

110TH CONGRESS
2^D SESSION

H. R. 6067

To amend the Energy Policy and Conservation Act to help reduce the oil prices to consumers, to reduce the cost of petroleum acquisition for the Strategic Petroleum Reserve, to better match the composition of the Strategic Petroleum Reserve to refinery requirements in the United States, to fund energy research and development, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 2008

Mr. LAMPSON (for himself, Mr. EDWARDS, Mr. MARKEY, Mr. SHAYS, Mr. GENE GREEN of Texas, Mr. INGLIS of South Carolina, Mr. MOORE of Kansas, Mr. CRAMER, Mr. KIND, Mr. BARTLETT of Maryland, Mr. WELCH of Vermont, Mr. HILL, Ms. GIFFORDS, Mr. BOSWELL, Mr. BISHOP of Georgia, Mr. WILSON of Ohio, Mr. CHANDLER, Mr. HALL of New York, Mr. NADLER, Mr. INSLEE, Mr. KAGEN, and Mr. ISRAEL) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Energy Policy and Conservation Act to help reduce the oil prices to consumers, to reduce the cost of petroleum acquisition for the Strategic Petroleum Reserve, to better match the composition of the Strategic Petroleum Reserve to refinery requirements in the United States, to fund energy research and development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Invest in Energy Inde-
5 pendance Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

8 (1) The composition of petroleum that is cur-
9 rently being acquired for the Strategic Petroleum
10 Reserve is putting upward pressure on world oil
11 prices and the ultimate price of gasoline and other
12 petroleum products for consumers.

13 (2) The quality of petroleum that is currently
14 being acquired for the Strategic Petroleum Reserve
15 is contributing to the growing disparity between the
16 types of petroleum in the Reserve and the current
17 processing capabilities of petroleum refineries in the
18 United States.

19 (3) The composition of petroleum in the Stra-
20 tegic Petroleum Reserve should more closely match
21 the current processing capabilities of petroleum re-
22 finers in the United States, which should reduce the
23 cost of acquiring petroleum for the Reserve.

24 (4) Lighter grade petroleum with an API grav-
25 ity of 35 degrees or higher is in significantly greater

1 demand than heavy grade petroleum with an API
2 gravity of 26 degrees or lower, creating a significant
3 premium in the price of light grade petroleum re-
4 lative to heavy grade petroleum.

5 (5) Significant additional funding is needed for
6 important energy research and development activi-
7 ties that will help reduce United States dependence
8 on oil and transform our energy infrastructure
9 through the adoption of clean domestic energy tech-
10 nologies.

11 (6) Current acquisitions of petroleum for the
12 Strategic Petroleum Reserve are pursued on a vol-
13 ume-per-month basis, which is not as cost-effective
14 as other approaches that take advantage of market
15 fluctuations.

16 **SEC. 3. DEFINITIONS.**

17 In this Act—

18 (1) the term “light grade petroleum” means—

19 (A) crude oil in the Strategic Petroleum
20 Reserve categorized as Bayou Choctaw Sweet,
21 Big Hill Sweet, West Hackberry Sweet, or
22 Bryan Mound Sweet; and

23 (B) oil acquired for storage in the Stra-
24 tegic Petroleum Reserve with one of the cat-
25 egories of oil referred to in subparagraph (A);

1 (2) the term “heavy grade petroleum” means
2 crude oil with an API gravity of 26 degrees or lower;
3 and

4 (3) the term “Secretary” means the Secretary
5 of Energy.

6 **SEC. 4. OBJECTIVES.**

7 The objectives of this Act are as follows:

8 (1) To increase the total inventory level in the
9 Strategic Petroleum Reserve without the need for
10 additional appropriations.

11 (2) To reduce the cost of petroleum acquisition
12 for the Strategic Petroleum Reserve.

13 (3) To provide increased funding to accelerate
14 energy research and development that will reduce
15 the United States dependence on oil, transform the
16 energy infrastructure through the adoption of clean
17 domestic energy technologies, and reduce the emis-
18 sions of greenhouse gases.

