

missing United States personnel from past military conflicts or Cold War incidents, to include

(A) facilitating full access to relevant archival material; and

(B) identifying individuals who may possess knowledge relative to captured or missing United States personnel, and encouraging such individuals to speak with United States Government officials.

SEC. 4. DEFINITIONS.

In this resolution:

(1) Appropriate congressional committees. The term "appropriate congressional committees" means the Committee on Foreign Relations, the Committee on Armed Services, and the Committee on Appropriations of the Senate and the Committee on International Relations, the Committee on Armed Services, and the Committee on Appropriations of the House of Representatives.

(2) NATO. The term "NATO" means the North Atlantic Treaty Organization.

(3) NATO members. The term "NATO members" means all countries that are parties to the North Atlantic Treaty.

(4) North Atlantic area. The term "North Atlantic area" means the area covered by Article 6 of the North Atlantic Treaty, as applied by the North Atlantic Council.

(5) North Atlantic Treaty. The term "North Atlantic Treaty" means the North Atlantic Treaty, signed at Washington on April 4, 1949 (63 Stat. 2241; TIAS 1964), as amended.

(6) Protocols to the North Atlantic Treaty of 1949 on the accession of Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia. The term "Protocols to the North Atlantic Treaty of 1949 on the Accession of Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia" refers to the following protocols transmitted by the President to the Senate on April 10, 2003 (Treaty Document No. 108-4):

(A) The Protocol to the North Atlantic Treaty on the Accession of the Republic of Bulgaria, signed at Brussels on March 26, 2003.

(B) The Protocol to the North Atlantic Treaty on the Accession of the Republic of Estonia, signed at Brussels on March 26, 2003.

(C) The Protocol to the North Atlantic Treaty on the Accession of the Republic of Latvia, signed at Brussels on March 26, 2003.

(D) The Protocol to the North Atlantic Treaty on the Accession of the Republic of Lithuania, signed at Brussels on March 26, 2003.

(E) The Protocol to the North Atlantic Treaty on the Accession of the Republic of Romania, signed at Brussels on March 26, 2003.

(F) The Protocol to the North Atlantic Treaty on the Accession of the Republic of Slovakia, signed at Brussels on March 26, 2003.

(G) The Protocol to the North Atlantic Treaty on the Accession of the Republic of Slovenia, signed at Brussels on March 26, 2003.

(7) United States instrument of ratification. The term "United States instrument of ratification" means the instrument of ratification of the United States of the Protocols to the North Atlantic Treaty of 1949 on the Accession of Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia.

(8) Washington Treaty. The term "Washington Treaty" means the North Atlantic Treaty, signed at Washington on April 4, 1949 (63 Stat. 2241; TIAS 1964), as amended.

The Senator from Indiana, the chairman of the Foreign Relations Committee.

Mr. LUGAR. Mr. President, today the Senate has taken another step in mak-

ing Europe whole and free. In June 2001, President Bush delivered a speech in Warsaw, Poland confirming that:

All of Europe's new democracies, from the Baltic to the Black Sea and all that lie between, should have the same chance for security and freedom—and the same chance to join the institutions of Europe.

Today the Senate ratified that vision and has voted overwhelmingly to enlarge the NATO alliance to include seven new members.

I would like to thank a number of people for their contributions to this important debate. Jessica Fugate, Kate Burns, and Mike Haltzel worked tirelessly to produce a resolution of ratification and committee report that enjoyed the unanimous support of the Foreign Relations Committee and has been ratified by the Senate. Bob Bradtke, of the Department of State; Kurt Volker, of the National Security Council, and Ian Brzezinski, of the Department of Defense; worked closely with committee staff to ensure strong administration support for the work we have completed today. Lastly, special thanks to Paul Gallis, of the Congressional Research Service, for his valuable contributions to the Committee's work and the Senate's review of the Protocols of Accession.

I especially thank the distinguished ranking member from Delaware, Senator BIDEN, for his cooperation and leadership on this important issue. This is the second major treaty the Foreign Relations Committee has guided to ratification in a few short months. I look forward to continuing our bipartisan partnership in the days and weeks ahead as we turn to the State Department authorization bill, the HIV/AIDS bill, and the Foreign Relations Authorization Act.

Mr. President, I know unanimous consent has been granted for the Senate to stand in recess. I look forward to welcoming the foreign ministers of the countries we greet today.

VISIT TO THE SENATE OF THE FOREIGN MINISTERS OF BULGARIA, ESTONIA, LATVIA, LITHUANIA, ROMANIA, SLOVAKIA, AND SLOVENIA

The PRESIDENT pro tempore. Under the previous order, the Senate stands in recess subject to the call of the Chair to greet the seven Foreign Ministers of Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia.

RECESS SUBJECT TO THE CALL OF THE CHAIR

There being no objection, the Senate, at 10:08 a.m., recessed subject to the call of the Chair and reassembled at 10:22 a.m. when called to order by the Presiding Officer (Mr. COLEMAN).

LEGISLATIVE SESSION

The PRESIDENT pro tempore. The Senate will return to legislative session.

MEASURES PLACED ON THE CALENDAR—S. 1009 AND S. 1019

The PRESIDING OFFICER (Mr. BURNS). The Senator from Minnesota. Mr. COLEMAN. Mr. President, I understand there are two bills at the desk due for a second reading.

The PRESIDING OFFICER. The Senator is correct.

Mr. COLEMAN. I ask that it be in order to read the titles of the measures en bloc.

The PRESIDING OFFICER. Without objection, the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1009) to amend the Foreign Assistance Act of 1961 and the State Department Basic Authorities Act of 1956 to increase assistance for foreign countries seriously affected by HIV/AIDS, tuberculosis, and malaria, and for other purposes.

A bill (S. 1019) to amend titles 10 and 18, United States Code, to protect unborn victims of violence.

Mr. COLEMAN. I object to further proceedings en bloc.

The PRESIDING OFFICER. The bills will be placed on the Calendar.

ORDER OF PROCEDURE

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Senate now resume consideration of the energy bill until 11:30 today. I further ask consent that at 11:30 the Senate proceed to the consideration of S. 113, the FISA bill; provided further, that the previously scheduled cloture votes occur at 1:45 today as under the previous order.

Finally, I ask consent that at 12:45 today, Senator DEWINE be recognized to speak for up to 15 minutes in morning business.

The PRESIDING OFFICER (Mr. COLEMAN). Is there objection?

Without objection, it is so ordered.

ENERGY POLICY ACT OF 2003

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (S. 14) to enhance the energy security of the United States, and for other purposes.

Mr. DOMENICI. Mr. President, I will proceed to discuss a proposed ethanol amendment that will be offered to this pending bill later in the proceedings when it is in order. When I am finished within a few moments, I will yield to the minority leader who will speak, and thereafter we will rotate back and forth for as long a time as we have this morning to discuss this measure.

Today the Senate will consider what will soon be offered as an amendment to S. 14, which I hope will become the renewable fuel standards portion of the comprehensive energy bill. The amendment offered today by the majority leader and the minority leader, and Senators INHOFE, DORGAN, LUGAR, JOHNSON, GRASSLEY, HARKIN, HAGEL,

DURBIN, VOINOVICH, NELSON of Nebraska, TALENT, DAYTON, COLEMAN, EDWARDS, CRAPO, and DEWINE—and if there are any others who desire to join in the amendment, it is obviously open for submitting their names as additional cosponsors.

This represents the culmination of a long and difficult debate about the U.S. transportation fuels policy. The amendment is the product of more than 4 years of work by the stakeholders and Members of this body and represents a solid compromise between disparate groups.

The amendment establishes a renewable fuels standard providing that a portion of the U.S. fuel supply will be provided by renewable domestic fuels, primarily ethanol, growing to 5 billion gallons a year by the year 2012. In addition to full support from the affected parties, the amendment also enjoys the administration's full support.

The Frist-Daschle amendment will promote increased domestic energy development, reduce oil imports, protect the environment, bolster our economy, and stimulate rural economic development by increasing production and use of domestic renewable fuels. I know there are a number of Senators who strongly opposed a similar amendment when it was offered and adopted last year. I expect them to offer a number of second-degree amendments this year again. This is their right, but I do expect—as the Senate did last year—the Senate to adopt the language of the Frist-Daschle amendment.

In view of the significant amount of work that has been put into this amendment and the consensus it represents among the affected parties, I urge my colleagues to adopt the amendment as offered, without amendments.

I yield the floor at this point.

The PRESIDING OFFICER. The Democratic leader is recognized.

MR. DASCHLE. Mr. President, I first want to commend the chairman of the Energy Committee for his strong statement in support and for his leadership on this and on so many of the issues pertaining to energy. I look forward to continuing to work with him as we proceed in consideration of this legislation.

I am also delighted to join with the distinguished majority leader in introducing the first amendment to the Energy Policy Act of 2003.

The fact that this is the first amendment reflects the importance of the subject that we will be discussing. It is my hope that the majority leader's endorsement will help assure enactment of this proposal at the earliest possible date.

It was 1990 when a number of us joined together, Republicans and Democrats, including then-Senate minority leader, Bob Dole, and TOM HARKIN, and we introduced the reformulated gasoline, or RFG, legislation as a provision of the 1990 Clean Air Act amendments.

The RFG provision, with its minimum oxygen standard, was adopted in the Senate by an overwhelming vote of 69-30. Eventually, it was signed into law by President George H.W. Bush.

I am proud to say that this program resulted in substantial improvement of air quality all over the country. It stimulated increased production of renewable ethanol and other oxygenates needed to meet the minimum oxygen standard.

In fact, between the onset of RFG in January of 1995 and January of 2003, production of ethanol has increased from 1 billion gallons per year to nearly 2.5 billion gallons.

This increased farm economy by hundreds of millions of dollars annually and reduced our dependence upon foreign oil by more than 100,000 barrels per day. Unfortunately, the detection of MTBE in ground water in the late 1990s required us to find a way to get MTBE out of gasoline without sacrificing the air quality and public health benefits of the RFG program.

