

Funds requested for these activities should be reprogrammed to cover equitably fixed cost increases not funded in the budget request.

## DEPARTMENT OF ENERGY

### CLEAN COAL TECHNOLOGY

#### (DEFERRAL)

The Committee recommends the deferral of \$237,000,000 in clean coal technology funding until fiscal year 2006. These funds are to be used for costs associated with the FutureGen program in fiscal year 2006 and beyond.

The Committee also recommends bill language incorporating the FutureGen program into the Clean Coal Technology program and permitting the use of up to \$18,000,000 in previously appropriated Clean Coal Technology funds for FutureGen in fiscal year 2005.

Future budget requests should include a table detailing the history of funding for the FutureGen program. In fiscal year 2004, \$9,000,000 was made available in the Fossil Energy Research and Development appropriation to start the program. In fiscal year 2005, the Committee recommends the use of up to \$18,000,000 in prior year Clean Coal Technology funds for FutureGen and the deferral of \$237,000,000 in Clean Coal Technology funds for future FutureGen requirements (for a total commitment of \$264,000,000 in Federal funding). In addition, the Committee understands that future budgets will include increases in the Fossil Energy Research and Development sequestration program for FutureGen. The balance of the Federal funding commitment to FutureGen will need to be identified in future budgets.

#### FOSSIL ENERGY RESEARCH AND DEVELOPMENT

Fossil energy research and development programs make prudent investments in long-range research and development that help protect the environment through higher efficiency power generation, advanced technologies and improved compliance and stewardship operations. These activities safeguard our domestic energy security. This country will continue to rely on traditional fuels for the majority of its energy requirements for the foreseeable future, and the activities funded through this account ensure that energy technologies continue to improve with respect to emissions reductions and control and energy efficiency.

Fossil fuels, especially coal, are this country's most abundant and lowest cost fuels for electric power generation. They are why this country enjoys the lowest cost electricity of any industrialized economy. The prospects for technology advances for coal and other fossil fuels are just as bright as those for alternative energy sources such as solar, wind, and geothermal. The power generation technology research funded under this account has the goal of developing virtually pollution-free power plants within the next 15 or 20 years and doubling the amount of electricity produced from the same amount of fuel.

The Committee, in large part, rejects the fiscal year 2005 budget request for fossil energy research and development because it would provide \$237,000,000 for the FutureGen program at the ex-

pense of most of the ongoing fossil energy research programs. The Committee has addressed the FutureGen program under the Clean Coal Technology account.

Appropriation enacted, 2004 .....	\$672,770,000
Budget estimate, 2005 .....	635,799,000
Recommended, 2005 .....	601,875,000
Comparison:	
Appropriation, 2004 .....	- 70,895,000
Budget estimate, 2005 .....	- 33,924,000

The amounts recommended by the Committee compared with the budget estimates by activity are shown in the following table:

	FY 2004 Enacted	FY 2005 Request	Recommended Request	Enacted	Recommended versus Request
(dollars on thousands)					
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Fossil Energy Research and Development					
Clean coal power initiative.....	169,881	50,000	105,000	-64,881	+55,000
FutureGen.....	8,889	237,000	---	-8,889	-237,000
Fuels and Power Systems					
Central Systems					
Innovations for existing plants.....	21,729	18,050	18,050	-3,679	---
Advanced Systems					
Integrated gasification combined cycle.....	50,372	34,450	48,450	-1,922	+14,000
Combustion systems including hybrid.....	4,939	---	4,500	-439	+4,500
Turbines.....	12,840	12,000	15,600	+2,760	+3,600
Subtotal, Advanced Systems.....	68,151	46,450	68,550	+399	+22,100
Subtotal, Central Systems.....	89,880	64,500	86,600	-3,280	+22,100
Sequestration R&D					
Greenhouse gas control.....	40,297	49,000	46,000	+5,703	-3,000
Fuels					
Transportation fuels and chemicals.....	21,927	16,000	21,300	-627	+5,300
Solid fuels and feedstocks.....	5,985	---	6,000	+15	+6,000
Advanced fuels research.....	3,308	---	3,300	-8	+3,300
Subtotal, Fuels.....	31,220	16,000	30,600	-620	+14,600