19 (4) To modernize the composition of petroleum
20 in the Strategic Petroleum Reserve to reflect the
21 current processing capabilities of refineries in the
22 United States.

1 **SEC. 5. MODERNIZATION OF THE STRATEGIC PETROLEUM**
2 **RESERVE.**

3 (a) INITIAL PETROLEUM EXCHANGE FROM THE
4 STRATEGIC PETROLEUM RESERVE.—Notwithstanding
5 section 161 of the Energy Policy and Conservation Act
6 (42 U.S.C. 6241), the Secretary shall publish a plan not
7 later than 30 days after the date of enactment of this Act
8 to—

9 (1) exchange as soon as possible light grade pe-
10 troleum from the Strategic Petroleum Reserve, in an
11 amount equal to 10 percent of the total number of
12 barrels of crude oil in the Reserve as of the date of
13 enactment of this Act, for an equivalent volume of
14 heavy grade petroleum plus any additional cash
15 bonus bids received that reflect the difference in the
16 market value between light grade petroleum and
17 heavy grade petroleum and the timing of deliveries
18 of the heavy grade petroleum;

19 (2) from the gross proceeds of the cash bonus
20 bids, deposit the amount necessary to pay for the di-
21 rect administrative and operational costs of the ex-
22 change into the SPR Petroleum Account established
23 under section 167 of the Energy Policy and Con-
24 servation Act (42 U.S.C. 6247);

1 (3) deposit 90 percent of the remaining net pro-
2 ceeds from the exchange into the account established
3 under section 6(a); and

4 (4) deposit the remaining balance into the SPR
5 Petroleum Account to acquire additional petroleum
6 for the Strategic Petroleum Reserve.

7 (b) STUDY OF THE POTENTIAL FOR ADDITIONAL EX-
8 CHANGES FROM THE STRATEGIC PETROLEUM RE-
9 SERVE.—The Secretary shall conduct a study of the po-
10 tential for additional changes in the composition of light
11 grade petroleum and heavy grade petroleum in the Stra-
12 tegic Petroleum Reserve. The Secretary shall submit to
13 Congress a report, containing the results of the study and
14 any recommendations with regard to the need for addi-
15 tional changes in the composition of the petroleum in the
16 Reserve, not later than 18 months after the date of enact-
17 ment of this Act.

18 (c) DOLLAR COST AVERAGING.—To decrease the cost
19 and improve the efficiency of filling the Strategic Petro-
20 leum Reserve, the Secretary shall, to the maximum extent
21 possible, purchase, exchange, or otherwise acquire crude
22 oil for the Reserve on a dollar cost averaging basis. For
23 purposes of this subsection, dollar cost averaging means
24 an acquisition goal for each fiscal year of a constant
25 monthly dollar value of petroleum.

1 (d) DEFERRALS.—The Secretary may, when eco-
2 nomically beneficial and practical, grant requests to defer
3 scheduled deliveries of petroleum to the Reserve if it will
4 receive a premium for the deferral paid in additional bar-
5 rels of oil which will reduce the cost of oil acquisition and
6 increase the volume of oil delivered to the Reserve.

7 **SEC. 6. ENERGY INDEPENDENCE AND SECURITY FUND.**

8 (a) ESTABLISHMENT.—There is hereby established in
9 the Treasury of the United States the “Energy Independ-
10 ence and Security Fund” (in this section referred to as
11 “the Fund”).

12 (b) ADMINISTRATION.—The Secretary shall be re-
13 sponsible for administering the Fund for the purpose of
14 carrying out this section.

15 (c) DEPOSITS.—The Secretary shall transfer the bal-
16 ance of funds in the SPR Petroleum Account on the date
17 of enactment of this Act in excess of \$10,000,000 into
18 the Fund.

