



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

January 2, 1991

Mr. Michael Mariotte
Executive Director
Nuclear Information and
Resource Service
1424 16th Street, N.W.
Suite 601
Washington, D.C. 20036

Re: Your Letter Dated November 16, 1990 (Letter) Commenting on the
Licensing of Louisiana Energy Services' Claiborne Enrichment Center

Dear Mr. Mariotte:

Thank you for your comments pursuant to the captioned licensing action. Subsequent to the Federal Register Notice dated October 22, 1990 requesting comments on antitrust matters regarding Louisiana Energy Services' application to construct and operate the Claiborne Enrichment Center and pursuant to Public Law No. 101-575, which was signed by the President on November 15, 1990, the Congress of the United States amended the Atomic Energy Act of 1954 (Act) and, among other things, redefined a "production facility" as used in the Act. [See attached copy of the Congressional Record.] Prior to this amendment, uranium enrichment facilities were defined by the Act as "production" facilities and licensed under Part 50 of the Nuclear Regulatory Commission's rules and regulations. The staff initiated an antitrust review of Louisiana Energy Services' application because all commercial "production" facilities licensed under Section 103 of the Act are subject to an antitrust review. However, in light of the legislation excluding uranium enrichment facilities from "production" facilities as defined in the Act, the staff has determined that an antitrust review of Louisiana Energy Services' application to construct and operate the Claiborne Enrichment Center is not required. Consequently, the staff is terminating its antitrust review of Louisiana Energy Services' application to construct and operate the Claiborne Enrichment Center.

Although it appears that the issues raised in your letter seem to speak more to the financial liability of the proposed licensee than to issues of a competitive nature, if you still have concerns that Louisiana Energy Services' operation of the Claiborne Enrichment Center somehow poses a threat to competition or the competitive process, I suggest you contact

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the Antitrust Division of the Department of Justice or the Federal Trade Commission.

Sincerely,

Anthony T. Gody, Chief
Policy Development and Technical Support Branch
Program Management, Policy Development
and Analysis Staff
Office of Nuclear Reactor Regulation

Attachment:
As stated

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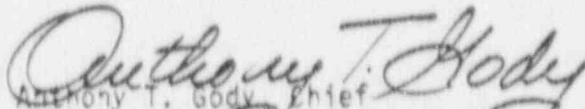
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Michael Mariotte

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the Antitrust Division of the Department of Justice or the Federal Trade Commission.

Sincerely,



Anthony T. Gody, Chief
Policy Development and Technical Support Branch
Program Management, Policy Development
and Analysis Staff
Office of Nuclear Reactor Regulation

Attachment:
As stated

that help substitute for our dependence on foreign oil, and also help clean up our environment.

The House and Senate will soon be considering the newly agreed Clean Air Act amendments, which are going to accelerate the use of alternative fuels in place of gasoline, including cleaner natural gas. It is imperative that we make sure that we have cleared away the underbrush of regulations of this sort which could possibly impede that. We thank our colleague from Louisiana (Mr. TAUZIN) for bringing this to our attention. He has been a staunch advocate of the effort to bring these natural gas cars into the marketplace, and he has widely recognized the hurdles we have to get over. This is what we intend to solve tonight.

Mr. MOORHEAD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 5707 is a noncontroversial bill to clarify that the Federal Energy Regulatory Commission does not have jurisdiction over certain sales by a local distribution company of compressed natural gas to be used as a vehicle fuel. This unintended result could occur if the vehicle fueled with CNG crosses State lines.

H.R. 5707 is the House companion measure to S. 3085, which has already cleared the Senate Committee on Energy and Natural Resources. Clarifying this jurisdictional matter will eliminate a potential obstacle to greater use of natural gas as a clean burning alternative fuel.

One of the central features of the Clean Air Act Amendments of 1990, as contained in the conference report to be considered later this week, is a requirement that fleets of 10 or more vehicles in certain ozone and carbon monoxide nonattainment areas begin to purchase a portion of their new vehicles as ones which run on clean fuels. Natural gas is one of the cleanest burning fuels and is well placed to play a major role in the Clean Fleet Program. Natural gas could also play a larger role in fueling nonfleet vehicles as well. Thus, this technical bill on regulatory jurisdiction over sales of natural gas for use as a vehicle fuel will help us implement the forthcoming clean air bill in an orderly manner.

Mr. SHARP. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana (Mr. TAUZIN).

(Mr. TAUZIN asked and was given permission to revise and extend his remarks.)