(dollars on thousands)					
	FY 2004 Enacted	FY 2005 Request	Recommended	Recommended versus Enacted	Requested versus Request
Advanced Research					
Coal utilization science.....	11,852	8,000	12,800	+948	+4,800
Materials.....	11,111	8,000	11,000	-111	+3,000
Technology crosscut.....	11,326	10,500	10,500	-826	---
University coal research.....	2,945	3,000	3,000	+55	---
HBCUs, education and training.....	981	1,000	1,000	+19	---
Subtotal, Advanced Research.....	38,215	30,500	38,300	+85	+7,800
Distributed Generation Systems - Fuel Cells					
Advanced research.....	9,876	---	10,376	+500	+10,376
Systems development.....	10,865	---	5,700	-5,165	+5,700
Vision 21-hybrids.....	12,840	---	5,100	-7,740	+5,100
Innovative concepts.....	35,063	23,000	50,000	+14,937	+27,000
Novel generation.....	2,469	---	3,000	+531	+3,000
Subtotal, Distributed Generation Systems - Fuel Cells.....	71,113	23,000	74,176	+3,063	+51,176
U.S./China Energy and Environmental Center.....	988	---	1,000	+12	+1,000
Subtotal, Fuels and Power Systems.....	271,713	183,000	276,676	+4,963	+93,676
Gas					
Natural Gas Technologies					
Exploration and production.....	22,203	17,500	22,500	+297	+5,000
Gas hydrates.....	9,383	6,000	9,500	+117	+3,500
Infrastructure.....	8,939	---	7,100	-1,839	+7,100
Effective environmental protection.....	2,469	2,500	2,500	+31	---
Subtotal, Gas.....	42,994	26,000	41,600	-1,394	+15,600

(dollars on thousands)				
	FY 2004 Enacted	FY 2005 Request	Recommended	Recommended versus Enacted Request
Petroleum - Oil Technology				
Exploration and production supporting research.....	18,450	3,000	18,000	-450 +15,000
Reservoir life extension/management.....	6,914	5,000	7,000	+86 +2,000
Effective environmental protection.....	9,714	7,000	9,700	-14 +2,700
Subtotal, Petroleum - Oil Technology.....	35,078	15,000	34,700	-378 +19,700
Cooperative R&D.....	8,395	3,000	7,335	-1,060 +4,335
Fossil energy environmental restoration.....	9,595	6,000	10,600	+1,005 +4,600
Import/export authorization.....	2,716	1,799	1,799	-917 ---
Headquarters program direction.....	22,189	22,749	22,749	+560 ---
Energy Technology Center program direction.....	69,221	69,251	69,251	+30 ---
Clean coal program direction.....	14,815	14,000	14,000	-815 ---
General plant projects.....	6,914	---	7,000	+86 +7,000
Advanced metallurgical processes.....	9,876	8,000	10,000	+124 +2,000
Special recruitment programs.....	---	---	665	+665 +665
National Academy of Sciences program review.....	494	---	500	+6 +500
Total, Fossil Energy Research and Development...	672,770	635,799	601,875	-70,895 -33,924

The Committee recommends \$601,875,000 for fossil energy research and development, a decrease of \$70,895,000 below the fiscal year 2004 level and \$33,924,000 below the budget request. Changes to the budget request are detailed below.

*Clean Coal Power Initiative.*—The Committee recommends \$105,000,000 to restore partially funding for the clean coal power initiative, an increase of \$55,000,000 above the budget request and \$64,881,000 below the fiscal year 2004 level. The Committee believes that at this funding level the second round of projects, for which the solicitation has already been issued, will have adequate funding to maintain a robust program. Also, this funding level will significantly shorten any delay in achieving the program goals, articulated by the President, for a 10-year, \$2 billion program. Fiscal year 2005 will be the 4th year of that program.

*FutureGen.*—The Committee recommends no funding in this account for the FutureGen initiative, a decrease of \$237,000,000 below the budget request. The FutureGen program is addressed under the Clean Coal Technology account.