The answer that my good friend, DICK LUGAR, and I conceived several years ago was the renewable fuels standard, which would eliminate the minimum oxygen requirement that some of our colleagues find problematic for urban centers and replace it with a nationwide renewable fuels standard.

This standard increases ethanol production and protects consumers by creating a credit trading system that provides an economic incentive to use the type of fuel that is most cost effective in the various regions of the country.

On May 4, 2000, I was proud to introduce, along with Senator LUGAR, the first iteration of the amendment that is before us today.

That proposal—similar to the one we are considering today—reconciled historically competitive interests in a manner that promoted a broad range of national policies.

It would protect ground water, enhance our national energy security, reduce greenhouse gas emissions, and promote investment and job creation in rural communities by tripling production of ethanol over the course of the next 10 years.

The essence of that proposal was incorporated into legislation reported by the Senate Environment and Public Works Committee in September 2000. Unfortunately, time ran out in the 106th Congress before final action could be taken on that Committee bill.

In the 107th Congress, Senator LUGAR and I again joined to introduce the Renewable Fuels Act. This legislation was incorporated into last year's Senate-passed energy bill as part of the fuels agreement with the support of 69 Senators. Unfortunately, time again ran out before the energy bill could be enacted into law.

This February, Senator LUGAR and I, Senator HAGEL, one of the real movers on this legislation early on, along with a growing number of our colleagues, re-introduced this latest iteration of the

renewable fuels standard that we have now incorporated in this amendment. I am pleased that the Senate Environment and Public Works Committee has once again embraced it and reported it out of committee. That proposal, S. 791, is currently on the Senate calendar.

This chronology underscores the point that the time to pass this important legislation is now. The groundwork has been laid, and the case for the bill is established. The benefits of the renewable fuels standard for agriculture, the rural economy, energy and the environment are dramatic.

The legislation benefits agriculture. Next year, one in every three rows of corn grown in South Dakota will go into ethanol production. There are currently nine ethanol plants operating in South Dakota with two more under construction. Local corn prices have increased 10 cents per bushel near these plants, and USDA estimates that corn prices will increase 50 cents per bushel under the RFS. As a result, USDA has estimated that the RFS will raise farm income by \$1.3 billion annually. Taxpayer outlays would drop dramatically because of resulting farm program savings.

This legislation benefits the rural economy. Over 5,000 South Dakotans have invested in these plants, and over 500 people are directly employed by the ethanol industry in the state. USDA estimates that for every 100-million-gallon ethanol plant built, 2,250 local jobs can be created throughout a community.

This legislation also enhances our energy security. Look at America's energy situation today: gasoline prices are high and America is importing close to 60 percent of the oil we use. At the same time, our substantial appetite for energy continues to grow. Over the next 10 years, the United States is expected to consume roughly 1.5 trillion gallons of gasoline. At the same time, we hold only 3 percent of the known world oil reserves.

The Renewable Fuels Standard will save the U.S. \$4 billion in imported oil each year because we triple the use of renewable fuels over the next 10 years.

As for the environment, this legislation ensures that the clean air benefits that we have achieved because of the oxygenate standard are maintained through strong anti-backsliding language and addresses the serious problems of MTBE contamination.

Specifically, the amendment bans MTBE in 4 years, authorizes funding to clean up MTBE contamination and fix leaking underground tanks, allows the most polluted states to opt into the reformulated gasoline program, and provides all States with additional authority under the Clean Air Act to address air quality concerns.

The amendment also eliminates the oxygen requirement from the RFG program, a change that is very important to the efforts of States such as California and New York that are planning

to eliminate MTBE from their gasoline supplies in the near future.

To preserve the hard-fought air-quality gains that have resulted from the implementation of that requirement, the bill creates a renewable fuels standard that will nearly triple the use of renewable fuels like ethanol and biodiesel over the next 10 years.

Finally, the bill provides special encouragement to biomass-based ethanol, which holds great promise for converting a variety of organic materials into useful fuel, while substantially reducing greenhouse gas emissions.

This will have substantial benefits for the environment and for rural economies, while helping to lower our dangerous dependence on foreign oil.

Some of my colleagues from large coastal states have expressed concern that this amendment treats their constituents unfairly and seek a carve-out from its requirements. I respectfully suggest that their concerns are not supported by the facts.

Governors Gray Davis and George Pataki, one a Democrat and one a Republican, leaders of the two most populous States in the country, have stated publicly that their States are better off under the Renewable Fuels Act than they are under current law.

Their first priority by far is to get out from under the minimum oxygen standard that will force them to use ethanol when MTBE is eliminated from the gasoline supply. The amendment before us allows them that flexibility which they so desperately seek. Moreover, my colleagues from California and New York worry that even though their States will no longer be required to purchase ethanol as a result of the oxygen standard, the cost of gasoline will rise precipitously as a result of the RFS.

That is simply not the case. Last April the Energy Information Agency issued a report stating that the cost of establishing a renewable fuels standard is less than 1 cent per gallon for reformulated gasoline and less than 0.5 cent per gallon for all gasoline.

Just last month, the California Energy Commission issued a report stating that the recent increase in California's gasoline prices cannot be attributable to availability or cost of ethanol which is consistent with the EIA projections.

What is even more compelling is that California is using nearly twice the amount of ethanol this year than they would be required to under the RFS.

I understand that my colleagues are fighting for what they believe is in the best interests of their constituents, and I respect that. But my goal in promoting the renewable fuels standard is to solve a nationwide problem with a nationwide solution. My constituents would prefer not to give up the oxygen standard, which has played such an important role historically in expanding the production of ethanol. But I understand that states like California need greater flexibility in their gasoline

supply. That is why I am willing to look for new prescriptions that allow States to use alternatives to ethanol and continue to promote the development of the domestic ethanol industry, which I believe is in the national interest.

The renewable fuels amendment meets that test. This legislation is a careful balance of often disparate and competing interests—and a compromise in the finest tradition of the U.S. Senate. Meeting our energy challenges is a difficult problem, but is also a great opportunity to demonstrate American strength and ingenuity.

This amendment takes advantage of both, and I look forward to its passage.

I thank the Chair for his support and effort, and I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I failed to indicate at the outset what has been mentioned by the distinguished minority leader at the outset. This is a jobs-producing measure. The entire energy bill, as we consider it, is a measure that will produce literally thousands of jobs for the American people. Right at the outset, the very first amendment is a clear indication of how in this bill we intend to produce, in this instance, agricultural jobs but not pure agriculture—industrial, as it relates to agriculture with the construction of ethanol plants in and out and around and about agricultural America.

Having said that, I know there are a number of Senators who want to speak. It was not for me to say that we have no consent agreement as to how we will proceed, but I saw the distinguished Senator, Senator TALENT, standing first. I might suggest, just for some orderliness, he proceed next, and the distinguished Senator from Nebraska follow that. Then, if other Senators are here, and they seek recognition—

Mr. BOND. Mr. President, may I ask my good friend if he would mention my name in that list?

Mr. DOMENICI. I wonder, considering the condition of the distinguished Senator, if he might proceed first.

Mr. TALENT. I was going to suggest that to the Senator from New Mexico and the Chair.

Mr. DOMENICI. Might we amend that, then, and have Senator BOND go first, Senator TALENT, and then the Senator from Nebraska? Is that all right? We will proceed in that manner.

I yield the floor.

Mr. BOND. Mr. President, I thank my friend from New Mexico and I appreciate his kindness, and also my colleagues from Missouri and Nebraska.

I rise today in support of the renewable fuels standard, as passed by the Senate Environment and Public Works Committee on which I have the privilege of sitting.

This package provides a means for significant reductions in our dependence on foreign oil while we pursue

cheaper energy for consumers that is produced in rural America by our hard-working farmers and ranchers.

I have spent a lot of years in the Senate Chamber talking about these issues. Recently a friend complained to me that he was tired of me talking about biodiesel. We first started talking about it a long time ago. But I am pleased to have the burr under the saddle to point out that biodiesel and ethanol are vitally important elements for our energy program.

I am pleased to see so many of our colleagues joining in the fight today. My good friend Senator JIM TALENT from Missouri has been a leader on the Energy Committee. I know my colleague Senator HAGEL from Nebraska has long been a champion of ethanol. I add my thanks and my appreciation to the distinguished chairman of the Environment and Public Works Committee, Senator INHOFE of Oklahoma, for taking the leadership position on this issue.

Increasing the use of renewable fuels such as ethanol and biodiesel diversifies our energy infrastructure, making it less vulnerable to acts of terrorism while increasing the number of available fuel options, enhancing competition, and potentially reducing consumer costs of fuel.

Speaking of decreased fuel costs, I am reminded of some of the comments of my colleagues during consideration of this package in the Environment and Public Works Committee. At that time, it was suggested that ethanol as an oxygenate was the cause of high fuel prices in California and other areas. I bet we will hear that argument again.

Just as a marker, note this fact. I refer my colleagues to the recent California Energy Commission report promulgated by Gov. Gray Davis. In discussing the report's findings, California Energy Commission chairman William Keese indicated that "Ethanol, the ingredient, did not have an impact that we can see on prices. . . ."

Frankly, that ought to answer the questions and concerns that undoubtedly will be raised on the floor. In fact, I would argue that ethanol and biodiesel actually reduced the consumer cost of fuel by extending supplies, offering alternatives to more costly imported oil, and providing leverage for independent fuel marketers to compete against the larger, more powerful integrated oil companies.

The renewable standard will more than double the amount of renewable fuel we use. I am told that renewable fuel use will increase to about 3 percent of our total transportation fuel supply, replacing roughly 66 billion gallons; that is, 1.6 billion barrels of foreign crude oil by 2012.

Of course, the environmental benefits of transitioning from petroleum fuels to clean, domestically produced renewable ethanol and biodiesel is clear. Not only can we reduce our dependence on foreign oil but with the renewable standard our environmental goals of

reducing hydrocarbon, particulate sulfur, and other polluting emissions would be pursued.