Mr. TAUZIN. Mr. Speaker, H.R. 5707, the Vehicular Natural Gas Jurisdiction Act of 1990, is legislation to limit the Federal Energy Regulatory Commission's jurisdiction over local distribution companies who wish to sell natural gas for vehicular consumption. I introduced this legislation, along with my colleagues, MIKE ANDREWS, MIKE STYER, and BOB WISE, in order to dispel concerns that LDC's may, under certain conditions, be

barstrung in their marketing of natural gas as an automotive fuel.

As the number of alternative-fueled vehicles grows with the enactment of clean air legislation, natural gas is likely to be one of the fuels of choice for vehicle fleets or passenger automobiles.

The mayor of my hometown in Thibodaux, Warren Harang, Jr., drives a natural gas vehicle and can attest to not only its cleanliness but its economy. It is a cheaper, cheaper fuel; in fact, a better performing fuel for the engine.

Local distribution companies are in a position to market that fuel directly to the public; however, regulatory ambiguity may serve as a deterrent to those companies wishing to sell in this new marketplace. This legislation will end that confusion and allow Americans to utilize the existing infrastructure of distribution companies for the sale of natural gas as an automotive fuel.

Under the Natural Gas Act, local distribution companies may not have the authority to provide compressed natural gas (CNG) to the alternative-fueled vehicles. Today, State and local regulators control local distribution and retail sale of natural gas. FERC jurisdiction extends to the interstate transportation and wholesale sale of natural gas. However, it is unclear under section 1(c) of the Natural Gas Act as to whether compressed natural gas in a vehicle which is driven out of that State and "ultimately consumed" in another is regulated by the State or the FERC. Other potential problems, such as those raised by section 7(f) of the Natural Gas Act regarding the sale of natural gas to a CNG vendor for retail resale and the question of whether the LDC engaged in a wholesale function, will be solved by the passage of H.R. 5707.

This legislation resolves section 1(c) ambiguity by exempting LDC's which market to vehicles, wherever those automobiles "ultimately consume" that CNG, from FERC jurisdiction. Further, H.R. 5707 answers the sale-for-resale question by preserving the existing exemption for LDC's which sell to CNG retail outlets.

It is important to recognize that this legislation does not confer any advantage to natural gas, nor does it make any new exemptions for the regulation of natural gas companies. H.R. 5707 clarifies that these entities need not forfeit the exemptions already provided for by law, simply because they may sell to vehicles, a situation the law had not anticipated.

Let me thank the chairman of the subcommittee, Mr. SHARP, and the ranking member of the subcommittee, Mr. MOORHEAD, for their attention and consideration of this simple but important piece of legislation, as well as the chairman and ranking member of the full committee, for their assistance in moving this bill expeditiously.

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H.R. 5707 simply clarifies that these entities may not forfeit the exemption already provided by law simply because they may sell two vehicles, a situation the law simply had not anticipated.

Mr. Speaker, I want to thank the chairman of our subcommittee, the gentleman from Indiana (Mr. SHARP), and the ranking member of the subcommittee, the gentleman from California (Mr. MOORHEAD) for their attention and consideration to this simple, but awfully important piece of legislation, and I want to commend the chairman of our full committee, the gentleman from Michigan (Mr. DINGELL) and the ranking member, the gentleman from New York (Mr. LEHR) for their assistance in moving this bill so expeditiously.

Mr. MOORHEAD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SHARP. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PARKER). The question is on the motion offered by the gentleman from Indiana (Mr. SHARP) that the House suspend the rules and pass the bill, H.R. 5707.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

SOLAR, WIND, WASTE, AND GEOTHERMAL POWER PRODUCTION INCENTIVES ACT OF 1990

Mr. SHARP. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4808) to encourage solar, wind, and geothermal power production by removing the size limitations contained in the Public Utility Regulatory Policies Act of 1978, as amended.

The Clerk read as follows:

H.R. 4808

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Solar, Wind, Waste, and Geothermal Power Production Incentives Act of 1990".

SEC. 2. PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978.

Section 210(e)(2) of the Public Utility Regulatory Policies Act of 1978 is amended by inserting "(other than a qualifying small power production facility which is an eligible solar, wind, waste, or geothermal facility as defined in section 3(17)(E) of the Federal Power Act" after "facility" where it first appears.

SEC. 3. FEDERAL POWER ACT AMENDMENTS.

(a) Section 3(17)(A) of the Federal Power Act is amended by inserting "a facility which is an eligible solar, wind, waste, or geothermal facility, or" after "small power production facility" means".