*Fuels and Power Systems.*—The Committee recommends \$276,676,000 for fuels and power systems, an increase of \$93,676,000 above the budget request and \$4,963,000 above the fiscal year 2004 level. Within central systems, increases for advanced systems include \$14,000,000 for gasification systems technology, \$4,500,000 for gas stream cleanup under the combustion systems program, and \$3,600,000 for the next generation turbines program.

In sequestration research, there is a decrease of \$3,000,000.

In fuels research, there is an increase of \$5,300,000 to restore the syngas membrane technology program under transportation fuels and chemicals. In solid fuels and feedstocks, increases include \$1,000,000 for premium carbon products, \$3,000,000 for advanced separation technology, and \$2,000,000 for coal-derived jet fuels. In advanced fuels research, there is an increase of \$3,300,000, which includes \$2,000,000 for the C-1 chemistry program.

In advanced research, there are increases of \$4,800,000 for coal utilization science and \$3,000,000 to restore the materials program.

In distributed generation systems, increases include \$10,376,000 for advanced research (the budget request eliminated this program), \$5,700,000 to restore partially the systems development program, \$5,100,000 to restore partially the vision 21-hybrids program and to transition the tubular solid oxide program into one of the existing projects in the solid state energy alliance. There is also an increase of \$27,000,000 in innovative concepts to restore funding for the solid-state energy conversion alliance. SECA was funded in various line items in the fiscal year 2004 appropriation and the Committee has consolidated all SECA funding in the innovative concepts program for fiscal year 2005. In novel generation, there is an increase of \$3,000,000 for the Ramgen technology program.

*U.S./China Energy and Environmental Center.*—The Committee recommends \$1,000,000 to restore funding for the U.S./China energy and environmental center. The budget request proposed to eliminate this program.

*Natural Gas Technologies.*—The Committee recommends \$41,600,000 for natural gas technologies, an increase of \$15,600,000 above the budget request and \$1,394,000 below the fiscal year 2004 level. There is an increase of \$5,000,000 to restore

the exploration and production program. In gas hydrates, there is an increase of \$3,500,000 to restore critical research on methane hydrates. In natural gas infrastructure, there is an increase of \$7,100,000 to fund ongoing projects.

*Oil Technology.*—The Committee recommends \$34,700,000 for oil technology, an increase of \$19,700,000 above the budget request and \$378,000 below the fiscal year 2004 level. There is an increase of \$15,000,000 to restore exploration and production supporting research programs, including \$1,000,000 for cooperative research with Russia. There is an increase of \$2,000,000 to restore the reservoir life extension program. There is also an increase of \$2,700,000 to restore the effective environmental protection program.

*Other.*—The Committee recommends increases of \$4,335,000 for cooperative research and development, \$4,600,000 for fossil energy environmental restoration, \$7,000,000 for plant and capital equipment of which \$3,000,000 is for projects at the Albany Research Center and \$4,000,000 is to continue the National Energy Technology Laboratory renovation program, \$2,000,000 for advanced metallurgical research, \$665,000 for special recruitment programs, and \$500,000 to restore funding for National Academy of Sciences program reviews.

The Committee agrees to the following:

1. FutureGen is addressed under the Clean Coal Technology account. The Committee understands that the sequestration research and development portion of FutureGen will be funded under the Fossil Energy Research and Development sequestration program. The Committee cautions the Department not to “count” general increases to the sequestration budget as FutureGen. Specific sequestration projects that are integral to the FutureGen program should be identified as such in both the overall industry/government plan and in future budget requests for the sequestration program.

2. Oil and natural gas research is critical to improving current technology and ensuring the best use of our domestic oil and gas reserves. Despite the Committee’s urging to the contrary, these research areas continue to be seriously underfunded in annual budget requests.

3. The fiscal year 2005 budget request for stationary fuel cells is totally inadequate. The Department should recognize the synergies between stationary and transportation fuel cells and budget more generously for stationary fuel cell programs. Stationary fuel cells still have many obstacles to overcome before they can be expected to achieve any appreciable market penetration and experience with these fuel cells will benefit the transportation fuel cell program.

4. No more than \$20,000,000 is to be spent on the SECA core technology program and the remaining \$30,000,000 should be divided equally among the participating teams.

5. Several programs funded in the energy conservation account need to be closely coordinated with fossil energy programs so that the highest priority energy research projects are funded. They include the cooperative programs with States, the mining industry of the future program, the industrial gasification program, and the reciprocating engines program.

