women who feel like this government has an obligation to them, and I respectfully request that you take a close look at the promises that were made, the money that has been allocated.

I was also concerned that Federal dollars through the DOE was basically turned over to USEC to develop a plan, and part of what was being required of the workers in order to receive the benefits, these Federal benefits, was to sign a waiver relieving this private for-profit company of any liability. And it seems to me grossly unfair to allow public resources to be used by a private company to leverage a commitment from employees that they will not bring suit against them, which is their legal right. Would you comment on that?

Secretary ABRAHAM. We are in an unusual situation, as you know, in that we are not directly involved in the negotiations between USEC and the union. We have been asked for a variety of ways to help work through the transition period here in terms of the use of Federal dollars. There are some constraints on how those dollars can be used, but to the extent we can be flexible, we have tried to be. But when we work with USEC to provide a proposal to the union, that is what we do, trying to--based on what we consider to be the--you know, the objective.

We haven't had the benefit of working directly with the union to figure out what their specific--to negotiate with
them directly, and so we are kind of in an unusual--almost multicushion chrome shop type of relationship, which means that we work with USEC to make money available to them. They then put together proposals to offer the union. The union, as you know, rejected the most recent proposal. I have told our people to go back and come up with a hopefully more appropriate and effective way to address it, and I think we have tried to keep your office up to date on that.

I am hopeful that USEC will--once we have made that presentation--that may even happen today--be comfortable with it and move forward, and I hope at that point that the union will feel it is an acceptable arrangement. If it is not, I don't rule out looking for another avenue, but, again, it is a little difficult because of the role we have, which does not allow us to be a part of the direct bargaining between USEC and the union, and it is obviously a result of the sort of unique relationship USEC now has or its independent status as a--.

Mr. STRICKLAND. Mr. Chairman, can I make one further concluding comment?

Mr. BARTON. Yes.

Mr. STRICKLAND. And you have been very gracious, as you always are.

Mr. BARTON. No. No. You defend your constituency very ably, and I kid about it, but I want you to know you are to
be commended for it. And what I jest is purely in
good-natured fun. You are doing an excellent job for your
constituents.

Mr. STRICKLAND. Thank you. I just would like to say to
the Secretary, I do appreciate what he is trying to do. You
know, I am critical, but I don't want my criticism to be
perceived as a personal criticism. I was critical of the
last administration, certainly, but it seems to me woefully
wrong for public resources to ever be used to allow a private
for-profit company to use those resources as a leverage
against their employees.

Secretary ABRAHAM. Well, our intent is not to try to,
you know, play as a participant in any kind of inappropriate
behavior. And I don't know the nature of the waiver that you
have referenced. It may be standard in collective bargaining
to seek waivers of the right to sue as part of a final
agreement. I really don't know enough about labor-management
contracts to answer that. But--

Mr. STRICKLAND. And it may be, but I don't want it to be
done with public resources, public dollars.

Secretary ABRAHAM. Well, then, we need to obviously get
more information about it. It is--again, though, Mr.
Chairman, kind of a little difficult situation because of the
sort of unique status USEC now has as--

Mr. BARTON. Oh, I am very aware of this. The fact that
I am not a participant doesn’t mean I don’t understand the dialogue, because--.

Secretary ABRAHAM. No. It is a unique status that puts us in a difficult position in terms of the fact that we are directly into these negotiations.

But we want to work with you, Congressman, and with respect to the total dollar amount, what I want to check is I believe there were multiple installment periods. I think that what we have talked about so far constitutes a first stage, but that is just sort of a shot at it today. I will reexamine to see if that is--.

Mr. STRICKLAND. Thank you, sir. ..Thank you, Mr. Chairman.

Mr. BARTON. Thank you, Congressman Strickland. We want to thank you, Mr. Secretary, for your courtesy in coming before this subcommittee. We look forward to a series of meetings, both in the hearing process and in a working relationship, to craft this legislation.

Secretary ABRAHAM. Thank you, Mr. Chairman.

Mr. BARTON. This hearing is adjourned.

[Whereupon, at 1:30 p.m., the subcommittee was adjourned.]
The Honorable Spencer Abraham  
Secretary of Energy  
U.S. Department of Energy  
1000 Independence Avenue, SW  
Washington, D.C. 20585  

Dear Secretary Abraham:

First, let me express my sincere appreciation for the outstanding job you are doing as our Secretary of Energy. It is such a relief to know that Congress has a partner who is willing to listen and work with us as we tackle the important energy needs facing our country.