(b) Section 3(17) of such Act is further amended by inserting at the end thereof the following new subparagraph:

"(E) eligible solar, wind, waste or geothermal facility means a facility which produces electric energy solely by the use, as a primary energy source, of solar energy, wind energy, waste resources or geothermal resources, and which would otherwise not qualify as a small power production facility because of the lower production capacity limitation contained in subparagraph (A)(ii), but only if—

"(1) either of the following is submitted to the Commission not later than December 31, 1984:

"(I) an application for certification of the facility as a qualifying small power production facility; or

"(II) notice that the facility meets the requirements for qualification; and

"(ii) construction of such facility commences not later than December 31, 1989, or, if not, reasonable diligence is exercised toward the completion of such facility taking into account all factors relevant to construction of the facility.

SEC. 4. PERC REGULATIONS.

"Unless the Federal Energy Regulatory Commission otherwise specifies, by rule after enactment of this Act, any eligible solar, wind, waste, or geothermal facility (as defined in section 3(17)(E) of the Federal Power Act as amended by this Act), which is a qualifying small power production facility (as defined in subparagraph (C) of section 3(17) of the Federal Power Act as amended by this Act)—

"(1) shall be considered a qualifying small power production facility for purposes of part 292 of title 18, Code of Federal Regulations, notwithstanding any size limitations contained in such part; and

"(2) shall not be subject to the size limitation contained in section 292.601(b) of such part."

SEC. 5. LICENSING OF URANIUM ENRICHMENT FACILITIES.

(a) DEFINITION OF PRODUCTION FACILITY.—Section 11 v. of the Atomic Energy Act of 1954 (42 U.S.C. 2014(v)) is amended by adding at the end the following new sentence: "Except with respect to the export of a uranium enrichment production facility, such term as used in chapters 10 and 16 shall not include any equipment or device (or important component part especially designed for such equipment or device) capable of separating the isotopes of uranium or enriching uranium in the isotope 235."

(b) REGULATION.—Section 161 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2201(b)) is amended by striking the period at the end of the section and adding the following: "; in addition, the Commission shall prescribe such regulations or orders as may be necessary or desirable to promote the Nation's common defense and security with regard to control, ownership, or possession of any equipment or device, or important component part especially designed for such equipment or device, capable of separating the isotopes of uranium or enriching uranium in the isotope 235."

(c) OWNERSHIP OF PRODUCTION FACILITIES.—Section 41 a. (2) of the Atomic Energy Act of 1954 (42 U.S.C. 2061(a)(2)) is amended by striking "section 103 or 104" and inserting "under this Act".

(d) SABOTAGE OF NUCLEAR FACILITIES OR FUEL.—Section 236 of the Atomic Energy Act of 1954 (42 U.S.C. 2284) is amended—

(1) by striking "or" at the end of paragraph (2);

(2) by inserting "or" after the semicolon at the end of paragraph (3); and

(3) by adding after paragraph (3) the following new paragraph:

"(4) any uranium enrichment facility licensed by the Nuclear Regulatory Commission,"

(e) URANIUM ENRICHMENT FACILITIES.—Chapter 16 of the Atomic Energy Act of 1954 (42 U.S.C. 2231 et seq.) is amended by adding at the end the following new section: **"SEC. 165. LICENSING OF URANIUM ENRICHMENT FACILITIES.**

"(a) ENVIRONMENTAL IMPACT STATEMENT.—

"(1) MAJOR FEDERAL ACTION.—The issuance of a license under sections 53 and 63 for the construction and operation of any uranium enrichment facility shall be considered a major Federal action significantly affecting the quality of the human environment for purposes of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

"(2) TIMING.—An environmental impact statement prepared under paragraph (1) shall be prepared before the hearing on the issuance of a license for the construction and operation of a uranium enrichment facility is completed.

"(b) ADJUDICATORY HEARING.—

"(1) IN GENERAL.—The Commission shall conduct a single adjudicatory hearing on the record with regard to the licensing of the construction and operation of a uranium enrichment facility under sections 53 and 63.

"(2) TIMING.—Such hearing shall be completed and a decision issued before the issuance of a license for such construction and operation.

"(3) SINGLE PROCEEDING.—No further Commission licensing action shall be required to authorize operation.

"(c) INSPECTION AND OPERATION.—Prior to commencement of operation of a uranium enrichment facility licensed hereunder, the Commission shall verify through inspection that the facility has been constructed in accordance with the requirements of the license for construction and operation. The Commission shall publish notice of the inspection results in the Federal Register.