6. The funding for special recruitment programs is to attract highly qualified students to pursue Federal energy careers and to

increase diversity in the fossil energy workforce. The Office of Fossil Energy has been assessing programs to pay for a Technical Career Intern Program and to participate in the Mickey Leland Energy Fellowship Program with minority educational institutions. The Committee believes that these recruitment programs should be funded directly and not through assessments on other programs. The Committee has added a line item to the budget for that purpose. It includes \$165,000 for the Technical Career Intern Program and \$500,000 for the Mickey Leland Energy Fellowship Program. These programs should be continued under this budget line item in the future. The Committee suggests that the Technical Career Intern Program be increased to \$340,000 in fiscal year 2006 and that the Mickey Leland Energy Fellowship Program continue at the \$500,000 level in fiscal year 2006.

7. The \$500,000 for the National Academy of Sciences review of programs should remain in the base for a continuing annual review by the Academy of programs, using the Academy’s matrix, to measure the relative benefits expected to be achieved and to inform decision making on what programs should be continued, expanded, scaled-back, or eliminated.

8. The fossil energy reorganization proposal is approved.

NAVAL PETROLEUM AND OIL SHALE RESERVES

The Naval Petroleum and Oil Shale Reserves are managed by the Department of Energy to achieve the greatest value and benefit to the Government. In fiscal year 1998, NPR-1 (Elk Hills) was sold as mandated by the National Defense Authorization Act for fiscal year 1996. That Act also directed the Department to conduct a study of the remaining properties—3 Naval Oil Shale Reserves and NPR-2 and NPR-3. The National Defense Authorization Act for fiscal year 1998 directed the transfer of two of the oil shale reserves (NOSR-1 and NOSR-3) to the Department of the Interior. On January 14, 2000, the Department announced it would return a portion of the NOSR-2 property in Utah to the Ute Indian Tribe. Two properties remain under the jurisdiction of the Department of Energy. They are NPR-2 in Kern County, CA and NPR-3 in Natrona County, WY. The DOE continues to be responsible for routine operation and maintenance of NPR-3, management of the Rocky Mountain Oilfield Testing Center at NPR-3, lease management at NPR-2, and continuing environmental and remediation work at Elk Hills. For several years after the sale of Elk Hills, these programs were operated largely with prior year unobligated balances. Those balances were mostly exhausted by fiscal year 2003 and appropriations to the account were restored in that year.

Appropriation enacted, 2004 .....	\$17,995,000
Budget estimate, 2005 .....	18,000,000
Recommended, 2005 .....	18,000,000
Comparison:	
Appropriation, 2004 .....	+5,000
Budget estimate, 2005 .....	0

The amounts recommended by the Committee compared with the budget estimates by activity are shown in the following table:

(dollars on thousands)					
	FY 2004	FY 2005	Recommended	Recommended	Recommended versus
	Enacted	Request	Enacted	Request	Request
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Naval Petroleum and Oil Shale Reserves					
Oil Reserves					
Production and operations.....	9,699	8,676	8,676	-1,023	---
Management.....	8,296	9,324	9,324	+1,028	---
					=====
Total, Naval Petroleum and Oil Shale Reserves...	17,995	18,000	18,000	+5	-----

The Committee recommends \$18,000,000, the budget request, for the operation of the naval petroleum and oil shale reserves, an increase of \$5,000 above the fiscal year 2004 level. Within the amount provided, \$3,000,000 is for the Rocky Mountain Oilfield Testing Center.

ELK HILLS SCHOOL LANDS FUND

Payment to the Elk Hills school lands fund was part of the settlement associated with the sale of Naval Petroleum Reserve Number 1. Under the settlement, payments to the fund are to be made over a period of seven years.

The Committee recommends \$36,000,000 for the Elk Hills school lands fund, which is equal to amount available for fiscal year 2004. The Committee recommends that these funds be made available on October 1, 2005, rather than on October 1, 2004 as proposed in the budget. The Committee's recommendation is consistent with the payment of these funds in each of the past few years. This represents the seventh of seven payments to the fund, which was established as a part of the sale of the Elk Hills Naval Petroleum Reserve in California (to settle school lands claims by the State). However, the payments to date were based on an estimate of the amount that would be required to pay the State of California 9 percent of the net sales proceeds. The final amount due will be based on the resolution of equity determinations and is expected to be more than the amount made available in these seven payments.

