

Calendar No. 379

110TH CONGRESS }
1st Session }

SENATE

{ REPORT
110-181

REAUTHORIZE THE STEEL AND ALUMINUM ENERGY CONSERVATION AND TECHNOLOGY COMPETITIVENESS ACT OF 1988

SEPTEMBER 17, 2007.—Ordered to be printed

Mr. BINGAMAN, from the Committee on Energy and Natural
Resources, submitted the following

R E P O R T

[To accompany H.R. 1126]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 1126) to reauthorize the Steel and Aluminum Energy Conservation and Technology Competitiveness Act of 1988, having considered the same, reports favorably thereon without amendment and recommends that the Act do pass.

PURPOSE OF THE MEASURE

The purpose of H.R. 1126 is to reauthorize the Steel and Aluminum Energy Conservation and Technology Competitiveness Act of 1988 (Public Law 100-680).

BACKGROUND AND NEED

The Steel and Aluminum Energy Conservation and Technology Competitiveness Act of 1988 was enacted to help maintain viable domestic steel, aluminum, copper, and other metal industries. The Act directed the Secretary of Energy to establish an industrial energy conservation and competitive technology program, known as the Metals Initiative, to increase energy efficiency and enhance the competitiveness of American steel, aluminum, and copper industries through joint research and development partnerships.

As originally enacted, the Steel and Aluminum Energy Conservation and Technology Act of 1988 authorized appropriations to carry out the Metals Initiative through fiscal year 1991. Section 2106 of the Energy Policy Act of 1992 authorized additional appropriations

through fiscal year 1997. Congress has continued to appropriate funds for the Initiative each year since then.

H.R. 1126 is needed to reauthorize appropriations for the Metals Initiative for fiscal years 2008 through 2012, to update program priorities, and to reinstate the requirement that the Secretary submit annual reports on the research and development activities carried out under the Act.

LEGISLATIVE HISTORY

H.R. 1126 was introduced in the House of Representatives by Representative Lipinski on February 16, 2007 and referred to the Committee on Science and Technology. The Committee on Science and Technology ordered the bill reported without amendment on February 28, 2007 (H. Rept. 110–41). The House passed the bill by voice vote on March 12, 2007.

H.R. 1126 was referred to the Committee on Energy and Natural Resources on March 12, 2007. The Subcommittee on Energy held a hearing on the bill on May 22, 2007. The Committee ordered the bill reported without amendment on July 25, 2007.

H.R. 1126 is similar to H.R. 1158 in the 109th Congress. The House Committee on Science and Technology held an oversight hearing on the Metals Initiative on May 20, 2004, and ordered H.R. 1158 reported on March 17, 2005 (H. Rept. 109–147). The House passed H.R. 1158 on April 26, 2005. H.R. 1158 was referred to the Senate Committee on Energy and Natural Resources, but no action was taken on it during the 109th Congress.

COMMITTEE RECOMMENDATION

The Committee on Energy and Natural Resources, in open business session on July 25, 2007, by a voice vote of a quorum present, recommends that the Senate pass H.R. 1126.

SECTION-BY-SECTION ANALYSIS

Section 1 amends the Steel and Aluminum Energy Conservation and Technology Competitiveness Act of 1988 (15 U.S.C. 5101–5110) in five respects.

Subsection (a) amends section 9 of the Act (15 U.S.C. 1508) to authorize \$12 million to be appropriated to the Secretary of Energy for the Metals Initiative for each of fiscal years 2008 through 2012.

Subsection (b)(1) amends section 4(c)(1) of the Act (15 U.S.C. 5103(c)(1)), which lists the priority steel projects, to eliminate “coatings for sheet steels” and add “sheet and bar steels”.

Subsection (b)(2) amends section 4(c)(1) of the Act to add “the development of technologies which reduce greenhouse gas emissions” to the list of steel projects.

Subsection (c)(1) strikes section 7 of the Act (15 U.S.C. 5106), which had required the National Institute of Standards and Technology to conduct an expanded program of steel and aluminum research and development.

Subsection (c)(2) amends section 8 of the Act (15 U.S.C. 5107) to reinstate the requirement that the Secretary of Energy submit annual reports to the President and Congress on the research and development activities carried out under the Metals Initiative.

COST AND BUDGET CONSIDERATIONS

The following estimate of costs of H.R. 1126 has been provided by the Congressional Budget Office:

AUGUST 14, 2007.

Hon. JEFF BINGAMAN,
Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1126, an act to reauthorize the Steel and Aluminum Energy Conservation and Technology Competitiveness Act of 1988.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Megan Carroll.

Sincerely,

PETER R. ORSZAG.

Enclosure.