19 (d) DISTRIBUTION OF FUNDS.—The Secretary shall
20 make available for obligation, without further appropria-
21 tion and without fiscal year limitation, the following
22 amounts from the Fund:

23 (1) ADVANCED RESEARCH PROJECTS AGENCY—
24 ENERGY.—The Secretary shall transfer
25 \$100,000,000 to the account “Energy Trans-

1 formation Acceleration Fund”, established under
2 section 5012(m) of the America COMPETES Act
3 (42 U.S.C. 16538(m), to remain available until ex-
4 pended. Of the funds so transferred, the Secretary
5 shall further allocate the amounts made available for
6 obligation as follows:

7 (A) \$50,000,000 shall be available for uni-
8 versity-based research projects.

9 (B) \$10,000,000 shall be available for pro-
10 gram direction expenses.

11 (2) WIND ENERGY RESEARCH AND DEVELOP-
12 MENT.—The Secretary shall transfer \$15,000,000 to
13 the account “Energy Efficiency and Renewable En-
14 ergy”, to remain available until expended, for nec-
15 essary expenses for a program to support the devel-
16 opment of next-generation wind turbines, including
17 turbines capable of operating in areas with low wind
18 speeds, as authorized in section 931(a)(2)(B) of the
19 Energy Policy Act of 2005 (42 U.S.C.
20 16231(a)(2)(B)).

21 (3) SOLAR ENERGY RESEARCH AND DEVELOP-
22 MENT.—The Secretary shall transfer \$30,000,000 to
23 the account “Energy Efficiency and Renewable En-
24 ergy”, to remain available until expended, for nec-
25 essary expenses for a program to accelerate the re-

1 search, development, demonstration, and deployment
2 of solar energy technologies, and public education
3 and outreach materials pursuant to such program,
4 as authorized by section 931(a)(2)(A) of the Energy
5 Policy Act of 2005 (42 U.S.C. 16231(a)(2)(A)).

6 (4) LOW INCOME WEATHERIZATION.—The Sec-
7 retary shall transfer \$100,000,000 to the account
8 “Weatherization Assistance Program”, to remain
9 available until expended, for necessary expenses for
10 a program to weatherize low income housing, as au-
11 thorized by section 411 of the Energy Independence
12 and Security Act of 2007 (Public Law 110–140).

13 (5) MARINE AND HYDROKINETIC RENEWABLE
14 ELECTRIC ENERGY.—The Secretary shall transfer
15 \$30,000,000 to the account “Energy Efficiency and
16 Renewable Energy”, to remain available until ex-
17 pended, for necessary expenses for a program to ac-
18 celerate the research, development, demonstration,
19 and deployment of ocean and wave energy, including
20 hydrokinetic renewable energy, as authorized by sec-
21 tion 931 of the Energy Policy Act of 2005 (42
22 U.S.C. 16231) and section 636 of the Energy Inde-
23 pendence and Security Act of 2007 (42 U.S.C.
24 17215).

1 (6) ADVANCED VEHICLES RESEARCH, DEVELOP-
2 MENT, AND DEMONSTRATION.—The Secretary shall
3 transfer \$40,000,000 to the account “Energy Effi-
4 ciency and Renewable Energy”, to remain available
5 until expended, for necessary expenses for research,
6 development, and demonstration on advanced, cost-
7 effective technologies to improve the energy effi-
8 ciency and environmental performance of vehicles, as
9 authorized in section 911(a)(2)(A) of the Energy
10 Policy Act of 2005 (42 U.S.C. 16191(a)(2)(A)).

11 (7) INDUSTRIAL ENERGY EFFICIENCY RE-
12 SEARCH AND DEVELOPMENT.—The Secretary shall
13 transfer \$110,000,000 to the account “Energy Effi-
14 ciency and Renewable Energy”, to remain available
15 until expended, for necessary expenses for a program
16 to accelerate the research, development, demonstra-
17 tion, and deployment of new technologies to improve
18 the energy efficiency and reduce greenhouse gas
19 emissions from industrial processes, as authorized in
20 section 911(a)(2)(C) of the Energy Policy Act of
21 2005 (42 U.S.C. 16191(a)(2)(C)) and in section 452
22 of the Energy Independence and Security Act of
23 2007 (42 U.S.C. 17111).