ENERGY CONSERVATION

The energy conservation program of the Department of Energy conducts cooperative research and development projects aimed at sustaining economic growth through more efficient energy use. Activities financed through this program focus on improving existing technologies and developing new technologies related to residential, commercial, industrial and transportation energy use. In fiscal year 2001, funds and programs were transferred from the building sector and industry sector research activities to establish a new distributed generation activity that addresses critical energy needs for next generation clean, efficient, fuel flexible technologies for industrial, commercial and institutional applications. These technologies use the waste heat energy rejected during electricity generation from microturbines, reciprocating engines, and fuel cells in the form of cooling, heating and power. This waste heat utilization is referred to as "combined heat and power". Also funded under the energy conservation heading are the Federal energy management program, which focuses on improving energy efficiency in Federal buildings, the low-income weatherization assistance program, and State energy program grants.

Appropriation enacted, 2004 .....	\$877,985,000
Budget estimate, 2005 .....	584,733,000
Recommended, 2005 .....	656,071,000
Comparison:	
Appropriation, 2004 .....	- 221,914,000
Budget estimate, 2005 .....	+71,338,000

The amounts recommended by the Committee compared with the budget estimates by activity are shown in the following table:

	(dollars on thousands)			
	FY 2004	FY 2005	Recommended	Recommended versus
	Enacted	Request	Enacted	Request
Energy Conservation				
Vehicle technologies.....	178,003	156,656	167,356	+10,700
Fuel cell technologies.....	65,187	77,500	71,000	-6,500
Weatherization and intergovernmental activities				
Weatherization assistance grants.....	227,166	---	---	---
State energy program grants.....	43,952	40,798	45,098	+4,300
State energy activities.....	2,324	2,353	2,353	---
Gateway deployment.....	35,170	29,716	37,216	+7,500
Total, Weatherization and intergovernmental activities.....				
	308,612	72,867	84,667	+11,800
Distributed energy resources.....				
Building technologies.....	61,023	53,080	62,480	+9,400
Industrial technologies.....	59,866	58,284	64,884	+6,600
Biomass and biorefinery systems R&D.....	93,068	58,102	84,940	+26,838
Federal energy management program.....	7,506	8,680	12,680	+4,000
Program management.....	19,716	17,900	17,900	---
	85,004	81,664	90,164	+8,500
Total, Energy Conservation.....				
	877,985	584,733	656,071	+71,338

The Committee recommends \$656,071,000 for energy conservation, an increase of \$5,386,000 above the fiscal year 2004 level after adjusting for the weatherization program as explained below, and \$71,338,000 above the budget request. Changes to the budget request are detailed below.

*Vehicle Technologies.*—The Committee recommends \$167,356,000 for vehicle technologies. In the hybrid and electric propulsion/energy storage program, there is a decrease of \$5,000,000 for exploratory technology. In the advanced combustion engine program, increases include \$6,700,000 for combustion and emissions control including homogeneous charge combustion ignition research, \$1,400,000 for heavy truck engine research, and \$3,500,000 to restore the off-highway engine program.

In the materials technology program, there is a decrease of \$4,000,000 for automotive lightweight materials and an increase of \$2,600,000 for the high temperature materials laboratory.

In the fuels technology program, there is an increase of \$3,000,000 for advanced petroleum-based fuels and increases for non-petroleum fuels and lubes of \$1,300,000 for medium trucks, \$1,400,000 for heavy trucks, and \$1,200,000 for fueling infrastructure, and a decrease of \$2,400,000 for renewable and synthetic fuels. There is also an increase of \$2,000,000 for the environmental impacts program.

In technology introduction, there is a decrease of \$1,000,000 for legislative and rulemaking activities.

*Fuel Cell Technologies.*—The Committee recommends \$71,000,000 for fuel cell technologies, including an increase of \$1,500,000 for stack component research on catalysts and decreases of \$4,000,000 for other stack component research and \$4,000,000 for fuel processor research.