I'm sure that you have reassessed your priorities in light of the recent attacks against our country. However, whenever the time is appropriate, I want to invite you to visit my congressional district. My hope is that as you make plans for additional trips around the country promoting the President's energy plan, you will consider including Louisville, Kentucky on your itinerary. I saw your recent speech at the National Press Club and thought it was excellent. I know many of my constituents would enjoy hearing your message, as well.

My staff and I would be happy to work with your staff to arrange meaningful events to promote the Administration's plan, whether it be speaking at a public forum, the University of Louisville or the Downtown Rotary Club (300 attendees average). I thought you might also be interested in meeting with the workers at Ford Motor Company, General Electric or United Parcel Service in my district and sharing with them the efforts of this Administration to ensure a stable energy supply.

If you have any questions, please do not hesitate to contact my Chief of Staff, Terry Carmack, or me at 202-225-5401. Thank you for your consideration and I look forward to working with you in the future.

Sincerely,

Anne M. Northup  
Member of Congress
The Honorable Jeff Bingaman  
Chairman  
Committee on Energy and Natural Resources  
United States Senate  
Washington, DC 20510  

Dear Mr. Chairman:


Enclosed are the answers to seven questions requested by Senator Murkowski. The three remaining answers are being prepared and will be forwarded to you as soon as possible.

If we can be of further assistance, please have your staff contact our Congressional Hearing Coordinator, Barbara Barnes at (202) 586-6341.

Sincerely,

Dan R. Brouillette  
Assistant Secretary  
Congressional and Intergovernmental Affairs

Enclosures
QUESTIONS FROM SENATOR MURKOWSKI

Alaska Oil and Gas

Q1a. I am pleased to see that the National Energy Policy encourages the development of the 1002 Area of ANWR. I am also pleased to see the Administration encouraging the development of a natural gas pipeline to bring Alaska natural gas to market in the lower 48. To what extent do these provisions constitute a key portion of your National Energy Policy?

A1a. These provisions are a key portion of the National Energy Policy in meeting our Nation’s needs for oil and natural gas. The U.S. Geological Survey 1998 assessment of the greater 1002 area indicates technically recoverable resources ranging from 5.7 to 16 billion barrels of oil, and from 0 to 10 trillion cubic feet of natural gas. Additionally, the U.S. Geological Survey estimated that Northern Alaska has 35 trillion cubic feet of commercially recoverable natural gas. These significant resources are keys to meeting the Nation’s energy needs.

Q1b. In your opinion, are financial incentives necessary to develop these resources, or is it simply a matter of access to land for development and pipeline sitting?

A1b. The U.S. Geological Survey’s 1999 economic analysis of its 1998 assessment of the 1002 Area alone indicates that about half of the technically recoverable oil resources (2.03 to 9.38 billion barrels of oil, and from 1.04 to 3.72 trillion cubic feet of associated natural gas) are economically recoverable at today’s prices using today’s technology. This indicates that market forces provide adequate financial incentive to develop these resources. However, in addition to this economic assessment, the Department of Energy, in partnership with the industry, is developing advanced technologies that will reduce the costs of recovery and environmental compliance, and increase recovery and environmental protection.
QUESTIONS FROM SENATOR MURKOWSKI

Alaska Oil and Gas

Q2. The Alaskan Natural Gas Transportation Act (ANGTA) directed the President to appoint a Federal Inspector to ensure expedited construction of an Alaskan gas pipeline.

The Energy Policy Act of 1992 abolished that position but transferred the Federal Inspector’s functions and authorities to the Secretary of Energy. These functions and authorities are the keys to expediting construction of the pipeline.

Do you currently have the staff and resources to carry out the function and authorities of the Federal Inspector?

A2. Subsequent to the abolition of the Federal Inspector’s Office by the Energy Policy Act of 1992, there has been little activity related to the proposed natural gas pipeline from Alaska’s North Slope. In the absence of any activity there are no Department staff or resources assigned to perform the functions of the Federal Inspector’s office.

The infrequent requirements for analysis or comment on the Alaskan Natural Gas Transportation System (ANGTS) has been handled by the Office of Fossil Energy and the Office of General Counsel. This same staff has been conducting the initial coordination between our Department and other Federal agencies, as well as consultations between our Department and Canadian government agencies and the State of Alaska in preparation for a possible filing concerning the ANGTS or other North Slope gas project.

Should a filing be made for the ANGTS and it becomes necessary for the Department to exercise the authorities of the Federal Inspector, we would assign qualified staff from other program areas to meet the requirements of carrying out the responsibilities of the Federal Inspector’s authority.

29089
QUESTIONS FROM SENATOR MURKOWSKI

Energy Efficiency

The National Energy Policy indicated that energy efficiency and improved energy conservation should be made a “national priority.”