This RFS will also have a positive impact on the economy, particularly in rural areas which have been hardest hit in the economic slowdown.

According to studies, the renewable standard would create as many as 300,000 American jobs, increase net farm income by \$6.6 billion a year, and reduce farm program payments by \$7.8 billion. In other words, we can reduce farm program payments and increase net farm income by a combined total of \$14.4 billion. Not many programs give you that much bang for the buck.

One farm analyst said that as many as 13.1 million acres of corn can be used to supply ethanol by 2012. That is almost 19 percent of last year's corn production. Today, only 6 percent of the crop goes into ethanol.

In our home State, Missouri corn farmers could see an average increase of about 12 cents per bushel over the next 10 years. Similarly, our soybean farmers will see increased benefits as biodiesel use will increase dramatically.

I encourage and invite my colleagues to come out to the heartland to see what we have. Come out and visit Nebraska, Missouri, and Iowa and see what this industry is all about. We could all learn the benefits of ethanol, soy diesel, and biodiesel. We will see how the homegrown renewable fuel benefits the environment, the economy, and our communities. Come out to my State and see what farm leaders have done to provide value-added opportunities for Missouri farmers.

In 1994, Golden Triangle Energy of Craig, MO, and Northeast Missouri Grain Processors of Macon, MO, organized as new generation cooperatives. Northeast Missouri Grain Processors opened their plant on April 29, 2000. I was pleased to be there. It had been producing 22 million gallons of ethanol per year. They have just flipped the switch on an additional capacity to make over 40 million gallons a year.

Come to Missouri and visit the communities and areas where ethanol production is underway and see the impact of the expanding usage of fuel through this renewable standard on Main Street, U.S.A.

I now defer to my colleagues. I thank them for their kind accommodation. I express my thanks also to the distinguished manager of this bill, who is doing an outstanding job. We look forward to seeing a good energy bill passed. But a good energy bill must have a good renewable fuel standard.

I thank the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. TALENT. Mr. President, I thank my colleague from Missouri for his kind comments.

It is a great pleasure to be here today to talk on behalf of such an important amendment and to recognize that we certainly have come a long way.

For many years, our Nation has needed a sound and balanced energy policy that includes a renewable fuels standard. For many years, we have all talked and talked about alternative energy, about renewable energy, and today with the first bipartisan leadership amendment of this Congress, the Republican and Democratic leaders have introduced the renewable fuels standard legislation as an amendment to S. 14.

I believe what has happened today stands on the shoulders of the work by many of the most distinguished Members of this body in the last decade. We heard from the senior Senator from Missouri. We are going to hear from the Senator from Nebraska and the compromise, if you will, in the last Congress.

The renewable fuels standard is the biggest single reason I sought to get on the Energy Committee. I am proud to be one of the cosponsors of the amendment and to be associated with what is going to happen today. I know there are going to be many chances to come to the floor and fend off various second-degree amendments from opponents of renewable fuels. So I will keep my initial comments brief today. I look forward to future opportunities to discuss other aspects of the amendment.

I note also at the outset that this legislation is supported by a historic coalition. When you get a coalition that ranges from the Farm Bureau to the American Petroleum Institute, it tells you the consensus that has been created finally on behalf of this idea. It is because it is a good idea. It is because it is the right thing to do. It is at the crux of so much we all want for Americans. It is at the crux of economic growth in jobs. It is at the crux of energy security. It is at the crux of environmental quality and value-added agriculture and family farming.

An article ran on April 23 in the Daily Statesman, which is the daily paper in Dexter, MO. The headline was "Missouri Job Loss Rate Number One in the Nation." Last year, Missouri lost 77,000 jobs. The enactment of the renewable fuels standard will, first and foremost—and right away—bring thousands of jobs to Missouri, and tens and tens of thousands of jobs—hundreds of thousands of jobs—to the country.

We are talking about long-term good jobs in agriculture, in trade, in transportation, in energy, and in food processing. We are talking about jobs on the farm. We are talking about construction jobs to build these plants and maintain them. We are talking about jobs for the suppliers of these ethanol plants. We are talking about jobs for those who buy the ethanol and the by-products. We are talking about transportation jobs in shipping the ethanol. We are talking about trade opportunities for the United States. It will happen as a result of what I believe the Senate is going to do today.

A recent study found that increasing ethanol production to 5 billion gallons

annually would create 214,000 jobs in the country, \$5.3 billion in new investment, and increase household income by \$51 billion. I want those benefits for this country, and I want those benefits for Missouri.

These increasingly modern ethanol plants are equipped to produce 40 million gallons of ethanol a year. I have visited the plants, as has my colleague, Senator BOND, in Missouri, plants we already have in Craig and Macon. The economic benefits of one of those plants are significant. They include an increase of household income for the community, the county in which these plants are operated; many of these counties have been struggling economically. It includes an increased household income of \$20 million for these counties annually. Additional farmer cooperatives around the State of Missouri are organizing funding in an effort to produce even more ethanol in Missouri. I know this is happening in Nebraska. It is happening all over the Midwest. It is going to continue happening.

Ethanol is also at the crux of energy security for America. Ethanol, biodiesel, and other renewable fuels are going to be playing an increasing role in reducing the need for imported oil. This is an area where I have to respectfully disagree with the opponents of the renewable fuels standard.

I am very strongly in support of providing incentives for increased exploration and recovery of oil reserves in this country. And we have a progrowth, proenergy energy bill, largely because of the efforts of the distinguished chairman of the Energy Committee. I have supported every effort to increase the amount of oil reserves we have in the United States and that we can practically explore and recover.

But it is clear that we cannot just drill our way out of our dangerous oil dependency. We have to have other alternatives, and ethanol and biodiesel are the alternatives we have now—not 5 years, not 10 years, not 15 years from now, but now—to reduce our dependence on oil imports. I do not ever want to be in a situation again where we are sending \$4 billion a year to somebody like Saddam Hussein to buy oil, and depending on regimes like that one for the health of our national economy.

Ethanol is a key to energy independence for the United States. The United States is increasingly dependent on imported energy to meet our personal, transportation, and industrial needs. As a domestic, renewable source of energy, ethanol can reduce our dependence on foreign oil and increase the United States' ability to control its own security and economic future. Our energy policy should first and foremost promote domestic, renewable fuels, not foreign oil imports.

This is an area where I respectfully disagree with the opponents of renewable fuels standard. It is clear that we cannot drill our way out of our dangerous oil dependency—especially

without access to the oil in Alaska's ANWR. America's national, energy, and economic security are vulnerable due to our dangerous dependence on oil imports.

In 1999, America was importing over 55 percent of its oil and petroleum products. Just 2 years later, our dependency increased to over 59 percent. By 2025, the Energy Information Administration projects the U.S. will import nearly 70 percent of its petroleum. Something must be done.

It is absolutely necessary that we take steps to reduce our dependence on foreign oil. Over the next decade the RFS will reduce crude oil imports by an estimated 1.6 billion barrels.

In addition to the establishment of a national ethanol standard, the amendment has other important provisions that include an orderly phase-down of MTBE use and removal of the oxygen content requirement for reformulated gasoline. That is very important, and it is very important to the environment.

I am sure that over the coming weeks we are going to have a lot of opportunities to debate things such as climate change and CAFE standards. I remind opponents of this amendment that ethanol is one of the best tools we have to fight air pollution from vehicles. I encourage all proenvironment organizations to score this amendment as a vote in favor of America's air quality.

The use of ethanol-blended fuels reduces greenhouse gas emissions by 12 to 19 percent compared with conventional gasoline. The American Lung Association of Chicago credits ethanol-blended reformulated gasoline with reducing smog-forming emissions by 25 percent since 1990. Again, this is an alternative which we have today to protect the environment.

The chairman's energy bill contains many exciting opportunities for the development of clean hydrogen vehicles. I support that. But those technologies are a long way off.

My children may drive hydrogen cars. Today I can drive a car fueled by ethanol. A couple weeks ago, I visited a Break Time convenience store in Columbia, MO, that is selling ethanol at the same price that it is selling regular gasoline.

Renewable fuels such as ethanol and biodiesel provide a solution to our air quality problems that we can use now. Today you could fill your car with an ethanol blend or a biodiesel blend—without any changes to your vehicle. The chairman's energy bill contains many exciting opportunities for the development of a clean, hydrogen vehicle, but we all know these technologies are a long way off. My children may be driving these hydrogen cars, but today I can drive a car fueled by ethanol. Fleet vehicles in Missouri can run on ethanol or biodiesel without any costly engine upgrades—today.

The use of these renewable fuels will bring environmental benefits in the short term while we continue to ex-

plore long-term opportunities such as hydrogen cars and other technologies.

As I said, I recently toured both of the ethanol plants in Missouri and visited an ethanol fueling station during the April recess. I have to tell you, this is an exciting and innovative way to add value to traditional commodities. The use of grain for ethanol production adds up to 30 cents to every bushel of corn. Not only do farmers benefit from the higher price but also by joining cooperative and building ethanol production facilities. They are able to directly take advantage of the value-added market through ownership of the plant. They continue to make money during times of price volatility.

There is no question that the renewable fuels standard will reduce our dependence on foreign oil. It will slow the deterioration of the environment through the reduction of fossil fuel emissions, enhance national, energy and economic security, create a new industrial base with tens of thousands of new, high quality jobs, and add value to traditional commodities.

I am happy to join Senate Leadership in offering this amendment. It is time that we make the RFS a part of our national energy policy.

Mr. President, I want to say how pleased and proud I am to be a part, in a small way, of this effort. I am especially pleased that this is the first bipartisan amendment that is being offered on the Senate floor. It will strengthen this energy bill we put together under the leadership of Senator DOMENICI. It is something we can all stand up and support.

I hope we will get a thumping, bipartisan majority in support of this amendment. Again, it is a key to jobs. It is a key to energy independence. It is a key to environmental quality. And it is a key to value-added agriculture and around the family producers in Missouri and around the country. I am pleased to speak in favor of it.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, we are going to hear now from one of the early proponents of ethanol and of this bill and of this composite that ultimately got such broad bipartisan support. It is my privilege to have as a supporter of this amendment and of the energy bill the distinguished Senator from Nebraska, Mr. HAGEL.