*Intergovernmental Activities.*—The Committee recommends \$84,667,000 for intergovernmental activities, including a decrease of \$291,200,000 for weatherization assistance grants, training, and technical assistance. The jurisdiction for the weatherization program has been moved to the Subcommittee on Labor, Health and Human Services, Education and Related Agencies, which has jurisdiction for the Low Income Home Energy Assistance Program that also includes funding for weatherization. There is an increase of \$4,300,000 for State energy programs. In gateway deployment, increases include \$1,000,000 for rebuild America, \$2,000,000 for building codes training and assistance, \$4,000,000 for the clean cities program, and \$1,500,000 for the inventions and innovations program. There is also a decrease of \$1,000,000 for the energy star program.

*Distributed Energy Resources.*—The Committee recommends \$62,480,000 for distributed energy resources, including increases of \$5,000,000 for advanced reciprocating engines, \$1,000,000 for advanced materials and sensors, \$2,400,000 for thermally activated technology, and \$1,000,000 for applications integration to promote fuel flexibility in distributed generation systems, specifically the use of hydrogen in fuel cells, engines, and turbines.

*Building Technologies.*—The Committee recommends \$64,884,000 for building technologies. In residential buildings integration, there is a decrease of \$3,000,000 for residential buildings research (formerly Building America) and an increase of \$500,000

for residential building energy codes. In commercial buildings integration, there is an increase of \$500,000 for commercial buildings energy codes. In emerging technologies, increases include \$1,000,000 for solid state lighting, \$2,400,000 for space conditioning and refrigeration, and \$3,200,000 for building envelope research/thermal insulation and building materials. There is also an increase of \$2,000,000 in equipment and analysis for appliance standards.

*Industrial Technologies.*—The Committee recommends \$84,940,000 for industrial technologies, including increases of \$24,838,000 to restore each of the industry of the future (specific) programs to the fiscal year 2004 level and \$2,000,000 in the industries of the future (crosscutting) program to restore funding for the program on robotics to replace repetitive manufacturing tasks.

*Biomass and Biorefinery Systems.*—The Committee recommends \$12,680,000 for biomass and biorefinery systems, including an increase of \$5,000,000 to restore gasification programs and a decrease of \$1,000,000 for utilization of platform outputs.

*Federal Energy Management Program.*—The Committee recommends \$17,900,000, the budget request, for the Federal energy management program.

*Program Management.*—The Committee recommends \$90,164,000 for program management, including increases of \$500,000 for National Academy of Sciences program reviews, \$3,000,000 for cooperative programs on technology transfer from National Laboratories with the Education and Research Consortium of the Western Carolinas, \$5,000,000 for cooperative programs with States.

*Bill Language.*—Bill Language is recommended earmarking \$227,300,000 for weatherization and \$44,798,000 for State energy programs. These levels are slightly above the fiscal year 2004 levels for those programs.

The Committee agrees to the following:

1. The Committee continues to expect that administrative savings should be achieved and several positions should be eliminated as a result of the consolidation of budget and administration functions in the 2002 reorganization. The Department should work closely with NAPA and implement all of the NAPA recommendations.

2. The budget justification for fiscal year 2006 should include the program specific table provided separately to the Committee for 2004. The official budget detail table should contain stub entries for sub-activities within each of the program areas. A few examples include, but are not limited to, each of the industries of the future (specific) and (crosscutting) programs, micro-cogeneration, advanced reciprocating engines, thermally activated technologies, and each of the major building, vehicle technology, and fuel cell areas. This direction was not fully complied with in the budget justification presented to the Committee for fiscal year 2005.

3. The Department should recognize the synergies between stationary and transportation fuel cells and budget much more generously for stationary fuel cell programs. Stationary fuel cells still have many obstacles to overcome before they can be expected to achieve any appreciable market penetration. Experience with stationary fuel cells will benefit the transportation fuel cell program.

4. The issue of starting fuel cells in freezing weather needs to be addressed before fuel cells for transportation can be successfully commercialized. The Department should request sufficient funding for this essential core technology research in its fiscal year 2006 budget.

5. There should be a new solicitation issued for off-highway research using the full \$3,500,000 recommended by the Committee.