Q1. How do you as Secretary of Energy plan to translate this “priority” into concrete action?

A1. The National Energy Policy will build upon our nation’s successful track record and will promote further improvements in the productive and efficient use of energy. Of the 105 recommendations in the Policy, over twenty of these recommendations address energy efficiency, either directly or indirectly. These actions promote conservation in residences, commercial establishments, industrial sites, electrical power plants, and transportation. Implementing these actions will enable us to continue our trend of decreasing energy use per dollar of GDP, while improving our standard of living.

Q2. Other than tax incentives for consumers purchase of new energy efficient technology, what policy options exist?

A2. This Policy report uses almost every tool available in order to promote energy conservation. Allow me to provide a few examples from the Policy:

Education: One recommendation directs the EPA Administrator to develop and implement a strategy to increase public awareness of the sizeable savings that energy efficiency offers to homeowners across the country.
Information: Another recommendation directs the Secretary of Energy to promote greater efficiency by expanding and extending the application of the Energy Star labeling program.

Executive Directive: This recommendation directs the heads of executive departments to take appropriate actions to conserve energy at their facilities.

Financial Incentives for Industry Utilities: One recommendation directs the Secretary of Treasury to work with Congress to encourage energy efficiency through Combined Heat and Power projects by shortening their depreciation life.

Standards: This recommendation directs the Secretary of Transportation to review and provide recommendations on establishing Corporate Average Fuel Economy Standards for the U.S. automotive industry.

Federal R&D: This recommendation directs the Secretary of Energy to review and provide recommendations on the appropriate level of energy efficiency program funding.

29091
QUESTION FROM SENATOR MURKOWSKI

Fuel Economy/CAFE

The National Energy Policy deferred on the question of increased CAFE standards for auto fuel economy until the National Academy can finish its review as directed by Congress last year.

Q1. Are there options to improve auto fuel economy—other than CAFE standards—that you will consider?

A1. Yes. The National Energy Policy report indicates that the Department of Transportation should consider, in addition to modified CAFE standards, other market-based approaches to increasing the national average fuel economy of new motor vehicles. The Department of Energy is analyzing possible forms of voluntary fuel economy improvement agreements to support the DOT's consideration of a broad range of approaches. In addition, the report calls for the Secretary of Treasury to work with Congress on legislation to increase energy efficiency with a tax credit for fuel-efficient vehicles. The NEPD Group recommended that a temporary, efficiency-based income tax credit be available for purchase of new hybrid or fuel cell vehicles between 2002 and 2007. The Department of Energy will be working closely with both the Treasury and Transportation Departments to implement these recommendations.
QUESTIONS FROM SENATOR MURKOWSKI

Renewable Energy

As part of the National Energy Policy, you have been directed to carry out a review of all energy efficiency and renewable energy R&D programs – and focus on those that are "performance based."

Q1. Does this imply a greater focus on "proof of concept" demonstration projects over basic research?

A1. No. We will be reviewing all programs to determine their performance and potential in terms of delivering benefits to the public. We will reevaluate those programs that have not made progress toward national energy goals. Likewise, we will be redoubling our efforts in those programs that have shown, and continue to show, good performance and potential in contributing to national energy goals. I expect that when the review is complete we will have a range of activities that are performance-based, including both proof of concept projects and basic research programs. This would be consistent with developing a balanced energy technology R&D portfolio that delivers short-term, intermediate, and long-term energy benefits.

Q2. Are plans under way for such a review and when do you expect such a review might conclude?

A2. On May 23, 2001, I announced the schedule for the review of both the energy efficiency programs and the renewable energy and alternative energy programs. The Department has completed its public comment period and is continuing with it's Strategic program review of EERE programs. Our review will be completed by September 1.
From Senator Murkowski:

Alaska Oil and Gas:

I am pleased to see that the National Energy Policy encourages the development of the 1002 Area of ANWR.

I am also pleased to see the Administration encouraging the development of a natural gas pipeline to bring Alaska natural gas to market in the Lower 48.

1a. To what extent do these provisions constitute a key portion of your National Energy Policy?

1b. In your opinion, are financial incentives necessary to develop these resources, or is it simply a matter of access to lands for development and pipeline siting?

The Alaska Natural Gas Transportation Act (ANGTA) directed the President to appoint a Federal Inspector to ensure expedited construction of an Alaska gas pipeline.

The Energy Policy Act of 1992 abolished that position but transferred the Federal Inspector's functions and authorities to the Secretary of Energy. These functions and authorities are the keys to expediting construction of the pipeline.