"(d) INSURANCE AND DECOMMISSIONING.—

"(1) The Commission shall require, as a condition of the issuance of a license under sections 53 and 63 for a uranium enrichment facility, that the licensee have and maintain liability insurance of such type and in such amounts as the Commission judges appropriate to cover liability claims arising out of any occurrence within the United States, causing, within or outside the United States, bodily injury, sickness, disease, or death, or loss of or damage to property, or loss of use of property, arising out of or resulting from the radioactive, toxic, explosive, or other hazardous properties of chemical compounds containing source or special nuclear material.

"(2) The Commission shall require, as a condition for the issuance of a license under sections 53 and 63 for a uranium enrichment facility, that the licensee provide adequate assurance of the availability of funds for the decommissioning (including decontamination) of such facility using funding mechanisms that may include, but are not necessarily limited to, the following:

"(A) Prepayment (in the form of a trust, escrow account, government fund, certificate of deposit, or deposit of government securities).

"(B) Surety (in the form of a surety or performance bond, letter of credit, or line of credit), insurance, or other guarantee (including parent company guarantee) method.

"(C) External sinking fund in which deposits are made at least annually.

"(e) NO PRICE-ANDERSON COVERAGE.—Section 170 of this Act shall not apply to any license under section 53 or 63 for a uranium enrichment facility constructed after the date of enactment of this section."

SEC. 6. RIGHT-OF-WAY FEE.

The Harold T. (Earl) Johnson California-Pacific Northwest Intertie Act authorized

by Public Laws 96-360 and 99-86 shall, within Contra Costa County, California, utilize the existing right-of-way and facilities presently owned and operated by the Western Area Power Administration as proposed in the plan submitted to Congress on December 24, 1984.

The SPEAKER pro tempore. Is a second demanded?

Mr. MOORHEAD. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Indiana [Mr. SHARP] will be recognized for 20 minutes, and the gentleman from California [Mr. MOORHEAD] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Indiana [Mr. SHARP].

Mr. SHARP. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4808 will encourage the greater use of renewable energy by lifting the size limitations on selected renewable and alternative energy technologies under the Public Utility Regulatory Policies Act [PURPA].

When PURPA was enacted in 1978, it placed limits on the size of renewable energy facilities, such as wind, solar, and geothermal energy, that could qualify for exemption from regulation as a utility. This exemption was appropriate because under PURPA these technologies could only sell their power to utilities, not to retail customers.

Since that time, the technologies have greatly improved and costs have come down. Today even larger sized plants are technologically feasible and significantly cheaper.

One solar developer, for example estimates that allowing larger plants can help them drop their costs by 2 cents per kilowatt hour. Similar savings are possible in the wind and geothermal industries as well. Lifting this size limitation therefore will allow renewable energy to make a larger contribution to our national energy supply at a lower cost.

Passage of this bill is extremely timely. Oil prices have risen in recent months to the levels experienced when we first passed PURPA in 1978. It is as clear now as it was then that this country needs to wean itself from imported sources of energy.

Second, Congress this week will enact the first sweeping reform of the Clean Air Act since the 1970's. It is appropriate that at some time we unshackle the technologies that can lead to the ultimate solution to clean air.

In addition, at a time when we are wrestling with a very difficult budget deficit, this amendment has no negative Federal, State, or local budget impact, according to the Congressional Budget Office. This will lower the costs of these technologies without costing the taxpayers a dime.

We are making two changes in the bill today from the version that was reported from committee. These changes will bring it into close conformance with the Senate version, S. 2415, which was sponsored by Senator DOMENICI of New Mexico.

First, we added waste technologies to the list of technologies that would have their size limitations lifted. We specifically wanted to include energy from waste coal and scrap tires. Generating power from these domestic waste materials has a number of environmental benefits. It reduces large unsightly tire piles and waste coal piles that blight the landscape. It also reduces air pollution from uncontrolled fires at these piles and water pollution from rainwater running off the waste coal piles.

The second change we made was to limit to 4 years the period during which these changes will be in effect. This brought us into closer conformance to the Senate bill and gives us an opportunity in the future to review this decision.

In addition to the renewable energy section, this bill contains a variation of a provision that has been passed on numerous occasions by the Senate relating to the licensing of uranium enrichment facilities.

Under current law, such facilities would be treated as nuclear power reactors, but the NRC has suggested that such treatment is inappropriate, since there are a totally different set of circumstances involved at these plants. At the time the Atomic Energy Act was written the only enrichment facilities were operated by the Government and were unlicensed, and the licensing of private facilities was probably not contemplated.

The provision contained in this bill is a modification of the Senate bill that will, in my view, better protect the public health and safety than the original provision. Importantly, there will be an adjudicatory hearing prior to any construction of a facility. Construction cannot commence prior to the issuance of a license. An environmental impact statement will also be prepared prior to the completion of the hearing.