I thank the Senator for all the work he has done in this area and for all the help he has given me by way of advice on the energy bill, which is pending before the Senate, of which this will become an integral and vital part. Thank you so much.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HAGEL. Mr. President, I first want to recognize the comments of the distinguished chairman of the Energy Committee. He is far too generous, but that is usually his nature. And I appreciate very much his thoughtful words.

I appreciate the comments of my friend from Missouri. I think they cut to the essence of what this issue is about, as well as the comments of our dear friend, the senior Senator from Missouri.

(Mr. DOMENICI assumed the chair.)

Mr. HAGEL. Mr. President, I am privileged to be part of this effort because I do not believe there is anything more important for the future of this country than to establish an energy policy that we can build upon; that does, in fact, move right to the core of our national security, our economic growth, and all of the elements that are interconnected for the future of this country.

So I come to the floor this morning to address briefly some of the elements of this amendment that will be offered and to, once again, register my strong support of the renewable fuels standard amendment to the energy bill.

I, like my colleagues who have spoken prior to me, wish to recognize and thank the leadership of Majority Leader FRIST and Minority Leader DASCHLE for getting this amendment to the floor, and, of course, the distinguished chairman of the Energy Committee, Senator DOMENICI, for allowing us to have what many of us believe is a very important amendment to be the first amendment up on the energy bill, of which I am a strong proponent and supporter.

This amendment, as we have heard, would enhance air and water quality, reduce supply and distribution challenges in the gasoline market, and increase energy security by expanding the use of clean, domestically produced renewable fuels.

Specifically, this amendment follows the advice of the EPA's Blue Ribbon Panel on Oxygenates by repealing the Federal oxygenate mandate and phasing out the use of MTBE nationwide. It also contains a reasonable renewable fuels standard, which would gradually increase the Nation's use of renewable fuel to 5 billion gallons a year by 2012—all of this while protecting the environmental gains already made by the reformulated gasoline program.

This legislation mirrors the bipartisan fuels agreement in last year's Senate energy bill, of which it has been stated here this morning gained the votes of 69 Senators. This year, we have worked to build an even broader bipartisan coalition of cosponsors. Much has happened since the Senate passed its energy bill last year. The renewable fuels industry has expanded considerably to meet growing demand.

The ethanol industry opened 12 new plants last year, with 10 additional plants now under construction. Sixteen of these new plants are farmer owned—farmer owned—individually owned cooperatives.

By the end of 2003, annual ethanol production capacity is expected to exceed 3 billion gallons. In December, the ethanol industry wrapped up a record year—2.13 billion gallons in 2002, up by more than 20 percent over 2001.

Also, Chevron Texaco announced earlier this year it will switch from blending MTBE to blending ethanol in the southern California market, making Chevron the last of the large California refiners to make the switch to ethanol. This means that this year approximately 80 percent of California's federally reformulated gasoline will be blended with ethanol.

We should not forget that biodiesel, made primarily from soybeans, and still a developing fuel technology, has grown enough that it is now used in more than 200 State and Federal automobile fleets, using a 20-percent blend or higher.

Today, 16 States have already banned or are in the process of banning MTBE. With State MTBE bans will come increased challenges to fuel distribution and supply.

The national phase-down of MTBE proposed in this bill will help us meet these challenges. And a national renewable fuels standard with a credit and trading program—that makes sense, which is relevant, which has common sense—will ensure that renewable fuels are used where they make the most sense—not a mandate, where they make the most sense.

In fact, according to a recent analysis by the Department of Energy, enacting this fuels bill would even reduce refiner costs at least by .2 percent per gallon compared to current law.

The standard in this amendment is a fair and workable compromise we crafted over a year ago. My friend from Missouri, Senator TALENT, referenced the compromise, referenced the organizations that came together over a long period of time to fashion a very workable alternative, built upon the good work of many you have heard referenced this morning: Senator DASCHLE, Senator LUGAR, so many who have worked so hard for so many years, Senator DOLE. It has not just come from corn and soybean-producing States. It has come from the leadership of individual Senators with a wider lens of understanding of national security issues, environmental issues, and economic issues, because they are all interconnected.

This effort was bolted together by many people who deserve much credit: The American Petroleum Institute, National Farm Bureau, the environmental community, Northeast air directors, agriculture groups from all over the country, DOE, EPA, and many others. Senator DASCHLE and I helped facilitate those talks last year, as well as a number of our colleagues who are here today and will most likely speak today.

Contrary to the opponents of this amendment, this is not a per-gallon mandate. It will not force a specific level of compliance in places where compliance may be difficult. In fact, the credit trading provision in this amendment will give flexibility to refiners who utilize ethanol or biodiesel where it is most economically attractive.

Our Nation needs a broader, deeper, and more diverse energy portfolio. Today less than 1 percent of America's transportation fuel comes from renewable sources. Under this amendment, renewable fuel would increase to approximately 3 percent of our total transportation fuel supply, tripling the amount of renewable fuel we now use. Today America imports nearly 60 percent of the crude oil it consumes. The Senator from Missouri defined in some detail the numbers. We continue to hold our economy, our national security, hostage to foreign oil.

This country consumes more than 300 billion gallons of crude oil a year. Of that, 165 billion gallons are refined into gasoline and diesel. This amendment says that by 2012, not less than 5 billion gallons of that 165 billion gallons shall come from renewable sources.

By enacting this legislation, we would replace 66 billion gallons of foreign crude oil by 2012, reduce foreign oil purchases by \$34 billion, create more than 250,000 jobs nationwide, and boost U.S. farm income by more than \$6 billion a year.

I join my other colleagues who have spoken this morning—and others who will speak today—to enthusiastically encourage all our colleagues to pay attention to the amendment, to be aware of its consequences, have some sense of why this is just not another renewable fuels amendment. It has dramatic implications for the future of the economy, for our national security, and our independence. It also helps America address the additional and important environmental challenges that lie ahead. This is an amendment about America's future.

I thank the Chair and yield the floor. The PRESIDING OFFICER (Mr. BURNS). The Senator from Minnesota.

Mr. COLEMAN. Mr. President, I want to add my voice in support of the renewable fuels standard amendment that has been offered by the majority leader and the Democratic leader.

This may be a bit unconventional for a place like the Senate floor, but I want to begin my remarks by talking about duct tape. I am not talking about it in connection to homeland security, or even the fact that one of the largest producers, 3M Corporation, is in my home city of Saint Paul.

Duct tape is probably in every garage in Minnesota and on most work benches. Why? Because you can do so many things with it. For those of us who are mechanically challenged it is essential. It is cheap. It is simple. You can use it for temporary car repair, plumbing, picture hanging . . . I even heard of a guy who used it on a duct! The point is that it is valuable because it can do many things well.

The renewable fuels standard we are talking about today is a duct tape kind of proposal. It will decrease our dependence on foreign oil. It will help keep America's air and water cleaner. It will increase the income of our hard working farm families. And it will pro-

vide economic development and jobs for rural Minnesota. I am not sure if there is one other thing we could do as a national government that would do more good, for more people, at less expense and with no down side than set a renewable fuels standard. Allow me to explain in further detail.

Today 56 percent of our oil comes from foreign sources. As frightening as that statistic is, we are heading in the wrong direction: becoming more dependent as the years go by. When George Washington gave his Farewell Address, he warned us solemnly to "avoid entangling alliances." We compromise the sovereignty of our Nation by giving other nations that powerful leverage on our people.

This reasonable renewable fuels standard would reduce our dependence on foreign oil by 1.6 billion barrels over the next 10 years. That would make us an even stronger nation because we would be winning back the power to determine our own destiny.

In Minnesota, we put a high value on clean air and clean water. Carbon monoxide, hydrocarbons, Nitric Oxide, and other toxins and particulates are responsible for countless environmental and health problems. As a matter of compassion, we must act to reduce these pollutants to avoid the suffering they cause. As a matter of health policy, the best way to contain costs is to prevent people from becoming sick in the first place.

Studies have shown that ethanol can reduce emissions of hydrocarbons by 20 percent and particulates by 40 percent. I believe biodiesel holds out the same promise. Right down the road from Minnesota in Chicago, ethanol use helped bring that huge city under the federal standard for ozone. Phasing out MBTE will have a dramatic impact all by itself.

As I spend time with Minnesota's farm families, they don't beat around the bush—whom they support, I might add, in large numbers. They don't care to listen to a lot of fancy speeches. They say, "Senator you can help us if you do two things: lower our costs and raise our prices. We'll do the rest." The great folks who feed the world and undergird our economy—at great personal risk and sacrifice—deserve to be heard and listened to.

Pure and simple: it is better to send corn and soybeans to ethanol and biodiesel plants to create energy than it is to send too much to the elevators and depress prices.

The Department of Agriculture estimates that ethanol adds 30 to 50 cents of additional value to every bushel of corn produced in the United States. That is a difference consumers of corn flakes will never notice, but it is a huge change at the margin for hundreds of thousands of hard working American farmers.

And make no mistake: farmers need help right now. In recent years, those who provide us with the safest, most abundant, most affordable food supply

in the world have been struggling with the lowest real net cash income since the Great Depression, record low prices, record high costs of production, and foreign tariffs and subsidies some 5 and 6 times higher than our own.

President Kennedy once said that “the farmer is the only man in our economy who buys everything he buys at retail, sells everything he sells at wholesale, and pays the freight both ways.” The RFS is an opportunity to turn things around for our farm families: to give them a chance to earn a living off the market while yielding huge economic, environmental and energy dividends.

As every Senator should know, farm policy and rural development go hand in glove. The key to so many rural communities is for them to reap a greater economic benefit from the things they produce. If they just harvest the crops or raise the cattle and watch them roll over the hill for someone else to process and profit from, that is not going to maximize economic development and job growth potential in the area. They need to add value to those products.

