy Bill Shorts "Clean" Energy
Funding Compared To "Dirty" Energy***

***Energy Bill
Continues Business As Usual***

Dirty Energy Gets More Than Double The Amount Allocated for Renewable and Efficient Energy. An analysis of the Energy Policy Act by the U.S. Public Interest Research Group shows that sources of dirty energy such as oil, gas, nuclear and coal received 67 percent of the tax breaks, incentives and subsidies included in the Energy Bill. Efficient and Renewable Energy sources received 33 percent of the pie. [US Public Interest Research Group Analysis of HR 6]

Energy Bill Failed to Include Even Modest Requirement For Renewable Energy. The Energy Bill failed to include a renewable portfolio standard that would have required all electric utilities to use renewable energy for just 10 percent of their electric output by 2020. [HR 6 Title II; Environment and Energy Daily 11/18/03]

ENERGY BILL IS LADEN WITH EXCESSIVE PORK PROJECTS USED TO BUY VOTES

The Energy Policy Act of 2003 is a grab bag of pork projects designed to buy votes and reward contributors rather than attempt to create a sensible energy policy. Even conservative groups like the Heritage Foundation and Americans for Tax Justice, along with the Wall Street Journal and environmental organizations agree that passing the energy bill would just be bad public policy. Many plum pork pieces appear to be directed towards Congressional and Senate GOP freshman with contested campaigns.

Energy Bill Green Bonds Benefit Ranger and GOP Freshman

Energy Bill Issues \$2 Billion In Tax-Exempt Bonds To Finance Retail Projects. Title XIII Subtitle D, Section 1366 of the Energy Policy Act of 2003 provides for a one-time issuance of \$2 billion of tax-exempt bonds (so-called "Green Bonds") to finance mostly the creation of retail projects. [HR 6, Title XIII Subtitle D Section 1366; The Bond Buyer, 12/5/03]

Energy Bill Gives Tax Subsidies That Would Benefit A Proposed New York Shopping Mall. Title XIII Subtitle D, Section 1366 of the Energy Policy Act of 2003 provides for \$2 billion in brownfields demonstration project green bonds – a provision that would directly benefit DestiNY Shopping Mall project in Syracuse, New York whose chief financier, Robert Congel is a Bush Campaign Ranger. [HR 6, Title XII Section 1366]

Rep. Bob Beauprez Gets Lakewood Development Project Included In Energy Bill. One of the most vulnerable House Republican Freshmen, Bob Beaprez of Colorado, will get credit for slipping a \$750-million development project in Lakewood, Co., known as the Belmar Project, into the Energy Bill as a "Green Bond." The Belmar Project is 22 city blocks of stores, entertainment, office space & residences [The Denver Post, 11/19/03]

Coal Plant Funds Used To Switch Key Vote For Energy Bill

Energy Bill Provides \$1 Billion Loan Guarantee For Plant That Turns Coal Into Volatile Gas. Title IV

Section 412 of the Energy Policy Act of 2003 provides a loan guarantee for a project that produces energy from a plant using integrated gasification combined cycle technology of at least 400 megawatts in capacity that produces power at competitive rates in deregulated energy generation markets and that does not receive any subsidy (direct or indirect) from ratepayers. This provision would directly benefit the Excelsior Energy Company's coal gasification plant in Iron Ridge, Minnesota. [HR 6 Title IV Section 412; Duluth News-Tribune, 10/5/03]

Provision Was More Than Likely Included To Secure Vote Of Sen. Norm Coleman (R-Minn.) The inclusion of the Excelsior Energy coal gasification plant provided an incentive to Sen. Norm Coleman for the freshman to change his vote on the energy bill. Coleman was opposed to drilling in ANWR, and had intended to vote against the bill. The final conference report did not include language to open ANWR for drilling, and Coleman voted for the energy bill. [National Public Radio: All Things Considered, 9/29/03]

Major GOP Donor Company Bechtel Gets \$635 Million For Existing Facility

Energy Bill Authorizes \$1.1 Billion For Nuclear Reactor In Idaho. Title VI Sec 651 of the Energy Policy Act of 2003 authorizes a \$1.1 billion nuclear reactor in Idaho, with a potential exemption from normal Federal project management rules, to demonstrate hydrogen production technologies that are not projected to be "economic" – that is, financially prudent. [HR 6, Title VI Sec. 651 p. 40.]

- **\$635 Million Will Be Made Available For The Bechtel Corporation.** Title IV Subtitle C makes \$1.1 billion available to operate and manage the nuclear facility at the Idaho National Engineering and Environmental Laboratory (INEEL). The subsidy provides \$500 million to a yet to be determined company to build the plant, and an additional \$635 million—plus such sums as are necessary—to operate and manage the facility. The Idaho Laboratory is currently managed by the Bechtel Corporation, which is the largest federal contractor. [newenergyfutures.com, Accessed 12/12/03]

**Energy Bill Pork Project
Used To Prop-Up Vulnerable Freshman**

Sen. Lisa Murkowski Is One Of The Democratic Party's Most Vulnerable Opponents. The Democratic Senatorial Campaign Committee believes that Sen. Lisa Murkowski represents one of their best pick-up opportunities in 2004. [www.dsc.org, Accessed 12/30/03]