The provision establishes a procedure for licensing of an enrichment facility that is different from both the licensing of a nuclear powerplant and other materials licensees. The purpose of the provision is to recognize the fact that an enrichment facility is very different from a nuclear reactor. As such, the provision is not intended to establish any precedent relative to the licensing of nuclear powerplants.

I commend the hard work of my colleagues to fashion this compromise. It provides significant protections of the public not found in earlier versions of the bill.

The bill also includes an additional matter in the jurisdiction of the Interior Committee.

Let me indicate, Mr. Speaker, that what we did in 1978 was to take a major step forward, because one of the major hurdles to the generation of electricity by solar wind, geothermal, and biomass, was the fact that most of the electric utilities in this country, at that time were simply not interested in opening themselves up to these other forms of power production, and frankly, we had to break their monopoly power. That is what we did in 1978, along with seeing to it that industries that could generate electricity from their surplus heat could sell that power back into the grid of the local utility.

We broke that monopoly power and today most new electricity generated in this country is by virtue of cogeneration, a far more efficient technique, and by solar, wind, and geothermal production.

This legislation will help us advance as the technology has advanced. It is very significant, and indeed we expect to see within the year increased solar production. It is a midterm policy change that I think is extremely important, even though it is noncontroversial.

Mr. Speaker, I would urge my colleagues to support this legislation. We know there is broad based support for going ahead with renewable energy and we want to make sure that the marketplace out there is moving as vigorously as possible, especially given the dramatic new attention given to our energy needs at this time.

I might say, we started on this legislation long before Saddam Hussein decided to become so reckless, but fortunately we are able to act on it tonight, thanks to the great cooperation of my colleague, the gentleman from California (Mr. MOORHEAD), who has been a staunch proponent of solar power and whose State takes the lead in many of these technologies, and I certainly appreciate the gentleman's help.

Mr. MOORHEAD, Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to rise in support of H.R. 4808 which will lift the size limits on geothermal, wind, and solar energy projects. In 1978, when the Public Utility Regulatory Policies Act was enacted, geothermal, wind, and solar energy technologies were experimental. Size limits made sense. Now they are outdated.

In my own State of California, for example, geothermal energy met 8.1 percent of California's electricity needs at the end of 1987. One company alone—California Energy—is currently providing enough electricity to meet the needs of over a quarter of a million Los Angeles homes.

Similarly, solar energy is no longer experimental. I represent a district in California which benefits from over 90 percent of the solar electricity generated worldwide. Nearly 300 megawatts of solar electric energy are made available to customers of the Southern

California Edison system. This solar power is available during daylight periods, a time of day when the demand for electricity is at its peak and air pollution problems are most severe because of smog formation. Every megawatt of solar energy enables us to burn that much less fossil fuel, meeting the electricity needs of Los Angeles without adding to our already severe air pollution problems.

Given the proven success of these environmentally safe sources of electricity, the 80-megawatt restriction no longer makes sense. Thus, I urge my colleagues to support passage of this legislation.

Mr. SHARP, Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California (Mr. MILLER).

Mr. MILLER of California, Mr. Speaker, on behalf of the Interior Committee I rise in support of H.R. 4808. The floor substitute of this legislation contains a provision concerning the licensing of private uranium enrichment facilities which falls under the jurisdiction of the Interior Committee.

The Subcommittee on Energy and Environment conducted a hearing on the uranium enrichment licensing issue on March 6, 1990. This hearing was conducted in response to the Senate passage of a uranium licensing amendment sponsored by Senator JOHNSTON in November 1989, which was attached to H.R. 2783, a public lands measure.

Under current law, a private uranium enrichment facility must be licensed under 10 CFR 50, the same process used to license a nuclear power plant. To date, no private enrichment facilities have been constructed in the United States. Under the original Johnston amendment, a private uranium enrichment facility would have been licensed under 10 CFR 40, the process used to license nuclear materials licensees such as facilities that convert uranium into uranium hexafluoride.

The uranium licensing provisions in H.R. 4808, are the product of lengthy negotiations between the Interior Committee and the Senate Energy Committee. It is a compromise between the original Senate language and the more rigorous procedures of current law. The committee believes this approach is justified because a uranium enrichment facility is far less hazardous than a nuclear reactor.

The compromise language provides for the following procedural safeguards that were not contained in the Senate-passed licensing amendment:

Provision for a mandatory full adjudicatory public hearing prior to the issuance of a combined construction/operation license.

Requirement that an environmental impact statement be completed prior to the issuance of a combined construction/operation license.