6. Funding provided for the High Temperature Materials Laboratory includes \$1,000,000 for a share of the cost of the Vulcan Beam Line.

7. Funds for the Building America program should be distributed based on proven performance with respect to overall energy efficiency savings.

8. The industry of the future programs should not be reduced further. Staffing for these programs should be maintained at least at the 2004 level. The Committee encourages the Department to reconsider seriously its funding proposals for these important programs in the fiscal year 2006 budget request.

9. With the funds provided for the metal casting industry of the future program, the Department should fund competitively selected projects that are sponsored by consortia focused predominantly on small business participation, with an emphasis on cost-shared university-based research and technology transfer to industry.

10. The State Technologies Advancement Collaborative, a cooperative program between the States and the Department of Energy, has successfully completed the first year of its 5-year pilot program with the award of 16 projects covering transportation, buildings, industry, distributed energy resources, and hydrogen programs. These projects are in 32 States and are cost-shared by the States. The Committee expects the Department to supplement the funds provided for STAC with additional program funds for programs of mutual interest to DOE and the States in order to leverage Federal funds and reduce delays in program implementation.

11. The cooperative programs with the States should be closely coordinated with the Fossil Energy Research and Development program to ensure the highest priority research needs across both the Fossil Energy and Energy Conservation accounts are addressed. The mining industry of the future program, the industrial gasification program, and the reciprocating engines program should also be coordinated closely with fossil energy.

12. The \$500,000 for the National Academy of Sciences review of programs should remain in the base for a continuing annual review by the Academy of programs, using the Academy's matrix, to measure the relative benefits expected to be achieved and to inform decision making on what programs should be continued, expanded, scaled-back, or eliminated.

13. While jurisdiction for the weatherization program has been transferred to another subcommittee, the Committee notes that the Weatherization Assistance Program has not been evaluated fully in over 10 years. The Committee was pleased by the last evaluation, performed by Oak Ridge National Laboratory, and encourages the Department to contract with ORNL for an up-to-date assessment.

## ECONOMIC REGULATION

The economic regulation account funds the independent Office of Hearings and Appeals, which is responsible for all of the Department's adjudication processes except those that are the responsibility of the Federal Energy Regulatory Commission. The amount funded by this Committee is for those activities specific to this bill: mainly those related to petroleum overcharge cases. All other activities are funded on a reimbursable basis from the other elements of the Department of Energy. Prior to fiscal year 1997, this account also funded the Economic Regulatory Administration.

Appropriation enacted, 2004 .....	\$1,034,000
Budget estimate, 2005 .....	0
Recommended, 2005 .....	0
Comparison:	
Appropriation, 2004 .....	-1,034,000
Budget estimate, 2005 .....	0

The Committee recommends no funding, the same as the budget request, for economic regulation. Fiscal year 2004 was the final year of funding for this account, consistent with Committee direction on phasing out this program.

## STRATEGIC PETROLEUM RESERVE

The Strategic Petroleum Reserve was created by the Energy Policy and Conservation Act of 1975 to provide the United States with adequate strategic and economic protection against disruptions in oil supplies. The SPR program was established as a 750 million-barrel capacity crude oil reserve with storage in large underground salt caverns at five sites in the Gulf Coast area. It is connected to major private sector distribution systems and maintained to achieve full drawdown rate capability within fifteen days of notice to proceed with drawdown. Storage capacity development was completed in September 1991, providing the capability to store 750 million barrels of crude oil in underground caverns and to be ready to deploy at the President's direction in the event of an emergency. As a result of the decommissioning of the Weeks Island site in 1999, the SPR lost 70 million barrels of capacity. However, the Department reassessed the capacities of the remaining storage sites and estimates that those sites are currently capable of storing a total of 700 million barrels. During 1998, an inventory of 561 million barrels provided 60 days of net import protection. In 2004, 682 million barrels provide 58 days of net import protection. The decline in days of net import protection is the result of the growth of U.S. requirements for imported crude oil and the decline in domestic oil production.

Appropriation enacted, 2004 .....	\$170,949,000
Budget estimate, 2005 .....	172,100,000
Recommended, 2005 .....	172,100,000
Comparison:	
Appropriation, 2004 .....	+1,151,000
Budget estimate, 2005 .....	0

The Committee recommends \$172,100,000, the budget request, for operation of the Strategic Petroleum Reserve, an increase of \$1,151,000 above the fiscal year 2004 level.