- **Energy Bill Provides \$18 Billion Loan Guarantee For Alaskan Natural Gas Pipeline.** Title III Subtitle D Section 386 of the Energy Policy Act of 2003 provides an \$18 billion loan guarantee for the Alaskan Natural Gas Pipeline. [HR 6, Title III Subtitle D Section 386]
- **Energy Bill Provides At Least \$500 Million For Denali Commission.** The Energy bill contains at least \$500 million over a 10 year-period to fund the Denali Commission, which provides rural energy projects for Alaska. The bill could conceivably provide it with \$1 billion over 20 years. [Anchorage Daily News, 11/18/2003]
- **Energy Bill Authorizes \$125 Million Loan For "Clean" Coal Plant.** Title IV Section 411 of the Energy Policy Act of 2003 authorizes a \$125 million loan for the Healy clean coal plant. [HR 6 Title IV Section 411; Murkowski Press Release, 11/18/03]

**Energy Bill Loan Guarantees
Secure Votes and Reward Donors**

Energy Bill Provides Loan Guarantee For Coal Plant in North Dakota. Title IV Section 411 of the Energy Policy Act of 2003 provides a loan guarantee

for an built coal plant in North Dakota. This provision was used as a deal sweetener to convince Sen. Byron Dorgan (D-ND) to support the energy bill. [HR 6 Title IV; Greenwire, 11/20/03; Washington Post, 11/19/03]

Hundreds of Millions of Dollars in Loan Guarantees to West Virginia Company. Title IV, Subtitle B, Sec. 412 of the Energy Policy Act of 2003 authorizes federal loan guarantees for a coal gasification plant owned by Massey Energy in West Virginia. Massey Energy and its Board of Directors have given nearly \$200,000 to federal candidates since 2001; 99 percent of which has gone to Republicans. The company's director, James H. "Buck" Harless, is a "Pioneer" fundraiser for President George W. Bush. [Citizen.org, Accessed 1/9/04]

Hundreds of Millions of Dollars in Loan Guarantees for Louisiana Power Plant. Title IV, Subtitle B, Sec. 414 provides hundreds of millions of dollars in federal loan guarantees for a petroleum coke gasification plant in Lake Charles, Louisiana owned and operated by three companies: TECO Energy, ChevronTexaco, and Citgo. [HR 6 Title IV Subtitle B Section 414; Citizen.org , 1/8/04]

**Energy Bill Removes
Tariff That Benefits GOP Donor**

Energy Bill Would Remove Tariff On Chinese Ceiling Fans Saving Home Depot Millions Of Dollars. Two paragraphs on page 710 of the Energy Bill would remove tariffs on Chinese ceiling fans. The removal of these tariffs would save Home Depot and other companies an estimated \$48 million, according to the Joint Committee on Taxation. [Citizen.org, Accessed 12/15/03; HR 6 Title XIII Section 1364]

Home Depot Executives, Employees, And Family Members Have Contributed \$1.5 Million To The GOP. Since 1999, individuals affiliated with Home Depot have contributed \$1.5 million to the Republican Party. [Citizen.org, Accessed 12/15/03]

ENERGY BILL WAS DRAPED IN SECRECY BY GOP

The energy industry has waited a long time for the Energy Policy Act. Energy-related businesses have contributed millions to federal political campaigns with the majority to Republicans. It now appears that Big Energy is ready to cash-in on their investment. HR 6 provides the industry with billions of dollars in tax breaks and subsidies. Larry Noble, executive director of the Center for Responsive Politics explains that the Energy Industry has been “giving heavily to the Republicans for a long time, and this is what it's all about in the end. It looks like they got an energy bill that they wanted.”

Energy Bill Was Cloaked in Secrecy By Republicans

Democrats Complained Their Party Was Kept In Dark On Energy Issues. Throughout the entire conference committee, Democrats complained that they had been shut out of writing the energy bill. A Democratic spokesman was quoted in Megawatt Daily saying, “We wish we could tell you more but, as was the case with the Cheney energy task force, we’re as much in the dark as you and the American public on how key decisions are being made.” [Megawatt Daily, 9/19/03]

House and Senate Energy Conferees Had Low Environmental Records

Senate Republican Energy Bill Conferees Had Average LCV Score Of 3. The average Senate Republican working on the Energy Bill Conference had an average LCV score of 3 in the 107th conference. All seven Republican Senators serving on the committee had an LCV score less than 10, demonstrating an absolutely terrible record on the environment. The average LCV score of Senate Democrats was 72, demonstrating that the energy conference was made up of anti-environmental Senators. [League of Conservation Voter Scorecard for the 107th Congress]

House Republican Energy Bill Conferees Had LCV Voter Score Of 18 In 2002. The 27 House Republicans who sat on the Energy Bill conference committee had an average League of Conservation Voter score of 18 during the 107th Congress. Nearly

half of the House conferees had a score of less than 10. [League of Conservation Voter Scorecards 107th Session]

Energy Bill Is Fiscally Irresponsible

Energy Policy Act Will At Least Cost Americans \$140 Billion Next Decade. The Energy Policy Act, in addition to tearing apart environmental controls, will also rip new holes in spending. The minority staff of the Government Reform Committee states that the Energy Bill will cost taxpayers \$140 billion over the next decade. These expenditures include:

- ✓ \$75.4 billion in authorizations.
- ✓ \$23.5 billion in energy-related tax breaks.
- ✓ \$8.3 billion in direct spending.
- ✓ \$29 billion in industry giveaways.
- ✓ \$6.9 billion for ethanol mandate.
- ✓ Unknown, how much electric companies will make on rate increases.

- ✓ **Total So Far: \$142.3 Billion** [Government Reform Committee Minority Office Fact Sheet, 11/18/03]

Energy Policy Act Will Add \$25 Billion To Deficit Over Next Ten Years. The Congressional Budget Office estimates that the H.R. 6, The Energy Policy Act, will add more than \$25 billion to the federal deficit over the next ten years. [CBO Web site, Accessed 12/12/03]