2. Do you currently have the staff and resources to carry out the function and authorities of the Federal Inspector?

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The National Energy Policy deferred on the question of increased CAFÉ standards for auto fuel economy until the National Academy can finish its review as directed by Congress last year.
1. Are there options to improve auto fuel economy — other than CAFE standards — that you will consider?

Renewable Energy:

Over just the past five years, we've spent $1.5 billion on renewable energy R&D and another $5 billion on tax incentives.

Yet the proportion of renewable energy in our total energy mix has remained the same, around 5%.

1. In your opinion, what is a realistic view of renewables as a portion of our energy mix over the next 10-20 years?

2. Are there specific applications or sectors in which renewables are more likely to contribute?

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1. Does this imply a greater focus on "proof of concept" demonstration projects over basic research?

2. Are plans under way for such a review and when do you expect such a review might conclude?
From Senator Dorgan:

1. I have been working closely with DOE and WAPA to increase the amount of renewable power purchased by the federal government. I have understood that the Administration would stand by its commitment to purchase energy from WAPA through a new "green tags" program. This program would solicit 60-70 megawatts of renewable power from anywhere within WAPA's territory for sale to the federal government.

Is the Department still committed to ongoing efforts to purchase and develop such a renewable energy program?
QUESTION FROM SENATOR MURKOWSKI

Fuel Economy: CAFÉ

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programs and the renewable energy and alternative energy programs. The Department
has completed its public comment period and is continuing with it’s Strategic program
review of EERE programs. Our review will be completed by September 1.
Senator Bayh: It is not the only example around here, Mr. Chairman, of things not appearing quite the way they are in fact.

The Chairman: That's very true.

Senator Bayh: Thank you, Mr. Chairman. Mr. Secretary welcome again. It was good being with you last night for President Ford's wonderful address to the members of the Senate. And it is good to have you back before this committee.

Secretary Abraham: Thank you. Good to be with you.

Senator Bayh: I have two brief points, Mr. Secretary.

First, it seems to me that this is a difficult issue and we all understand that. But sometimes out of difficulty comes the opportunity to make a great advance or to break out of old ways of thinking. And in all candor, I am concerned that the Administration may not be making the most of this opportunity. Let me deal with it in general strategic terms and then give you some specific examples. In general philosophical terms, the old debate, the sterile debate, of the last twenty to thirty years has been some people have argued that just more production is the answer to all of our problems. I think all of us up here recognize more production is a part, an important part of the answer to our problems but alone it is not going to be enough to solve America's energy crisis.
On the other side there are those that say, well, we can just conserve our way out of this problem, and implicit in that is too often a lower standard of living for the American people. Conservation is a critically important part of the overall answer but by itself is not enough.

The American people are hungry for a third way, a new approach to this, which would aggressively invest in new technologies to promote clean, renewable, alternative energy sources that are domestically-based.

And I must say that when we look at specifics, and I am going to get down to specifics here, there is a disconnect between some of the language in the energy proposal put forward by the Administration and the specifics in the budget. We need a way of resolving this issue.

Let me just list some of the specifics. The proposal puts forward instructs you and the Secretary of the Interior to promote enhanced oil recovery with new technologies. But the gas exploration and production programs are cut by 34 percent. Petroleum and oil technology is cut by 54 percent. The Natural Gas Technologies Program is cut by 53 percent. The Efficient and Renewable Energy budget is cut by 27 percent. Gas hydrates research, a very promising long-term initiative, is cut by 52 percent.

The proposal recommends that agencies be directed to reduce energy use, but the Federal Energy Management program...
is cut by 48 percent. Transportation research and development
is cut by 21 percent. The Industries of the Future program is
cut by 35 percent. The Office of Nuclear Energy, Science and
Technology is cut by 9.3 percent.

My question, Mr. Secretary is how do we square the
rhetoric and the language of the energy proposal with some of
these reductions that are a national commitment to new
research, new energy and what really promises to break out of
this sterile debate of the last twenty to thirty years.

Secretary Abraham: Well, if I can, it make take a little
long and I don’t want to cheat you out of your second
question, but it would take a little time to answer that. I
would like to answer it comprehensively.

First of all, I totally agree with your analysis that we
must -- and I mentioned in my statement and have in public
speeches -- understand that the solution cannot lie on either
end of the traditional debate here. We cannot possibly
conservate our way to energy security by the year 2020. There
is no doubt in my mind that we can’t simply produce our way to
security. The differential between where we would be in the
absence of a balanced approach and where we are is too great.

So, we absolutely must do that.

Now the question you raised is what about this year’s
budget and how does it square with the recommendations. Let
me just begin by talking about the process that brought the
budget about. When I took office, within a matter of a week
we were expected to begin the process of providing
recommendations for our budget. We then went back and forth
with the White House. I found myself in a slightly different
position than some of my colleagues in the cabinet because in
the very first week we were in office, the President launched
the Energy Policy Task Force and indicated very clearly that
it would incorporate all these various areas of energy policy
that our department funds.

We were therefore without much guidance as to where as of
June we would find ourselves versus where we were in February.
And it was -- we were somewhat reluctant to begin suggesting
changes in budgets, or increases or even the maintenance of
some programs.

Senator Bayh: Are you suggesting that we may see some
changes in these recommended allocations?

Secretary Abraham: You absolutely will because there are
two very clear directives in here, which I am very
enthusiastic about, to my department and me to launch reviews.
One of which, for example, in the area of energy efficiency I
launched yesterday, which gives clear direction for us to
review and make recommendations with respect to funding levels
in the areas that you have mentioned that have in fact in this
budget been either held in place or reduced.

So I think that process is beginning and it will also be
applied to the areas of renewable energy and alternative
energy sources, as well as to some of the programs you
mentioned in the area of fossil energy.

I do want to though make a couple of qualifying comments.
We did find after some analysis -- we had two guiding
principles where we did make reductions that are reflected
here. And they are going to continue to be guiding principles
even though we may significantly change the budget. One is I
was -- in the area of energy efficient, the President already
had established, this is an area where we had some guidance,
his desire to increase the Weatherization Program very
substantially by $120 million over the previous level. We
have done that in the budget submission.

In order to fund that within the budget number that we
were passed back from the Office of Management and Budget, we
had to make some choices. And I did make some decisions which
may be affected by this review. But I did make some decisions
to shift monies from programs like the Industries of the
Future and from the buildings programs and others to the
Weatherization Program because we felt that the notion of --
at least at the level of partnership from the private sector
in the areas that have been beneficiaries --

Senator Bayh: My yellow/red light is already on, Mr.
Secretary, so I do not want to interrupt you. Just two final
statements and then I will turn it over to the Chairman --

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WASHINGTON, D.C. 20005
(202) 289-2260
(800) FOR DEPO
Secretary Abraham: Maybe I could in writing flesh out the rest of this answer because --
Senator Bayh: That would be great if you could include in a written response. I know that the Defense Department is undergoing a significant -- a similar, broad review of its mission and how to meet its mission in the future. And yet they held back the Defense Department budget submission out of respect for that review process. There seems to have been a different approach with regard to the energy issue. I would be interested in why the two different approaches were taken.
Secretary Abraham: Well, actually part of what the Defense review is undertaking affects my department with respect to the National Nuclear Security Administration and indeed those issues which tend to maybe come up a little bit more often in our Armed Services hearings then here. But the areas that deal with defense programs and non-proliferation programs are also under review and may well be affected by the defense posture review. In fact we have been working very closely with them and will perhaps be included in what he might submit here soon. So, in part our department was affected that way but the decision was to do that in that area but not in this.
Senator Bayh: Thank you, Mr. Secretary. My final point simply is, we understand the budget was submitted under difficult circumstances where there was a search on for
Peter B. Bos  
President  
Polydyne, Inc.  
16638 Calle Haleigh  
Pacific Palisades, CA 90272

Dear Mr. Bos:

Thank you for your letter concerning the energy policy underway in the United States. The Department is working very hard on energy issues through research and development of the many technologies that deal with the short and long term energy problems. Many of the issues to be addressed are high risk and will take time and resources to reach a solution that is affordable and reliable for to overcome the energy problems in the United States.

The Department realizes fuel cells are a viable option for the production of electricity and the use of recoverable energy. The Department is doing research in all aspects of the fuel cell technology. A major issue to be resolved is that of cost. Presently, the cost of the fuel cell and its associated hardware is not economical and must be addressed. With advances in the technology and achieving a reliable fuel cell, regardless of the type, will produce a sustainable market with a distribution network that will provide service as needed.

If you would like more information on the Department’s fuel cell programs you can go to the following web sites at www.eren.doc.gov and www.netl.gov.

Sincerely,

Patricia Hoffman

Patricia Hoffman, Director  
Distributed Energy Resources  
Office of Power Technologies  
Energy Efficiency and Renewable Energy
September 28, 2001

Dear Dr. Kuhlman:

Thank you for taking the time to respond to my letter. And thank you for your insights on enhanced oil recovery, which I have conveyed to DOE for its review.

Sincerely,

Lawrence B. Lindsey
Assistant to the President for Economic Policy

Dr. Myron Kuhlman
MK Tech Solutions, Inc.
12843 Covey Lane
Houston, TX 77099

cc: Secretary Abraham