## NORTHEAST HOME HEATING OIL RESERVE

The acquisition and storage of heating oil for the Northeast began in August 2000 when the Department of Energy, through the Strategic Petroleum Reserve account, awarded contracts for the lease of commercial storage facilities and acquisition of heating oil. The purpose of the reserve is to assure home heating oil supplies for the Northeast States during times of very low inventories and significant threats to immediate supply of heating oil. The Northeast Home Heating Oil Reserve was established as a separate entity from the Strategic Petroleum Reserve on March 6, 2001. The 2,000,000 barrel reserve is stored in commercial facilities in New York Harbor, New Haven, Connecticut, and the Providence, Rhode Island area.

Appropriation enacted, 2004 .....	\$4,939,000
Budget estimate, 2005 .....	5,000,000
Recommended, 2005 .....	5,000,000
Comparison:	
Appropriation, 2004 .....	+61,000
Budget estimate, 2005 .....	0

The Committee recommends \$5,000,000, the budget request, for the Northeast Home Heating Oil Reserve, an increase of \$61,000 above the fiscal year 2004 level.

## ENERGY INFORMATION ADMINISTRATION

The Energy Information Administration is a quasi-independent agency within the Department of Energy established to provide timely, objective, and accurate energy-related information to the Congress, executive branch, State governments, industry, and the public. The information and analysis prepared by the EIA is widely disseminated and the agency is recognized as an unbiased source of energy information by government organizations, industry, professional statistical organizations and the public.

Appropriation enacted, 2004 .....	\$81,100,000
Budget estimate, 2005 .....	85,000,000
Recommended, 2005 .....	85,000,000
Comparison:	
Appropriation, 2004 .....	+3,900,000
Budget estimate, 2005 .....	0

The Committee recommends \$85,000,000, the budget request, for the Energy Information Administration, an increase of \$3,900,000 above the fiscal year 2004 level. Over the past few years, EIA has funded a portion of its requirements through the use of unobligated balances. Those balances have been exhausted and an increase in the budget is required in fiscal year 2005 to fund ongoing, mission-essential programs.

The Committee is concerned that the Energy Information Administration has been unable to continue its residential, commercial, and manufacturing energy consumption surveys on a timely basis. The Residential Transportation Energy Consumption Survey has been cancelled and the remaining end use surveys are now conducted only once every 4 years. At current funding levels, EIA may not even be able to continue that stretched out schedule for these important surveys. In addition, in order to stay within its 2005 budget, EIA will cancel one of its electric power surveys. The Com-

mittee encourages the Department to provide a sufficient budget request for EIA in fiscal year 2006 that will ensure that the end use surveys are sufficiently funded to return to a 3-year cycle and to ensure that no additional surveys are cancelled.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

INDIAN HEALTH SERVICES

The provision of Federal health services to Indians is based on a special relationship between Indian tribes and the U.S. Government first set forth in the 1830s by the U.S. Supreme Court under Chief Justice John Marshall. Numerous treaties, statutes, constitutional provisions, and international law have reconfirmed this relationship. Principal among these is the Snyder Act of 1921, which provides the basic authority for most Indian health services provided by the Federal Government to American Indians and Alaska Natives. The Indian Health Service (IHS) provides direct health care services in 36 hospitals, 59 health centers, 2 school health centers, and 49 health stations. Tribes and tribal groups, through contracts and compacts with the IHS, operate 13 hospitals, 172 health centers, 3 school health centers, and 260 health stations (including 176 Alaska Native village clinics). The IHS, tribes, and tribal groups also operate 9 regional youth substance abuse treatment centers and 2,252 units of staff quarters.

Appropriation enacted, 2004 .....	\$2,530,364,000
Budget estimate, 2005 .....	2,612,824,000
Recommended, 2005 .....	2,628,322,000
Comparison:	
Appropriation, 2004 .....	+97,958,000
Budget estimate, 2005 .....	+15,498,000

The amounts recommended by the Committee compared with the budget estimates by activity are shown in the following table: