



THE WEEKLY CLOSER

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QUOTE OF THE WEEK...

“We are committed to policies that will reduce high energy prices for American consumers, and are hopeful that Senate Democrats will share that commitment, end their obstruction against sound solutions, and work with us in a bipartisan fashion.”

Senator James M. Inhofe
Chairman, Committee on Environment and Public Works
Statement on March 7, 2006

INHOFE DISCUSSES ENERGY INDEPENDENCE

During a Tuesday press briefing, Chairman Inhofe, with Senators Pete Domenici (R-N.M.), Craig Thomas (R-Wyo.) and John Thune (R-S.D.) highlighted the leadership demonstrated by Senate Republicans in promoting initiatives that will move the nation forward on a path toward energy independence by encouraging domestic exploration and the production of renewable fuels.



“We have made significant progress toward enhancing our nation’s energy security and there is more we will do,” Senator Inhofe said. “As my colleagues and I outlined today, we’ll be looking at ways to expand our domestic fuels production as well as diversify our fuel types. As we encourage domestic exploration and production, we also need to consider ways to expand our refining capacity. Yesterday, I introduced an amendment to the pending LIHEAP bill that would have helped increase heating fuel supplies to reduce the high prices that challenge American consumers, but the Democrats objected to that approach.

“The Senate minority, last year, also rejected the sound approach in our Gas PRICE Act to expand refining capacity and create jobs by siting new facilities in communities affected by BRAC closures, instead favoring a plan to socialize

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NEXT WEEK...

[March 16, 2006](#)

Full committee hearing on the Great Lakes Regional Collaboration's strategy to restore and protect the Great Lakes.

9:30 am

SD-628

refining by placing the Environmental Protection Agency in charge of the construction and operation of new facilities. Aside from encouraging the construction of new facilities, our legislation also expanded the definition of a refinery to include biofuels facilities, and encouraged the production and use of cellulosic ethanol.

“We are committed to policies that will reduce high energy prices for American consumers, and are hopeful that Senate Democrats will share that commitment, end their obstruction against sound solutions, and work with us in a bipartisan fashion.”

A link to video coverage of Tuesday's press briefing is available at http://src.senate.gov/public/files/television/src_inhofe_mar7.ram.

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STATEMENT BY SENATOR JAMES M. INHOFE

ENERGY PRICE REDUCTION AMENDMENT TO S. 2320 (SA 2898)

March 6, 2006

Mr. President, this is simply what I have called the Energy Price Reduction Amendment. Each year proponents of LIHEAP funding complain that energy prices have increased and therefore more assistance is needed. Yet subsidizing high prices does nothing to lower prices. Increasing the funding for today's LIHEAP without acting to reduce the price of energy tomorrow is not an acceptable solution.

Home energy prices are excessively high because of two simple facts, two critical reasons: First, the demand for energy has increased along with the economic output. However, because natural gas is regarded as an environmentally preferable fuel, demand for natural gas has increased dramatically as more of it is used for electricity generation. We have gone through this with coal-fired plants. We have tried to have major advancements in clean coal technology, which we are doing right now. But right now, the one thing that is environmentally pure is natural gas and, for that reason, the demand is up. Second, with the rise in demand, the market should have responded with a corresponding increase in supply.

I have here a chart, and this is from the Energy Information Administration. Domestic production of natural gas has actually declined. Not many people understand this, that the supply has actually declined. So not only do we have an increase in demand, but the supply has reduced, as is pointed out in this chart. I want my colleagues to recognize that I am reporting clear facts. I am ignoring partisan rhetoric, relying on recognized, unbiased experts from the EIA, not from The New York Times, not from the industry representatives. The EIA's consumer guide, "Residential Natural Gas Prices: What Consumers Should Know," states that:

One of the most significant factors why prices are so high is due to weak production, noting that production decreased by only .6 percent in 2004, declining below the 2002 level and reaching the lowest production levels since 1999.

The fact is that demand has increased and production levels have not. As a result, our constituents--the very same residents desperate for LIHEAP assistance--are facing artificially high natural gas prices.

This chart is from the EIA. It illustrates how much residents of each of our States are paying for natural gas. Now I would encourage my colleagues to look and see what it is, and look at one of the higher elevations. It is from \$16 in those regions there, all the way down to--I can't read it from here, but you can see it. It is such a disparity as you go around the Nation, and I think people need to know what their constituents are being forced to pay.

EIA data has shown that production of natural gas has decreased dramatically. The National Petroleum Council, which is a nonpartisan entity charged by the Secretary of Energy, concluded that significant gas resources were effectively off limits for various reasons.

The American Gas Association, a strong supporter of increased LIHEAP funding, came to the same conclusion. Both entities called for a better, more efficient process for producing natural gas.

My amendment provides a more certain process for energy-related decision-making on public lands. It requires the Secretary to act on an energy-related application within 120 days. If the application is not approved, then the Secretary must inform the applicant as to the reasons and allow the applicant to modify its application.

What is happening here is that these applications to produce on these lands, public lands, sit there and there is never any decision. Certainly it should be shorter than 120 days, but that should be adequate.

Further, it clarifies existing practice and requires that a reviewing court accord a rebuttable presumption to the Secretary's determination that an energy project as mitigated does not have a significant environmental impact. The recently enacted Energy bill included significant energy efficiency improvements. In fact, it included so many that EIA modified its energy projections in some ways to incorporate the new law.

My amendment would improve natural gas efficiency through the EPA's Natural Gas Star Program. This is a good program. It works, and it is being voluntarily complied with. Under my language, the EPA would be authorized to provide grants to identify and use methane reduction technologies, and the Administrator would be required to conduct a series of methane emission reduction workshops in oil and gas-producing States. The less gas that is leaked means more gas is available to consumers. It is a no-brainer.

The lack of sufficient domestic refining capacity has received significant media attention. The public understands that tight capacity translates to higher prices

of motor fuels.

Yet some LIHEAP proponents might not realize that home heating oil, which the Northeast desperately needs, as you can see on this chart, is a middle distillate along with diesel fuel. Therefore, according to the Congressional Research Service:

Because the residential and transportation sectors are in potential competition for the same part of the barrel, any unusual circumstances affecting the price and supply of one of these fuels affects the supply and price of the other.

Increasing refining capacity not only lowers the price of motor fuels but reduces the price of home heating oil as well.

Although States have a significant role in permitting existing or new refineries, they face particular technical and financial constraints when faced with these extremely complex facilities. It wasn't long ago that I authored the Gas Price Act, and it was one that never even made it out of my committee. Yet it would have dramatically reduced the cost of refining. Right now we are at 100-percent refining capacity in America. Yet nothing is being done about it. Quite frankly, those individuals who are feeling the heat the most, who are not getting the heat the most in the Northeast are the ones who objected to the Gas Price Act.

This amendment does not have the same provisions as the Gas Price Act; it merely establishes a Governor opt-in program that requires the EPA Administrator to coordinate and concurrently review all permits with the relevant State agencies. This program does not waive or weaken the standards under any environmental law that seeks to assist States and consumers by providing greater certainty in the permitting process.

In fact, the Environmental Council of the States--an organization representing the State environmental directors--stated in a letter of support for similar language that the language:

Does not weaken the standards and allows each State to choose its best course.

This improved process does more than just increase the process for production of heating oil; it also redefines one's idea of a refinery. My amendment provides Federal assistance to States for the permitting of ethanol plants or bio refineries, as well as facilities to produce ultraclean diesel or jet fuel from coal.

Assisting the expansion of bio refineries and coal-to-liquids facilities provides even more slack in the system that will lead to lower home heating oil prices in the future.

In its consumer guide, EIA points out that prices could even increase if there were disruptions to liquefied natural gas pipeline delivery systems, two very real points, especially to my friends in the Northeast. Keep in mind that if you divide the country up into sectors, the Northeast uses 31 percent--31 percent of the people residing in the Northeast use home heating oils, that in contrast with the Midwest, 3.2 percent; the South, 2.1 percent; and the West, 0.7

percent. That is a huge disparity. They are the ones who are opposing the various things that we can do to refine the home heating oils as well as diesel fuel.

Something has to be done. You can't say we want to have cheaper energy, we want to have a LIHEAP program to make it more affordable for people in the Northeast, and yet the legislators in the Northeast oppose consistently any major changes in our refining capacity. As I said, we are already 100-percent refining capacity now, and that was before Katrina, I might add.