Requirement that the licensee maintain liability insurance to cover all liability claims related to the operation of the enrichment facility.

Requirement that the licensee provide assurance that funds are available for decommissioning and decontamination of the facility through either prepayment, surety or performance bond, or external sinking fund.

Requirement that the Commission verify through inspection that the facility has been constructed in accordance with its license before permitting operation of the facility.

The compromise bill also prohibits the Federal Government from providing any insurance subsidy to a private enrichment facility through the Price-Anderson Act. Under current law, the NRC has the discretion to provide Price-Anderson coverage to a private enrichment facility, but is not required to do so.

The committee believes that if private entrepreneurs desire to occupy the field of uranium enrichment, which is currently solely the province of the Federal Government, they, not Federal taxpayers, should bear the financial liability for their actions. In addition, the increased financial accountability created by private insurance is an economic incentive for the safe operation of private enrichment facilities.

The committee has accepted changes in the licensing requirements for enrichment facilities with the understanding that these changes have absolutely no effect, and establish no precedent, relating to the current requirements for nuclear plant licensing under part 50 or the new part 52 procedure. Because nuclear reactors are far more hazardous than enrichment facilities, a far more rigorous licensing process is necessary.

Mr. MOORHEAD. Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. GILMAN).

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I am pleased to rise in support of H.R. 4808, the Solar, Wind, and Geothermal Power Incentives Act of 1990. And I would like to take this opportunity to commend the gentleman from Indiana (Mr. SHARP) and the gentleman from California (Mr. MOORHEAD) for their efforts toward a better energy policy for our Nation.

In order to address the serious energy problem of the day, our Nation must explore alternative forms of energy, a resource that we have underutilized. This legislation would amend the Public Utility Regulatory Policies Act of 1978 to remove the capacity limit on solar, wind, and geothermal energy facilities so that those larger producers may sell their power to utility companies.

Even today, we continue to rely on the use of petroleum byproducts as our major source of energy. These

products were the first major source of energy in our modern age, however, it is becoming increasingly apparent that the seemingly endless supply is finite, and production is no longer simple and inexpensive.

Therefore, for both economic and environmental reasons we must begin to seriously consider the use of alternative forms of energy. This legislation represents a major step toward making these three forms of alternative energy more economical for both the producer and the purchaser.

Accordingly, Mr. Speaker, I urge my colleagues to join in support of this legislation and in exploring the many benefits of alternative energy.

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Mr. SHARP. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from the State of Washington (Mrs. UNSOELD).

(Mrs. UNSOELD asked and was given permission to revise and extend her remarks.)

Mrs. UNSOELD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks. I rise to speak in support of the legislation, introduced by the distinguished gentleman from Indiana, which will promote a cleaner environment while enhancing our energy independence. Passage of the Solar, Wind, and Geothermal Power Production Incentives Act will be a positive step toward reestablishing this country's position as a global leader in the development and use of renewable energy technology.

There has been a steady erosion of Federal commitment to the long-term energy independence of America. The level of renewable research and development funding for this year was only about 15 percent of that spent in 1980. We have wasted energy. Worse still, we have wasted a decade that should have been spent developing clean renewable alternatives for our rapidly diminishing domestic oil reserves. Without a comprehensive and visionary energy policy—one that puts us on the path to energy independence—we lose the power to control our economic destiny. We have been lulled by cheap fossil fuels—to the detriment of the entire planet's environmental well-being.

There are numerous obstacles to overcome on the road to safe, clean, and dependable energy. Federal leadership is a must. Research dollars will be required in amounts significantly greater than presently allocated. American ingenuity will be called on to develop competitive new technologies. The time is now. Until the Persian Gulf conflict, we had nearly forgotten how volatile the world energy market could be. This devastating blow to our economy and trade balance is but a spike in an otherwise long-term slide into foreign energy dependence. It is nothing short of submission to terrorism for America to remain reliant on foreign oil. We must

free ourselves of this reliance on foreigners and develop renewable energy technologies.

The neglect of a national energy policy in light of our presence in the Persian Gulf is disheartening. While our young men and women risk their lives, we at home should consider how we can alter our energy habits to help defeat economic terrorism. A decade of spending cuts has undermined the development of alternate energy technology, and we are in a vulnerable position to exploit renewables as a short-term solution to the energy crisis we now face.

I urge this body to accept this piece of legislation and to reaffirm Federal commitment to renewable energy R&D. I also call upon the administration to develop an energy policy that will safeguard the availability of energy for generations to come.

Mr. MOORHEAD. Mr. Speaker, I want to especially thank the gentleman from Indiana (Mr. SHARP), the chairman of our subcommittee, for his efforts on this legislation, which is so important to our area in southern California, and to my district.

Mr. SHARP. I thank the gentleman. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Pennsylvania (Mr. MURPHY).

Mr. MURPHY. I thank the gentleman for yielding.

Mr. Speaker, I want to thank Chairman SHARP and Mr. MOORHEAD for their foresight in introducing this legislation and bringing it before the House this week.

A number of years ago I served on the special ad hoc energy committee under President Carter, and we in the House and Senate at that time, charted a course in which we would use alternative sources of energy so that we would reduce our reliance upon the fossil fuels which are so finite and which today are so expensive.

Unfortunately, we lost our way, and we sort of deviated from the course. Now I am pleased to see that Congress is again, back on that course, to adopt the sources of energy that have been used for centuries by mankind; solar, in the Yucatan and Peru; wind energy in ancient Asia Minor, and the Nile. These types of sources of energy and geothermal, which has newly come on the scene, are so important that we want to finally reduce our total reliance upon fossil fuels, and particularly, imported oil. We have got to get back to incentives in the United States of America in producing our own energy.

Solar, wind, and geothermal are the path to follow.

Mr. MARKEY. Mr. Speaker, I rise in strong support of the legislation before us today. This legislation pulls together several pending energy measures, the most important one of which is the Solar, Wind, and Geothermal Power Production Incentives Act of 1990,

which I co-authored with chairman Phil SHARP.

H.R. 4808 will remove the size limitations on renewable energy projects instituted by PURPA—the Public Utility Regulatory Policies Act of 1978—and allow these powerplants to reach their most efficient and cost-effective scale.

PURPA has been extremely successful in increasing the utilization of renewable resources—such as solar, wind, and geothermal energy—and lowering the price of power generated from these sources. Solar thermal power has dropped from a production cost of 24 cents per kilowatt-hour (kWh) in 1984, to a cost of about 8 cents per kWh today. Wind and geothermal power production costs have also decreased thanks to PURPA, down to about 7 cents per kWh for wind and 5 cents per kWh for geothermal.

Just as impressively, the reliability factors for renewable technologies has steadily improved. Geothermal powerplants, for example, have had an average availability factor of 76.9 percent. This compares quite favorably to nuclear power plants—which have had an average availability factor of 64.3 percent, and 10 of which have had lifetime capacity factors of less than 40 percent.

But renewable facilities that seek qualifying status under PURPA have been limited in size to 30 or 80 megawatts per project. No one seems to be sure why the size limit of 30 megawatts was first instituted in 1978. Perhaps its because such a size seemed paragonous with respect to 1978 technologies.

But now PURPA's size limits are preventing significant economies of scale. In fact, Luz International, an Israeli-based developer of solar power in California, has estimated that its next generation of solar power technology can reduce their production costs from 8 to 6 cents per kWh if the size limit in PURPA is removed. Similar economies of scale can be realized for geothermal and wind power, once Federal law allows their projects to grow in size.

The slogan of the alternative energy investment has been "small is beautiful." But with the birth of a new generation of renewable energy technologies, it is apparent that big can be beautiful too.

The importance of this incentive for clean renewable energy is underscored this year, by the impending passage of the Clean Air Act reauthorization. Renewable energy can play a major role in meeting our clean air goals while providing reliable and affordable electricity if barriers to growth are removed. Last year in California, the wind industry generated over 2 billion kilowatt-hours of electricity. Had this power been generated by coal-fired plants—even with the clean coal-burning technology—it would have been accompanied by more than 6,000 tons of sulfur dioxide emissions and 2 million tons of carbon dioxide.

Just this weekend the clean air conferees adopted an amendment that I authored with Representative CARLOS MOORHEAD that provides an incentive for utilities to pursue renewable energy in order to mitigate acid rain. That provision of the Clean Air Act, combined with today's bill, H.R. 4808, will provide a very important boost for our Nation's environment and energy independence.

I commend the chairman of the Energy and Power Subcommittee, Mr. SHARP, and the subcommittee's ranking member, Mr. MOOR-

HEAD, for their leadership in this and other energy issues I urge the passage of this bill.

Mr. MOORHEAD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SHARP. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. PARKER). The question is on the motion offered by the gentleman from Indiana (Mr. SHARP) that the House suspend the rules and pass the bill, H.R. 4808, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "A bill to encourage solar, wind, waste, and geothermal power production by removing the size limitations contained in the Public Utility Regulatory Policies Act of 1978."

A motion to reconsider was laid on the table.