There are no better examples of this than ethanol and biodiesel. Let me talk for a moment about what many call the “Minnesota Miracle.” I hold it out to Members of other States as an incentive for what approving an RFS could mean to your communities.

The State of Minnesota leads the Nation in promoting the production and use of ethanol. Nearly all of Minnesota’s 2.6 billion gallons of gasoline are blended with 10 percent ethanol, reducing fuel imports by 10 percent. Today, Minnesota boasts 14 ethanol plants—13 of which are owned by Minnesota farmers. And, what these 14 plants have produced—besides ethanol—is truly phenomenal: 40,000 jobs, over a half billion a year in economic activity, and \$15 million in tax revenues.

Now, on a national scale, studies suggest that the RFS will, over the next decade, reduce our Nation’s trade deficit by more than \$34 billion, increase our gross domestic product by \$156 billion, create more than 214,000 new jobs, expand households income by some \$51 billion, increase net farm income by nearly \$6 billion per year, while cleaning our air and water and displacing 1.6 billion barrels of foreign oil. In short, the RFS will allow Minnesotans to build on our State’s success while creating new opportunity and promise throughout the country.

Mr. President, I am proud to stand here today in the shadow of the work Senator HAGEL has done, the work the chairman of the Energy Committee has done, and stand in support of the amendment offered by the majority leader and Democratic leader, an amendment that will promote energy independence, cleaner air and water, stronger farm prices, and viable rural communities. Renewable fuel standards will do all these things. That does duct tape one better.

I yield the floor.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. LUGAR. Mr. President, I compliment the distinguished Senator from Minnesota not only on his remarkable statement, but likewise on the Minnesota miracle. The work in his State is truly a manifestation of all that can come from the legislation we are discussing today in terms of jobs, income for farmers and, most important, greater energy independence and cleaner air for our country.

I am delighted to join my colleague from Minnesota in presenting and sponsoring and commending the majority leader and the minority leader for presenting this legislation to us today.

I am a strong advocate of this initiative to establish a nationwide renewable fuels standard as a part of America’s national energy policy. Moving from a hydrocarbon to a carbohydrate economy will increase energy independence, reduce oil imports, protect air and water, reduce greenhouse gas emissions, and stimulate rural economies. The renewable fuels amendment we are considering today does all of these things, which is why I regard it as an essential component of the Energy Policy Act of 2003.

The renewable fuels amendment is the culmination of years of effort. As a result of the hard work, today’s amendment enjoys strong support from both parties and a broad array of interest groups.

Several years ago, Senator DASCHLE and I first introduced a bill creating a renewable fuels standard. It has been my privilege to speak with Senator DASCHLE for many years on behalf of this concept, in front of various groups in our country, as well as with our colleagues in the Senate. I have treasured my friendship with Senator DASCHLE on the Agriculture Committee of the Senate. There we have had many hearings and productive discussions. The Renewable Fuels Act of 2001, the bill Senator DASCHLE and I introduced, represented an important step toward reducing our dependence on foreign oil and improving our Nation’s energy security. At the same time, this proposal went far toward protecting the environment, supporting rural economic development, and increasing the flexibility of the national fuel supply to reduce the impact of future price spikes. Last year Senator DASCHLE and I incorporated that legislation into the Senate Energy bill. I am hopeful this year my colleagues will again demonstrate that they appreciate the importance of the renewable fuels standard to our country, and I am confident we will do so.

When reflecting back on recent history, one trend that should disturb every American is our growing dependence on oil imports. Set that trend against the many political crises erupting in oil-rich regions around the world, and it is clear our addiction to oil must be curtailed. I believe part of

the answer lies with the development of cheap, plentiful, renewable sources of energy. The current tax incentive for ethanol has helped foster creation of a strong domestic renewable fuels industry. But more needs to be done to reduce the cost of ethanol production and to make the commodity more competitive with fossil fuels. It is time for a nationwide renewable fuels standard.

Recent and prospective breakthroughs in genetic engineering and processing are radically changing the viability of ethanol as a transportation fuel. It is now possible to use biomass, meaning virtually any plant or plant product, to produce renewable fuels. So-called cellulosic ethanol may decisively reduce the cost of ethanol, to the point where petroleum products may soon face vigorous competition.

In 1999, James Woolsey, former director of the CIA, and a consultant on many important issues, and I coauthored an article in *Foreign Affairs* magazine that talked about our strategic need for energy independence—at least outlined how a biomass strategy, which included ethanol from many sources, was a critical part of that strategy.

In 1999, following publication of that article in *Foreign Affairs*, I introduced a bill that now drives many of these scientific breakthroughs. The Biomass Research and Development Act accelerated and coordinated the biomass research and development activities of Federal agencies. Soon after this bill was enacted into law as Title III of the Agricultural Risk Protection Act of 2000, a bill that came out of the Senate Agriculture Committee, its competitive research and development program began accelerating production of biofuels, biochemicals, and biopower. Today’s amendment will build on that initiative in a very large way by offering an incentive to producers of cellulosic ethanol.

I am proud of the significant progress we have already made to support renewable fuels. We have made great strides toward strengthening our national security, improving our rural communities, and protecting our natural environment.

With today’s amendment, we will move still closer to a safer and more prosperous tomorrow for our country and for the world. I strongly encourage my colleagues to support this important initiative.

I thank the Chair, and I yield the floor.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I say to fellow Senators, we are on this bill

until 11:30 a.m. for purposes of discussing the pending amendment. So I say to anybody who wishes to discuss it, we have this additional time now. There may be time in the future, but this is assured time now for anybody who wishes to speak.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KYL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, I want to take this opportunity to make a few comments as a member of the Energy Committee on the energy bill that is on the floor and which will be subject to amendment tomorrow morning. I believe the ethanol amendment will be taken up.

There is an overarching possibility in this energy bill. It can provide the opportunity to properly fix the badly broken energy market, to reduce our consumption of oil, and to increase energy production while protecting our environment and addressing climate change. But at this point, the Energy Policy Act of 2003 is missing much of what is needed for a balanced, comprehensive energy policy for this Nation.

I voted against the bill in the Energy Committee because of what is missing. I look forward to the opportunity to amend this legislation.

First, I believe the bill needs stronger consumer protection to fix our broken energy market and to prevent another energy crisis like the one we experienced in the West.

Second, we must increase the fuel efficiency of our vehicles to reduce the amount of oil we consume, to lessen the amount of carbon dioxide, the No. 1 greenhouse gas released into our atmosphere, and to save families and businesses money at the pump.

Third, we must increase our energy production while protecting our environment. This means not infringing on environmentally sensitive areas such as the Alaska National Wildlife Refuge or the water off the California and Florida coasts.

Fourth, we should address global warming and establish plans to combat climate change.

Fifth, we must encourage the development of new renewable power from solar, from wind, and from geothermal resources instead of continuing to subsidize traditional production from nuclear power, for example.

Three years ago this month, California's energy market began to spiral out of control. In May of 2000, families and businesses in San Diego saw their energy bill soar. The Western energy crisis forced every family and business to pay for more energy. The crisis forced the State of California into a severe budget shortfall. It forced the State's largest utility into bankruptcy and nearly bankrupted the second largest utility. Now, 3 years and \$45 billion in

cost later, we have learned how the energy market in California was gamed and abused.

In March, the Federal Energy Regulatory Commission issued the "Final Report on Price Manipulation in Western Markets which confirmed that there was widespread and pervasive fraud and manipulation during the Western energy crisis. The abuse of our energy market was so pervasive and unlawful. Yet this energy bill does not go far enough to prevent another Western energy crisis and to curb illegal Enron-type manipulation.

Remember, this type of fraud and abuse was not limited to just Enron. There was fraud and abuse across the board, according to the Federal Energy Regulatory Commission. One of the best examples of this illegal behavior is demonstrated by the transcript from Reliant Energy that revealed how their traders intentionally withheld power from the California market in an attempt to increase prices. This is one of the most egregious examples of manipulation, and it is clear and convincing evidence of coordinated schemes to defraud consumers.

Let me read one part of the transcript to demonstrate the greed behind the market abuse by Reliant and its traders.

On June 20, 2000, two Reliant employees had the following conversation that revealed the company withheld power from the California market to drive prices up.

Reliant Operations Manager 1: I don't necessarily foresee those units being run the remainder of this week. In fact you will probably see, in fact I know, tomorrow we have all the units at Coolwater off.

The Coolwater plant is a 526 megawatt plant.

Reliant Plant Operator 2: Really?
Reliant Operations Manager 1: Potentially. Even number four. More due to some market manipulation attempts on our part. And so, on number four it probably wouldn't last long. It would probably be back on the next day, if not the day after that. Trying to uh...

Reliant Plant Operator 2: Trying to shorten supply, uh? That way the price on demand goes up.

Reliant Operations Manager 1: Well, we'll see.

Reliant Plant Operator 2: I can understand. That's cool.

Reliant Operations Manager 1: We've got some term positions that, you know, that would benefit.

Six months after this incident, as the Senate Energy Committee was attempting to get to the bottom of why energy prices were soaring in the West, the president and CEO of Reliant testified before Congress that the State of California "has focused on an inaccurate perception of market manipulation."

Reliant's president and CEO went on to say, "We are proud of our contributions to keep generation running to try to meet the demand for power in California. Reliant Energy's plant and technical staffs have worked hard to maximize the performance of our generation."

These transcripts prove otherwise and reveal the truth about market manipulation in the energy sector.

Yet FERC refused to find and consider all evidence of fraud and manipulation and the State of California was forced to take the commission to court to ensure FERC would carry out its public duty to fully investigate the western energy crisis and punish wrongdoing. Only when the Ninth Circuit Court of Appeals ruled FERC had to allow the California parties to collect and submit evidence did we find more instances of pervasive illegal behavior.