On the subject of liquefied LNG, I was astonished to learn that two members of the Massachusetts House delegation inserted a provision in the transportation bill in the dark of the night--I know this, I was the author of that bill--it happened in the middle of the night before it was taken up the next morning, to the detriment of the Northeast region. They slipped in a provision that blocks the construction of an already approved LNG terminal by maintaining an old bridge scheduled for demolition because it has been classified as a navigational hazard. This short-sighted stunt by a few Members means that the Northeast region will be deprived of supply that would reduce wholesale natural gas prices by up to 20 percent--up to 20 percent. It was an LNG already accepted terminal in Massachusetts.

My amendment repeals that offensive provision so harmful to the entire Northeast. Bipartisan Members of this body, from the senior Senator from Maine to the senior Senator from New York, interested stakeholders from the AARP to the National Conference of Black Mayors, have all expressed their concern over how high energy prices are hurting their constituents.

Members, voting for this amendment means you are voting to lower those prices. A vote for this amendment means you are voting to help the LIHEAP beneficiaries. This is something that makes so much common sense and something that is hard to understand here in Washington, DC. We have to do something about increasing the supply of natural gas as well as home heating oils through the refining capacity as well as doing something to affect the supply.

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INHOFE PRAISES NATIVE OKLAHOMAN HONORED FOR PARTNERSHIP IN CONSERVATION

Chairman Inhofe praised Jeff Neal of Tulsa, Okla. who yesterday received a Private Landowner Partner Award from Lynn Scarlett, Deputy Secretary of the Interior, H. Dale Hall, Director of the U.S. Fish and Wildlife Service (USFWS), and Mamie Parker, the USFWS's Assistant Director for Fisheries and Habitat Conservation. Mr. Neal owns 1,600 acres near Indianola, Okla. where he has restored more than 600 acres of degraded wetlands for migratory birds and other wildlife habitat through the USFWS's Partners for Fish and Wildlife Program.

“I offer my sincerest congratulations to Mr. Neal for winning this award and for his impressive accomplishments in our state,” Senator Inhofe said. “I have said before that conservation programs should create positive incentives to protect species and should hold sacred the rights of private landowners. Mr. Neal’s success sets an example for the rest of the country, and itself proves the success of the Partners for Fish and Wildlife Program. We see the best results when private citizens and their government work together.”

Mr. Neal was nominated for the award by fellow Oklahoman Jontie Aldrich who directs the Partners Program for the USFWS throughout the state. Both Mr. Neal and Mr. Hall, at the time Southwest Regional Director for the USFWS, testified at a field hearing convened by the Senate Committee on Environment and Public Works in April 2005 at Oklahoma State University in Tulsa regarding the successes of the Partners Program. Since that time, Senator Inhofe introduced legislation to authorize the program for the first time since its creation nearly two decades ago to provide additional funding and stability. Senator Inhofe’s bill, S. 260, passed unanimously out of the Senate Committee on Environment and Public Works, as well as the full Senate, and is awaiting action in the House of Representatives.

Since 1987, the Partners Program has created numerous valuable partnerships throughout Oklahoma and the entire United States. Through over 35,000 agreements nation-wide with private landowners, the Partners Program has restored over 700,000 acres of wetlands, 1.5 million acres of prairie and native grasslands, and nearly 6,000 miles of riparian and in-stream habitat. Since 1990, the USFWS has provided over \$3.5 million and private landowners have contributed over \$12.6 million to restore over 124,000 acres of habitat in Oklahoma through over 700 individual voluntary agreements with private landowners. Partners Program agreements are funded through contributions from the USFWS and voluntary participating private landowners.

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INHOFE PRAISES INTERIOR SECRETARY NORTON

Chairman Inhofe today praised Gale Norton’s service as Secretary of the Interior upon learning of her resignation.

“Gale Norton is a visionary, and has exhibited strong leadership as the first female Secretary of the Interior,” Senator Inhofe said. “Her focus on promoting cooperative conservation is not only yielding results for the environment, it is engaging ordinary Americans, making them part of the process and not the victims. Most importantly, I admire her adherence to strong Western values.

“As chairman of the Environment and Public Works Committee, I have held firmly to the belief that the bureaucracies we oversee are here to serve the taxpayer and not rule over them. Cooperative conservation is making government work better for Americans, and Secretary Norton has played an important role in helping change how our Federal government functions and oversees our public lands.

“I wish her the very best as she returns to her home out West.”

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OPENING STATEMENT FROM CHAIRMAN INHOFE SUBCOMMITTEE ON CLEAN AIR, CLIMATE CHANGE, AND NUCLEAR SAFETY HEARING TO CONDUCT OVERSIGHT OF THE NUCLEAR REGULATORY COMMISSION

March 9, 2006

I first want to thank Chairman Voinovich for holding this oversight hearing and for his continued commitment to strong oversight of the Nuclear Regulatory Commission.

We have made a lot of progress since our first oversight hearing in 1998, when I was the Subcommittee Chairman. The NRC’s relicensing reviews are being completed within 2 years, the NRC has moved to a risk-informed reactor oversight process, and we have safely added additional electric generating capacity through power uprates. The total energy added through these uprates are equivalent to four nuclear plants. The NRC has also done a tremendous job in responding to security issues following the attacks of September 11. We all worked hard to craft a good nuclear security law and I want to ensure that law is implemented in the spirit in which it was crafted. These changes were necessary, yet reasonable – so I expect the NRC to implement security requirements in a manner that takes into account that “necessary and reasonable” standard.

I want to thank the Commission, and the Commission staff, for the work they have done, and equally important, the work you are about to do.

I commend the efforts of this Committee for passing three pieces of legislation that I authored with Chairman Voinovich in the Energy Policy Act of 2005 to provide for the safe and secure growth of nuclear power. These provisions – NRC reforms, security, liability insurance, and human capital – combined with the energy bill’s sections on risk insurance, production tax credits, and loan guarantees provide the foundation for the construction of new nuclear plants.

You are faced with the continuing relicensing of the existing reactors, you are still implementing new security requirements, you have a new reactor license process to deal with, and of course there is still Yucca Mountain which we have to get up and running as soon as possible. In addition, we can not lose sight of the accomplishments that have been made over the last few years, and we can’t afford to move backwards on the progress made.

Make no mistake, I am very pleased with the progress that we have made under the leadership of this commission - you are to be congratulated. But

part of that success is due to us identifying issues of concern as they come up, and to that end I do have a few issues that I would like discuss.

While I appreciate the efforts the NRC has made on moving to a risk-informed oversight process, particularly in regards to inspections, I am troubled by the length of time it is taking to get new regulations through the process, and I am concerned about how those regulations are not incorporating risk.

I understand that only one major regulatory change incorporating risk has been completed, which was the Part 50.69 Special Treatment rule which the NRC began in 1999 and didn't complete until 2004. Other risk related rule making efforts begun in 1999 such as Part 52 for design certifications and Part 50.46a have yet to be completed. In addition, we have heard concerns that some of these proposals have moved further away from risk-based concerns than where they started.

Another area of concern is the recent attention to the concept of potentially regulating "safety culture." While I agree on the prominence of safety, and that the end result must be safer facilities, I am greatly concerned that the methods to achieve this buzzword might distract the NRC from implementing risk-informed decisions.

A simple dictionary definition of the word culture means "a set of shared attitudes, values, goals, and practices that characterize a company or corporation." My concern is that you can not regulate "attitudes and values," and if the NRC attempts this you will end up ignoring real risk and safety issues. I understand that the definition the NRC is using includes the word attitude in determining whether a facility has a safety culture. I am very wary of this effort.

In the 80's and 90's we saw the NRC inspectors regulating in a bean-counting mentality where the violations centered more on measurable items such as having the operating manuals in certain colored binders instead of focusing on real risk issues. I am concerned that if the NRC charges its employees with examining attitudes and values, we may actually move backwards on the progress made.

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IN CASE YOU MISSED IT...

The Patriot-News (Harrisburg, Penn.)

Open Yucca Mountain

March 10, 2006

Described as "the most studied real estate on the planet," a nuclear repository inside Nevada's Yucca Mountain should be opened without further delay, according to the majority staff of the Senate Committee on Environment and

Public Works.

A 1982 law directed the Department of Energy to provide a final resting place for highly radioactive spent fuel rods from nuclear reactors no later than Jan. 31, 1998. Current projections suggest the earliest the waste could be placed in the facility is 2015, and only then if it passes the regulatory hurdles still to come and is fully funded.

That puts the project, which is critical if there's to be any expansion of nuclear power in this country, 17 years behind schedule. Whatever one's views on nuclear power, the government needs to make more timely determinations than this on key issues or the nation will never be able to confront the looming energy emergency. ...

Yucca Mountain may not be the ideal solution for dealing with the nuclear waste issue, but it is by far the best one now available. The government simply needs to get on with doing it.

Click [here](#) for the full text of the editorial.

Bill Holbrook, Communications Director
Matt Dempsey, Deputy Press Secretary