OCTANE DISPLAY AND DISCLOSURE ACT OF 1990

Mr. SHARP. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5520) to amend the Petroleum Marketing Practices Act to require certification and posting for all liquid automotive fuels, to provide the States more authority to enforce automotive fuel posting requirements, and for other purposes, as amended.

The Clerk read as follows:

P.L.R. 5520

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Octane Display and Disclosure Act of 1990."

SEC. 2. CERTIFICATION AND POSTING OF AUTOMOTIVE FUEL RATINGS.

(a) COVERAGE OF ALL LIQUID AUTOMOTIVE FUELS.—Section 201(8) of the Petroleum Marketing Practices Act (15 U.S.C. 2821(8)) is amended to read as follows:

"(8) The term 'automotive fuel' means liquid fuel of a type distributed for use as a fuel in any motor vehicle."

(b) AUTOMOTIVE FUEL RATING.—Section 201 of such Act (15 U.S.C. 2821) is amended by adding at the end the following new paragraphs:

"(17) The term 'automotive fuel rating' means—

"(A) the octane rating of an automotive spark-ignition engine fuel; and

"(B) if provided for by the Federal Trade Commission by rule, the octane rating of diesel fuel oils; or

"(C) another form of rating determined by the Federal Trade Commission, after consultation with the American Society for Testing and Materials (ASTM), to be more appropriate to carry out the purposes of this title with respect to the automotive fuel concerned.

"(18)(A) The term 'octane ratings' means a measure, as indicated by a cetane index or cetane number, of the ignition quality of diesel fuel oil and of the influence of the diesel fuel oil on combustion roughness.

"(B) The term 'cetane index' and the term 'cetane number' have the meanings determined in accordance with the test methods

set forth in the American Society for Testing and Materials standard test methods—

(1) designated D976 or D4737 in the case of cetane index; and

(2) designated D613 in the case of cetane number.

(as in effect on the date of the enactment of this Act) and shall apply to any grade or type of diesel fuel oils defined in the specification of the American Society for Testing and Materials entitled 'Standard Specification for Diesel Fuel Oils' designated D976 (as in effect on such date)."

(c) CONFORMING AMENDMENTS.—(1) Section 201 of such Act (15 U.S.C. 2821) is amended—

(A) in paragraph (1), by striking out "gasoline" and inserting in lieu thereof "fuel";

(B) in paragraph (2)—

(i) by striking out "Standard Specification for Automotive Gasoline" and inserting in lieu thereof "Standard Specification for Automotive Spark-Ignition Engine Fuel"; and

(ii) by striking out "D439" and inserting in lieu thereof "D4814";

(C) in paragraph (4)—

(i) by striking out "gasoline" the first place it appears and inserting in lieu thereof "automotive fuel"; and

(ii) by striking out "gasoline" the second place it appears and inserting in lieu thereof "fuel";

(D) by striking out paragraph (5) and inserting in lieu thereof the following:

"(5) The term 'refiner' means any person engaged in the production or importation of automotive fuel."

(E) in paragraph (11)—

(i) by striking out "octane" each place it appears and inserting in lieu thereof "automotive fuel"; and

(ii) by striking out "gasoline" each place it appears and inserting in lieu thereof "fuel"; and

(F) in paragraph (16), by striking out "gasoline" each place it appears and inserting in lieu thereof "automotive fuel";

(2) Section 202 of such Act (15 U.S.C. 2822) is amended—

(A) by striking out "octane rating" and "octane ratings" each place such terms appear and inserting in lieu thereof "automotive fuel rating" and "automotive fuel ratings", respectively;

(B) in subsections (a) and (b), by striking out "gasoline" each place it appears and substituting in lieu thereof "fuel";

(C) in subsection (c)—

(i) by striking out "gasoline" each place it appears (other than the second place it appears) and inserting in lieu thereof "automotive fuel"; and

(ii) by striking out "gasoline" the second place it appears and inserting in lieu thereof "fuel";

(D) in subsection (d), by striking out "octane" and inserting in lieu thereof "automotive fuel";

(E) in subsection (e)—

(i) by striking out "gasoline" each place it appears and inserting in lieu thereof "fuel"; and

(ii) by striking out "gasoline's" and inserting in lieu thereof "fuel's";

(F) in subsections (f), (g), and (h), by striking out "gasoline" each place it appears and inserting in lieu thereof "fuel";

(G) in subsection (h), by striking out "octane requirement" each place it appears and inserting in lieu thereof "automotive fuel requirement"; and

(H) in the section heading by striking out "OCTANE" and inserting in lieu thereof "AUTOMOTIVE FUEL RATING";

(3) Section 203 of such Act (15 U.S.C. 2823) is amended—