After a 100-day discovery period that ended March 3, 2003, the State of California, the California attorney general's office, and the state's largest utilities filed over 3,000 pages of evidence at the Federal Energy Regulatory Commission to show how fraud and manipulation was pervasive throughout the western energy crisis of 2000-2001. The market abuse was not limited to a few rogue traders at one firm, but was a widespread series of schemes perpetuated by many employees across most companies that supplied and traded in the West.

During their discovery period, the "California parties" found the following information:

Details on new specific incidents when energy companies intentionally held their plants offline to drive prices up during 2000 and 2001; new transcripts of conversations between energy company employees revealing an intent to defraud and manipulate the California market; new evidence of document destruction by energy companies to hide details of their behavior in the western energy market; and new evidence laying out possible anti-trust violations by energy companies.

I ask unanimous consent that a copy of the report my office issued when the "Protective Order" was lifted by the Federal Energy Regulatory Commission be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NEW EVIDENCE THAT ENERGY COMPANIES BESIDES ENRON MANIPULATED THE WESTERN ENERGY MARKET

[Unofficial Report—Office of Senator Dianne Feinstein]

After a 100-day discovery period that ended March 3, 2003, the State of California, the California Attorney General's Office, and the state's largest utilities filed over 3,000 pages of evidence at the Federal Energy Regulatory Commission to show how fraud and manipulation was pervasive throughout the Western Energy Crisis of 2000-2001. The market abuse was not limited to a few rogue traders at one firm, but was a widespread series of schemes perpetuated by many employees across most companies that supplied and traded in the West.

HIGHLIGHTS OF THE INFORMATION FILED BY THE CALIFORNIA PARTIES

(This information from the California Parties was under a "Protective Order" at FERC.)

Details on new specific incidents when energy companies intentionally held their

plants offline to drive prices up during 2000 and 2001.

New transcripts of conversations between energy company employees revealing an intent to defraud and manipulate the California market.

Reliant knew about transcripts proving their employees held power offline, but the company sat on the evidence for over a year before turning them over to FERC. (CA Parties brief, p122, footnote 375/Exhibit CA-218).

New evidence of document destruction by energy companies to hide details of their behavior in the Western Energy Market.

New evidence laying out possible anti-trust violations by energy companies.

The filing by the California parties shows that there was an extensive and coordinated attempt by energy companies to game the Western market to drive prices up by engaging in the following:

(1) Withholding of Power—driving up prices by creating false shortages.

New evidence of Withholding of Power according to the California parties: (CA Parties brief, p28-31/Exhibit CA-9).

On August 15, 2000 Williams reported that its plant in Long Beach called Alamitos 7 was unavailable due to NO_x limitations, but AES's real-time logs from that day show the plant was shut down because Williams directed it to be.

Reliant failed to return its Etiwanda Unit 2 in Rancho Cucamonga to service for two days after repairs were completed on January 26, 2001, even though the ISO system was experiencing continuous Stage 3 emergencies in California.

Redondo Beach Unit 6 power plant was shut down by Williams and AES April 3-April 6, 2000. Although the ISO was told the plant was offline due to a boiler tube leak, the plant records indicate this was a planned shutdown and the leak was an excuse concocted two days later.

Dynegy shut down its El Segundo Unit 1 plant August 30-September 3, 2000 for repairs, but the repairs had been done and the plant was shut down to force prices up.

Mirant held its Pittsburgh Unit 1 plant offline until October 22, 2000 even though an external tube leak ended October 20, 2000.

Duke delayed returning Oakland Unit 1 to service after repairs to a lube oil cooler and a cooling fan in November, 2000 despite ISO-declared emergencies.

During an ISO-declared emergency December 19 and 20, 2000, Williams declared Redondo Unit 5 a forced outage due to a boiler tube leak. However, the control operator logs uncharacteristically put quotation marks around the outage reason, "Blr. Tube Leak" and later, after tests were done, the logs indicate that no leaks were found.

Reliant delayed reporting the end of an outage at its Ellwood Unit in Goleta for more than twelve hours during peak demand in early April 2001.

Between November 19 and December 5, 2000 Dynegy reported that its El Segundo 1 and 2 units (with a capacity of about 350 MW) were on "forced outage," but these units were actually shutdown because Dynegy claimed its operating staff was on vacation. Forced outages should not include vacation days—especially during ISO emergencies, which occurred on November 19 and 20.

(2) Bidding to Exercise Market Power—suppliers bid higher after the California ISO declared emergencies, knowing the State would need power and be willing to pay any price to get it.

New evidence of Bidding to Exercise Market Power according to the California parties:

A Mirant email to eleven traders in July of 2000 reveals this strategy: "load is avg above 40 thousand during peak. So, submit revised

supp. Bids and 'stick-it to 'em!!'" (CA Parties brief, p42-43/Exhibit CA-141).

(3) Scheduling of Bogus Load (aka "Fat Boy" or "Inc-ing")—suppliers submitted false load schedules to increase prices.

New evidence of Scheduling Bogus Load according to the California parties:

A Dynegy trader confirms that Dynegy's load deviation in August 2000 is "probably because [the traders] are just doing some dummy load scheduling." (CA Parties brief, p48/Exhibit CA-202).

A conversation between a Mirant trader and a trader from Public Service of Colorado reveal a joint effort to engage in "Fat Boy."

The trader from Public Service of Colorado states, "Why don't we just do something where we overschedule, overschedule load and share an upside, dude."

The Mirant trader responds, "That's fine." (CA Parties brief, p49/Exhibit CA-204)

A Sempra trader states Sempra should submit "fake load" to the day ahead market. (CA Parties brief, p49/Exhibit CA-71)

A Williams trading strategy is identified as "scheduling bogus load." (CA Parties brief, p49/Exhibit CA-22).

An internal Powerex memo documents that Powerex entered into a contract with the explicit purpose of "overscheduling" and "underscheduling" and for congestion manipulation. (CA Parties brief, p49).

(4) Export-Import Games (aka "Ricochet" or "Megawatt Laundering")—suppliers exported power out of California and imported it back into the State in an attempt to sell power at inflated prices.

New evidence of Export-Import Games according to the California parties:

Powerex's head trader congratulated its daily traders on their successful use of strategies to buy-ahead and sell back real-time. (CA Parties brief, p53/Exhibit CA-40).

Reliant had "camouflage transactions" where the company sold power out of California day-ahead to Arizona and New Mexico utilities, and bought it back for sale in the real-time market. (CA Parties brief, p55/Exhibit CA-56).

(5) Congestion Games (aka "Death Star")—suppliers created false congestion and were then paid for relieving congestion without moving any power.

New evidence of Congestion Games according to the California parties:

Other names like "Death Star" were given to these schemes: EPMI_Star, CISO_Death, Curious and George, Red and Green, Hungry and Hippo, James and Dean or Chinook and Atlantic and SCEM_Loopy. (CA Parties brief, p59/Exhibit CA-1).

These congestion games were called "free money." (CA Parties brief, p59/Exhibit CA-145).

A Mirant trader summed up the scheme, "I mean its just kind of loop-t-looping but it's making money . . . [laugh]." (CA Parties brief, p48/Exhibit CA-204).

(6) Double-Selling—suppliers sold reserves, but then failed to keep those reserves available for the ISO.

(7) Selling of Non-Existent Ancillary Services (aka "Get Shorty")—suppliers sold resources that were either already committed to other sales or incapable of being provided.

(8) Sharing of Non-Public Generation Outage Information—the largest suppliers in California shared information from a company called Industrial Information Resources that provided sellers detailed, non-public information on daily plant outages. A one-year subscription to Industrial Information Resources cost \$70,000. Providing multiple competitors the same, non-public, outage information signals all competitors to act in a parallel manner.

New evidence of Sharing of Non-Public Information according to the California parties:

Duke energy traders called Industrial Information Resources "the mole."

For example, Duke trader James Stebbins emailed: "I just heard back from the mole. He is reporting that the PV3 will be coming back on line 6 days earlier than expected. The new return date is March 3. Good luck and happy selling." (CA Parties brief, p70/Exhibit CA-95 and Exhibit CA-253).

(9) Collusion Among Sellers—sellers were jointly implementing or facilitating Enron-type trading strategies.

New evidence of Collusion Among Sellers according to the California parties:

Glendale traders learned manipulation from Enron and Coral traders. (CA Parties brief, p77/Exhibit CA-105 and Exhibit CA-1).

Sempra provided Coral with advance information regarding the status of a plant. (CA Parties brief, p78/Exhibit CA-1).

Transcripts of calls show traders from Public Service of Colorado and Mirant discussing "sharing" or "splitting" "the upside." (CA Parties brief, p79/Exhibit CA-204).

(10) Manipulation of NONO_x Emission Market—sellers manipulated the market for NONO_x emissions in the South Coast Air Quality Management District through a series of wash trades that created the appearance of a dramatic price increase that may have been fabricated.

For example, Dynegy, together with AES and others, entered into a series of trades of NONO_x credits in July and August 2000 by which Dynegy would sell a large quality of credits and then simultaneously buy back a smaller quantity of credits at a higher per credit price. (CA Parties brief, p90-93/Exhibit CA-11).

(11) Wanton Document Destruction—sellers (not just Enron) flagrantly destroyed documents detailing behavior in the Western Energy Market.

New evidence of Wanton Document Destruction according to the California parties:

Mirant—an ex-Mirant employee disclosed that he was instructed to delete certain files relating to the California markets from hard drives and that key Mirant executives were instructed to turn in their laptops so that Mirant could clear their hard drives. (CA Parties, brief, p129/Exhibit CA-178).

City of Glendale, California—A Glendale employee, Jack Dolan, told an ex-Glendale employee, Carl Edginton, that Mr. Edginton could destroy one of the documents that contained information about Enron's gaming strategies. (CA Parties brief, p129-130/Exhibit CA-213).

(12) Negligent Document Destruction—sellers failed to retain documents detailing behavior in the Western Energy Market in accordance with FERC rules and the Federal Power Act.

According to the California parties, new evidence of Negligent Document Destruction by: Power, Portland General Electric, Reliant, Bonneville Power Administration, City of Glendale, Northern California Power Agency. (CA Parties brief, p130-132).