24 (8) BUILDING AND LIGHTING ENERGY EFFI-
25 CIENCY RESEARCH AND DEVELOPMENT.—The Sec-

1 retary shall transfer \$70,000,000 to the account
2 “Energy Efficiency and Renewable Energy”, to re-
3 main available until expended, for necessary ex-
4 penses for a program to accelerate the research, de-
5 velopment, demonstration and deployment of new
6 technologies to improve the energy efficiency of and
7 reduce greenhouse gas emissions from buildings, as
8 authorized in section 321(g) of the Energy Inde-
9 pendence and Security Act of 2007 (42 U.S.C. 6295
10 note), section 422 of the Energy Independence and
11 Security Act of 2007 (42 U.S.C. 17082), and section
12 912 of the Energy Policy Act of 2005 (42 U.S.C.
13 16192).

14 (9) GEOTHERMAL ENERGY DEVELOPMENT.—
15 The Secretary shall transfer \$30,000,000 to the ac-
16 count “Energy Efficiency and Renewable Energy”,
17 to remain available until expended, for necessary ex-
18 penses for geothermal research and development ac-
19 tivities to be managed by the National Renewable
20 Energy Laboratory, as authorized by sections 613,
21 614, 615, and 616 of the Energy Independence and
22 Security Act of 2007 (42 U.S.C. 17192–95) and sec-
23 tion 931(a)(2)(C) of the Energy Policy Act of 2005
24 (42 U.S.C. 16231(a)(2)(C)).

1 (10) SMART GRID TECHNOLOGY RESEARCH, DE-
2 VELOPMENT, AND DEMONSTRATION.—The Secretary
3 shall transfer \$30,000,000 to the account “Energy
4 Efficiency and Renewable Energy”, to remain avail-
5 able until expended, for necessary expenses for re-
6 search, development, and demonstration of smart
7 grid technologies, as authorized by section 1304 of
8 the Energy Independence and Security Act of 2007
9 (42 U.S.C. 17384).

10 (11) CARBON CAPTURE AND STORAGE.—The
11 Secretary shall transfer \$385,000,000 to the account
12 “Fossil Energy Research and Development”, to re-
13 main available until expended, for necessary ex-
14 penses for a program of demonstration projects of
15 carbon capture and storage, and for a research pro-
16 gram to address public health, safety, and environ-
17 mental impacts, as authorized by section 963 of the
18 Energy Policy Act of 2005 (42 U.S.C. 16293) and
19 sections 703 and 707 of the Energy Independence
20 and Security Act of 2007 (42 U.S.C. 17251,
21 17255). Notwithstanding any other provision of law,
22 one of the demonstration projects shall be a compo-
23 nent of the FutureGen project.

1 (12) NONCONVENTIONAL DOMESTIC NATURAL
2 GAS PRODUCTION AND ENVIRONMENTAL RE-
3 SEARCH.—

4 (A) The Secretary shall transfer
5 \$50,000,000 to the account authorized by sec-
6 tion 999H(e) of the Energy Policy Act of 2005
7 (42 U.S.C. 16378(e)), to remain available until
8 expended.

9 (B) The Secretary shall transfer
10 \$15,000,000 to the account “Fossil Energy Re-
11 search and Development”, to remain available
12 until expended, for necessary expenses for a
13 program of basin-oriented assessments and pub-
14 lic and private partnerships involving States
15 and industry to foster the development of re-
16 gional advanced technological, regulatory, and
17 economic development strategies for the effi-
18 cient and environmentally sustainable recovery
19 and market delivery of natural gas and do-
20 mestic petroleum resources within the United
21 States, and for support for the Stripper Well
22 Consortium.

23 (13) HYDROGEN RESEARCH AND DEVELOP-
24 MENT.—The Secretary shall transfer \$5,000,000 to
25 the account “Energy Efficiency and Renewable En-

1 ergy”, to remain available until expended, for nec-
2 essary expenses for the Department of Energy’s H-
3 Prize Program, as authorized by section 1008(f) of
4 the Energy Policy Act of 2005 (42 U.S.C.
5 16396(f)).