(13) Traders Did Not Care How High Prices Went—sellers said that it did not matter how high prices went, as long as Californians paid and generators made money.

New evidence Traders Did Not Care How High Prices Went in the filing:

Conversation between two Reliant employees on May 22, 2000:

Kevin: "Hey, guys, you know when we might follow rules? If there's some sort of penalty."

Walter: "That's right."

Kevin: "I would never suggest it, but it seems like the writing would be on the wall."

Walter: "Well, I mean, there's—you know, our position is if it's a reliability issue, then the reliability comes over the economics."

Kevin: "Right."

Walter: "So we don't have a problem with that. But it needs to be a reliability issue. If it's economics, and by God, that's what rules."

Kevin: "You'll let the California rate payers pay."

Walter: "That's right. I don't have a problem with that. I have no guilty conscience about that."

Kevin: "All right, man." (CA Parties brief, p110-111/Exhibit CA-239).

Mrs. FEINSTEIN. Mr. President, the evidence of fraud and abuse submitted is really quite extraordinary.

Yet this energy bill doesn't prevent the type of gaming that went on during the energy crisis. The bill only bans one type of specific manipulation—wash trades in the electricity market—but it does not address the natural gas market, nor does it prevent other forms of fraud and manipulation that took place in California and were detailed in memos released by Enron—"Fat Boy," "Ricochet," "Death Star," and "Get Shorty."

Furthermore, I am concerned that at this time of great crisis in the energy industry, this energy legislation rolls back the Public Utility Holding Company Act—PUCHA—without giving FERC the ability to review mergers and acquisitions in the energy sector. I will support an amendment to be offered by Senator BINGAMAN on this issue to ensure the consumer protections granted by PUCHA are not repealed.

I am also disappointed that this bill does not increase automobile fuel efficiency to reduce our consumption of oil. The single most effective way to reduce our dependence on foreign oil is to equalize the fuel economy of SUVs and light trucks with that of passenger cars.

Senator OLYMPIA SNOWE and I introduced bipartisan legislation in January to close the SUV Loophole and since that time 16 other Senators have signed onto our bill. Closing the SUV loophole would: Save the U.S. 1 million barrels of oil a day and reduce our dependence on foreign oil imports by 10 percent; prevent about 240 million tons of carbon dioxide—the top greenhouse gas and biggest single cause of global warming—from entering the atmosphere each year; and save SUV and light duty truck owners hundreds of dollars each year in gasoline costs.

Corporate Average Fuel Economy—CAFE—standards were first established in 1975. At that time, light trucks made up only a small percentage of the vehicles on the road—they were used mostly for agriculture and commerce, not as passenger cars.

Today, our roads look much different—SUVs and light duty trucks comprise more than half of the new car sales in the United States.

As a result, the overall fuel economy of our nation's fleet is the lowest it has been in two decades—because fuel economy standards for these vehicles are so much lower than they are for other passenger vehicles.

Rather than increasing fuel economy, however, this energy bill makes it more difficult for the Department of Transportation to increase CAFE standards in the future by including a new list of criteria the Department must consider when revising standards.

We need to be responsible and increase fuel efficiency, not create more barriers to increase CAFE standards.

I believe a comprehensive energy policy can promote the development of new energy supplies while protecting our most precious natural areas.

Yet this energy bill requires an inventory of all oil and gas resources under the Outer Continental Shelf. This inventory is a thinly veiled attempt to undermine long-standing and bipartisan moratorium protection. Areas off the West and East Coasts are currently off limits to drilling, and we do not want that to change.

Even if we ignore the implications of this study on moratorium areas, the inventory itself threatens precious coastal resources with invasive technologies. The coastal states have made it clear that they oppose oil development in these areas, and I believe the States' views should be respected.

I strongly believe that a comprehensive energy bill cannot ignore global climate change, yet this bill does nothing to decrease global warming.

The International Panel on Climate Change estimates that the Earth's average temperature could rise by as much as 10 degrees in the next 100 years—the most rapid change in 10,000 years.

This would have a major effect on our way of life. It would melt the polar ice caps, decimate our coastal cities, and cause global climate change.

We are already seeing the effects of warming.

In November, the Los Angeles Times published an article about the vanishing glaciers of Glacier National Park in Montana. Over a century ago, 150 of these magnificent glaciers could be seen on the high cliffs and jagged peaks of the surrounding mountains of the park. Today, there are only 35. And these 35 glaciers that remain today are disintegrating so quickly that scientists estimate the park will have no glaciers in 30 years.

This melting seen in Glacier National Park can also be seen around the world, from the snows of Mt. Kilimanjaro in Tanzania to the ice fields beneath Mt. Everest in the Himalayas. Experts also predict that glaciers in the high Andes, the Swiss Alps, and even Iceland could disappear in coming decades as well. These dwindling glaciers offer the clearest and most visible sign of climate change in America and the rest of the world.

Yet the administration has walked away from the negotiating table for the Kyoto Protocol. This is a big mistake. The United States is now the largest energy consumer in the world, with 4 percent of the world's population using 25 percent of the planet's

energy. We should be a leader when it comes to combating global warming.

I strongly believe that we can do more to encourage the development of renewable power. Solar, wind, geothermal, and biomass are generating electricity for homes and businesses nationwide and we need an energy policy that not only provides tax incentives for their continued development, but also requires their use. I strongly believe it is in the public interest for our nation to stop subsidizing costly nuclear plants and require greater development of renewable resources.

However, this energy bill does not include a Renewable Portfolio Standard to require the use of a certain percentage of energy to be generated from renewable resources. I support such a standard and believe it should be part of our energy policy. Unfortunately the energy bill currently has an over-reliance on promoting traditional energy resources.

Take the nuclear power section of the bill for example. The energy bill provides a new subsidy program to provide loans, loan guarantees, and other forms of financial assistance to subsidize the construction of new nuclear plants. These subsidies will be allowed to cover up to half the cost of developing and constructing a nuclear power plant, including any costs resulting from licensing and regulatory delays. Since nuclear power plants cost approximately \$6 billion to build, these subsidies could inflict a tremendous burden on the taxpayer.

For these reasons I voted against this energy bill in the Senate Energy Committee. I look forward to the opportunity to improve it on the Floor.

I strongly believe our nation needs an energy policy that will protect consumers, reduce our dependence on foreign oil, and promote new energy development while protecting our environment. If our energy legislation cannot accomplish these objectives it will be an unbalanced and incomplete energy policy.

Thank you and I yield the floor.

Mr. INHOFE. Mr. President, over the next few days, the Senate will consider legislation that will become the fuels title of comprehensive energy legislation to be enacted by the Congress later this year. As I have stated on other occasions, I firmly believe that the Nation needs comprehensive energy legislation and needs it quickly. One of our largest national security problems is our current energy dependence on foreign countries. I strongly agree with Deputy Secretary of Defense Paul Wolfowitz, who has called our energy dependence "a serious strategic issue."

I think that most Members of the Senate would agree that expeditious action is needed to address our energy dependence concerns. There is much less agreement, however, on the specific fuels provisions that are best suited to respond to those concerns. As chairman of the Environment and Public Works Committee, I have worked

closely with the issue surrounding this amendment and the impact they will have on our environment, as well as the economy. I understand the valid concerns on all sides of the debate.

This amendment represents a compromise on a number of contentious issues. I want to thank the members and their staffs for their respective roles in shaping this compromise, particularly the majority and minority leaders, and Senator VOINOVICH, the Chairman of the Clean Air Subcommittee, which has jurisdiction over this amendment.

This amendment has numerous environmental protection provisions, and, with the repeal of the oxygenate mandate, positive steps in removing barriers to allow refineries to make clean burning and affordable gasoline.

As with all compromises, there are provisions in the document that are opposed by various committee members, including myself. Despite that, I hope we can move the proposal out of the Senate with a minimum of controversy. To that end, I intend to support the proposal against amendments even in circumstances where I might agree with the substance of the amendment. I urge others to do the same.

This is something that has been of great concern for this country. I became involved with this issue of our energy dependence way back in the early 1980s when then-Secretary of Interior, Don Hodel, and I traveled and talked about the national security ramifications of our dependence on foreign countries for our ability to fight a war. Certainly, I felt after the 1991 war and after the most recent conflict in Iraq that people would be sensitive to that. I think the amendment that we are offering is one that is going to be of great help in getting us to lessen our reliance on foreign countries for our ability to fight a war.

I look at this provision of the energy bill as a very significant provision. As I said, there are parts of it and provisions that, as chairman of the Environment and Public Works Committee, I do not agree with. However, I strongly urge the support of this provision to the energy bill and hope we can do it with minimum or with no amendments.

I thank the Chair. I yield the floor.

Mr. CAMPBELL. Mr. President, I rise today in support of S. 14, the comprehensive energy bill.

The chairman and all the members of the Energy and Natural Resources Committee worked hard to produce a comprehensive energy bill. While no legislation is perfect, S. 14 is the product of careful debate and was subject to tough scrutiny through the committee process.

Where the committee was uncertain or where significant consensus on particular issues proved difficult, deference was given to Senators so those issues could be addressed before the full Senate.

The Committee-reported energy bill represents a careful balance of diverse

and complex issues, and I am proud to have had a role in the process.

No matter one's political leanings or personal opinions, two irrefutable facts are abundantly clear. First, energy is needed to fuel the economy. Second, America needs more energy.

Between 1991 and 2000, Americans used 17 percent more energy than in the previous decade, while during that same period, domestic energy production rose by only 2.3 percent.

Further, our Nation's energy consumption is projected to increase 32 percent by 2020.

Our projected demand increase translates to projected price increases. The Energy Information Administration estimates that oil prices will increase 20 percent and natural gas prices will increase more than 50 percent in the next 25 years. Price increases like these emphasize our need to embrace policies that consider our Nation's diverse fuel mix. This bill correctly encourages the consideration of all of our energy sources.

Some in Congress would pursue policies choosing certain energy sources over others, resulting in fuel switching. I oppose such policies for several reasons. Principally, however, I oppose policies that would significantly reduce our Nation's fuel options because such policies would have catastrophic effects on our economy. It should be noted that the EIA projections cited earlier all assume a diverse portfolio of energy sources. We can only imagine the cost to ratepayers and the Nation if an energy source, such as coal, were no longer a viable option.

To consider all of our energy options requires more than just lip service. It means taking action based upon stated positions.

The Indian Energy Title of the bill moves beyond lip service. It incorporates several key reforms based on fundamental principles of American liberty and Indian self-determination.

I imagine that many, if not all of the members of this body believe—or at least say they believe—in the right to self-determination. Many of my colleagues celebrate and support the rights of indigenous peoples in the context of international law. In the case of Iraq, all agree that the Iraqi Government must be comprised of and run by Iraqis, for Iraqis, without U.S. interference.

Unfortunately, if we are to ask the very same members to apply those recognized principles at home to our Nation's own indigenous peoples, their resolve and belief in self-governance seems to disintegrate.

The Indian Energy Title in the bill before the Senate is not merely a reiteration of touchy-feely concepts. Concepts without action do not help people. And despite what many Americans, and many in this Chamber believe about Indian gaming and a few rich tribes, the truth is that Indians are still the poorest people in America; still have the worst health care; still

have the fewest educational opportunities; and Indian children still suffer from sniffing glue, using "canned heat," and committing suicide.

The truth is often uncomfortable. The truth is undeniable.

The Indian provisions in S. 14 are designed not only to respect tribes' right to self-determination, but to unshackle them from a regulatory and bureaucratic system that doesn't care whether an energy project goes forward; doesn't care whether a tribe's energy partner decides the bureaucratic hurdles are too high; and doesn't care whether jobs will be created to benefit Indians.

Title III provides financial assistance, loan guarantees, hydro and wind power and wind power studies, and most importantly a liberalization of the Indian land leasing process.

These provisions are wholly voluntary, allowing participating tribes greater flexibility in exercising their right to self-determination.

Title III contains no NEPA exemptions and the Indian Energy Title does not circumvent environmental protections. What it does do, however, is empower Indian tribes with long-overdue authority to manage their land while, "ensuring compliance with all applicable environmental laws."

The Indian energy provisions in S. 14 accepts that unfortunate reality and provides critical economic development opportunities to participating tribes.

The chairman has a difficult task—to produce a balanced comprehensive energy bill during a Presidential election cycle. Politics and rhetoric run highest at times like these.

Although it has happened since the days of the frontier, the powerful and wealthy should not manipulate the disenfranchised for political gain.

I sincerely hope that my colleagues in the Senate regard the Indian energy provisions as what they are—a tool to exercise self-determination.

If it is good enough for Iraqis, shouldn't it be good enough for Americans?

Mr. NELSON of Nebraska. Mr. President, this important renewable fuels legislation is one of the pillars for economic development for rural America—one segment of the population that has lagged behind during the economic surge of the 1990s and is suffering under the combined effects of the current economic slowdown and a 2-year devastating drought—Drought David.

This legislation is important for rural America. Last year, we completed the farm bill—the first part of the economic revitalization plan for rural America. And while the Midwest has been blessed with rain over the past month, we continue to struggle with the ongoing effects of drought. Economic stimulus can come in many forms, and renewable fuels is certainly one of the viable options for increased economic stimulus in rural America, especially in my home State of Nebraska.

We need to be working hard to craft a comprehensive rural development plan that will spur investment in agribusiness and promote economic activity in the agriculture center. This bill, the Fuels Security Act of 2003, is an important part of such a rural development plan.

It is clear that use of ethanol, as part of a renewable fuels standard is a win-win-win situation: a win for farmers, a win for consumers, and a win for the environment. That is why I rise as an original cosponsor and strong supporter this renewable fuels legislation.

If passed, the Fuels Security Act will establish a 2.3-billion-gallon renewable fuels standard in 2004, growing every year until it reaches 5 billion gallons by 2012. There are many benefits to this legislation.

It will dispute 1.6 billion barrels of oil over the next decade; reduce our trade deficit by \$34.1 billion; increase new investment in rural communities by more than \$5.3 billion; boost the demand for feed grains and soybeans by more than 1.5 billion bushels over the next decade; create more than 214,000 new jobs throughout the U.S. economy; and expand household income by an additional \$51.7 billion over the next decade.

It is quite apparent that increased use of ethanol will do much to boost a struggling U.S. agriculture economy and will help establish a more sound national energy policy.

The greater production of ethanol will also be beneficial to the environment. Studies show ethanol reduces emissions of carbon monoxide and hydrocarbons by 20 percent and particulates by 40 percent in 1990 and newer vehicles. In 2001 ethanol reduced greenhouse gas emissions by 3.6 million tons, the equivalent of removing more than 520,000 vehicles from the road.

A choice for ethanol is a choice for America, and its energy consumers, its farmers and its environment.

Enactment of the Fuel Security Act—along with other provisions in this bill that emphasize new sources of energy production from renewables like wind power, as well as conservation to further reduce our dependence upon foreign sources of energy—will help us to reverse our 100-year-old reliance on fossil fuels a more pressing concern than ever given the possibility of military conflict in the Mideast and the continuing economic turmoil in Venezuela.

I am unabashedly proud of what my home State has accomplished in this area. Within the State of Nebraska, during the period from 1991 to 2001, seven ethanol plants were constructed and several of these facilities were expanded more than once during the decade. Specific benefits of the ethanol program in Nebraska include: \$11.15 billion in new capital investment in ethanol processing plants; 1,005 permanent jobs at the ethanol facilities and 5,115 induced jobs directly related to plant construction, operation, and maintenance—

the permanent jobs alone generate an annual payroll of \$44 million—and more than 210 million bushels of corn and grain sorghum is processed at the plants annually. These economic benefits and others have increased each year during the past decade due to plant expansion, employment increases, and additional capital investment.

If each State produces 10 percent of its own domestic, renewable fuel, as Nebraska does, America will have turned the corner away from dependence on foreign sources of energy.

When you take a hard look at the facts, you will see that this legislation is nothing but beneficial for America. The Fuels Security Act is balanced, comprehensive, and is the result of the dedication of so many, especially Senator DASCHLE and Senator LUGAR.

Now I ask my colleagues to join me in promoting new opportunities for the technologies that will put our Nation and the world's transportation fuels on solid, sustainable, and environmentally enhancing ground. We owe it to our country now—and to future generations—in pass this legislation.

FOREIGN INTELLIGENCE SURVEILLANCE ACT

The PRESIDING OFFICER. Under the previous order, the hour of 11:30 having arrived, S. 113 is referred to the Committee on Intelligence, and the committee is discharged from further consideration of the measure, and the Senate will now proceed to consider the measure, which the clerk will report.

The legislative clerk read as follows:

A bill (S. 113) to exclude United States persons from the definition of foreign power under the Foreign Intelligence Surveillance Act of 1978 relating to international terrorism.

The Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with an amendment to the title and an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

[Strike the part shown in black brackets and insert the part shown in italic.]

S. 113

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXCLUSION OF UNITED STATES PERSONS FROM DEFINITION OF FOREIGN POWER IN FOREIGN INTELLIGENCE SURVEILLANCE ACT OF 1978 RELATING TO INTERNATIONAL TERRORISM.

[Paragraph (4) of section 101(a) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801(a)) is amended to read as follows:

["(4) a person, other than a United States person, or group that is engaged in international terrorism or activities in preparation therefor;"]

SECTION 1. TREATMENT AS AGENT OF A FOREIGN POWER UNDER FOREIGN INTELLIGENCE SURVEILLANCE ACT OF 1978 OF NON-UNITED STATES PERSONS WHO ENGAGE IN INTERNATIONAL TERRORISM WITHOUT AFFILIATION WITH INTERNATIONAL TERRORIST GROUPS.

(a) IN GENERAL.—Section 101(b)(1) of the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801(b)(1)) is amended by adding at the end the following new subparagraph:

“(C) engages in international terrorism or activities in preparation therefor; or”

(b) SUNSET.—The amendment made by subsection (a) shall be subject to the sunset provision in section 224 of the USA PATRIOT Act of 2001 (Public Law 107-56; 115 Stat. 295), including the exception provided in subsection (b) of such section 224.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. KYL. Mr. President, I appreciate the opportunity to take up this bill. It is under a unanimous consent agreement. Pursuant to that agreement, we are going to have some opening statements. I will take about 15 minutes and then Senator SCHUMER, the cosponsor of the amendment, will be presenting his remarks. After that, anyone who would like to speak for or against this bill can do so.

There will be two amendments in order. One will be an accepted amendment offered by the Senator from Wisconsin, Mr. FEINGOLD, and another will be offered by Senator FEINSTEIN of California on which there is, I believe, a total of 4 hours authorized for debate. I do not think we will need that much time, but when the time comes, I urge my colleagues to oppose and defeat the Feinstein amendment so we can go to final passage of this legislation.

I will briefly describe what the bill does and why we need it. Then I will get into some of the procedure involved. It is actually very simple. It involves an existing law that we passed in 1978 called the Foreign Intelligence Surveillance Act, known by the acronym FISA. FISA allows us to get warrants, among other things, and allows us to surveil people we suspect of committing acts of terrorism against us; for example, to get a warrant to search their computer or their home.

There are two instances where the law currently applies. The underlying predicate is that there has to be probable cause that somebody is committing, about to commit, or planning to commit some kind of criminal act, a terrorism kind of act. It applies to two kinds of people: somebody who is either working for a foreign government or somebody who is working for a foreign terrorist organization.

That leaves a little loophole because there are some terrorists who are not on the membership list, shall we say, or who are not card-carrying members of a foreign terrorist organization or a foreign government; people such as Zacarias Moussaoui, for example, whom we now believe to have been loosely involved in the al-Qaida attack of September 11.

At the time, it was not possible to prove that he was involved with a foreign intelligence organization. It may