6 (14) ENERGY STORAGE FOR TRANSPORTATION
7 AND ELECTRIC POWER.—

8 (A) The Secretary shall transfer
9 \$30,000,000 to the account “Basic Energy
10 Sciences”, to remain available until expended,
11 for necessary expenses for a program to accel-
12 erate basic research on energy storage systems
13 to support electric drive vehicles, stationary ap-
14 plications, and electricity transmission and dis-
15 tribution, as authorized by section 641(p)(1) of
16 the Energy Independence and Security Act of
17 2007 (42 U.S.C. 17231(p)(1)).

18 (B) The Secretary shall transfer
19 \$70,000,000 to the account “Energy Efficiency
20 and Renewable Energy”, to remain available
21 until expended, including—

22 (i) \$30,000,000 for a program to ac-
23 celerate applied research on energy storage
24 systems to support electric drive vehicles,
25 stationary applications, and electricity

1 transmission and distribution as authorized
2 by section 641(p)(2) of the Energy Inde-
3 pendence and Security Act of 2007 (42
4 U.S.C. 17231(p)(2));

5 (ii) \$20,000,000 for energy storage
6 systems demonstrations as authorized by
7 section 641(p)(4) of the Energy Independ-
8 ence and Security Act of 2007 (42 U.S.C.
9 17231(p)(4)); and

10 (iii) \$20,000,000 for vehicle energy
11 storage systems demonstrations as author-
12 ized by section 641(p)(5) of the Energy
13 Independence and Security Act of 2007
14 (42 U.S.C. 17231(p)(5)).

15 (e) TRANSFER PROCEDURES.—The Secretary shall
16 make an initial transfer from the Fund no later than 30
17 days after the initial deposit of monies into the Fund. The
18 Secretary shall make additional transfers no later than 30
19 days after subsequent deposits. If the amount available to
20 be transferred is less than the levels authorized under sub-
21 section (d), the transfers for each program shall be allo-
22 cated on a pro rata basis. If the amount available to be
23 transferred exceeds the levels authorized under subsection
24 (d), the transfers for each program shall be increased on
25 a pro rata basis.

1 (f) MANAGEMENT AND OVERSIGHT.—

2 (1) ADDITIONALITY OF FISCAL YEAR 2008
3 TRANSFERS.—All amounts transferred under sub-
4 section (d) shall be in addition to, and shall not be
5 substituted for, any funds appropriated for the same
6 or similar purposes in the Consolidated Appropria-
7 tions Act, 2008.

8 (2) EXCESS FUNDS.—The total of all amounts
9 transferred under subsection (d) and any funds ap-
10 propriated for the same or similar purposes in the
11 Consolidated Appropriations Act, 2008 may not ex-
12 ceed the amounts authorized in other Acts for such
13 purposes. In the event that amounts made available
14 under this Act plus amounts under the Consolidated
15 Appropriations Act, 2008 exceed the cumulative
16 amounts authorized in other Acts for any program
17 funded by this Act, the excess amounts shall be dis-
18 tributed to the other programs funded by this Act
19 on a pro rata basis.

20 (3) PROGRAM PLANS AND PERFORMANCE MEAS-
21 URES.—The Secretary shall prepare and publish in
22 the Federal Register a plan for the proposed use of
23 all funds authorized in subsection (d). The plan also
24 shall identify how the use of these funds will be ad-
25 ditive to, and not displace, annual appropriations.

1 The plans also shall identify performance measures
2 to assess the additional benefits that may be realized
3 from the application of the additional funding pro-
4 vided under this section. The initial plan shall be
5 published in the Federal Register not later than 90
6 days after the date of enactment of this Act.

7 (4) CONGRESSIONAL OVERSIGHT AND RE-
8 VIEW.—Nothing in this section shall limit or restrict
9 the review and oversight of program plans by the ap-
10 propriate committees of Congress. Nothing in this
11 section shall limit or restrict the authority of Con-
12 gress to set alternative spending limitations in an-
13 nual appropriations Acts.

14 (5) APPORTIONMENT.—All transactions of the
15 Fund shall be exempt from apportionment under the
16 provisions of subchapter II of chapter 15 of title 31,
17 United States Code.

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