H.R. 1126—An act to reauthorize the Steel and Aluminum Energy Conservation and Technology Competitiveness Act of 1988

Summary: H.R. 1126 would authorize appropriations totaling \$60 million over the 2008–2012 period for research and development to enhance the energy efficiency of processes to manufacture metals, particularly steel and aluminum. Assuming appropriation of the specified amounts, CBO estimates that implementing the legislation would increase discretionary spending by \$6 million in 2008 and \$54 million over the next five years. Enacting H.R. 1126 would not affect direct spending or revenues.

H.R. 1126 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1126 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By fiscal year, in millions of dollars—					
	2007	2008	2009	2010	2011	2012
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Research on Energy Efficiency of Metals Manufacturing:						
Budget Authority ¹	7	0	0	0	0	0
Estimated Outlays	6	2	0	0	0	0
Proposed Changes:						
Authorization Level	0	12	12	12	12	12
Estimated Outlays	0	6	12	12	12	12
Spending Under H.R. 1126 for Research on Energy Efficiency of Metals Manufacturing:						
Authorization Level ¹	7	12	12	12	12	12
Estimated Outlays	6	8	12	12	12	12

¹ The 2007 level is the amount appropriated for that year for programs to improve the energy efficiency of metals manufacturing.

Basis of estimate: For this estimate, CBO assumes that H.R. 1126 will be enacted near the end of fiscal year 2007 and that appropriations will be provided as specified in the legislation. H.R. 1126 would reauthorize the Steel and Aluminum Energy Conservation and Technology Competitiveness Act of 1988. The legislation

would authorize the appropriation of \$12 million a year over the 2008–2012 period for research and development to enhance the energy efficiency of processes to manufacture steel, aluminum, and other metals. It also would expand research authorized under the act to include processes that make bar steel and technologies to reduce greenhouse gas emissions. Based on historical spending patterns for similar activities, CBO estimates that fully funding H.R. 1126 would increase discretionary spending by \$6 million in 2008 and \$54 million over the next five years, assuming appropriation of the specified amounts.

Intergovernmental and private-sector impact: H.R. 1126 contains no intergovernmental or private-sector mandates as defined in UMRA. Funds authorized in the legislation would benefit institutions of higher education that participate in research programs to improve the energy efficiency of metals. Any costs that they might incur, including matching funds, would result from complying with conditions of federal assistance.

Previous CBO estimate: On March 2, 2007, CBO transmitted a cost estimate for H.R. 1126 as ordered reported by the House Committee on Science and Technology on February 28, 2007. The two versions of the legislation are similar, and our cost estimates are the same.

Estimate prepared by: Federal Costs: Megan Carroll; Impact on State, Local, and Tribal Governments: Neil Hood; Impact on the Private Sector: Craig Cammarata and Patrice Gordon.

Estimate approved by: Peter H. Fontaine, Assistant Director for Budget Analysis.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out H.R. 1126.

The bill is not a regulatory measure in the sense of imposing Government established standards or significant economic responsibilities on private individuals and businesses.

The Secretary may need to collect some personal information from grant applicants. The Committee expects the Secretary to limit the collection of personal information to the minimum amount needed to adequately administer the programs, and therefore anticipates little impact on personal privacy.

Enactment of H.R. 1126 will result in the production of various applications, reports, and performance assessments necessary to the administration of the various programs authorized by the bill. Again, the Committee expects the Secretary to limit paperwork requirements to the minimum amount needed to adequately administer the program.

EXECUTIVE COMMUNICATIONS

At a legislative hearing before the Committee on Energy and Natural Resources on May 22, 2007, the Department of Energy provided the following testimony with respect to H.R. 1126.

STATEMENT OF DAVID R. HILL, GENERAL COUNSEL,
DEPARTMENT OF ENERGY

Chairman Dorgan, Senator Murkowski, and members of the Committee, my name is David Hill and I am the General Counsel of the U.S. Department of Energy. I want to thank you for the opportunity to appear today and offer preliminary comments on five energy-related bills that the Congress is considering. The bills before the Committee today each make valuable contributions to our national discussion on energy security, but in some cases could benefit from further review, discussion and modification. The Department looks forward to working with the Committee to resolve these issues. I would like to discuss the elements of each bill, as well as present some of the DOE activities that are already underway in areas addressed by the bills.

* * * * *

H.R. 1126 would reauthorize and modify the Steel and Aluminum Energy Conservation and Technology Competitiveness Act of 1988. The Department generally supports the change in direction to develop technologies which reduce greenhouse gas emissions. However, while the bill does reauthorize provisions to encourage energy efficiency in these important industries, it also maintains an industry-specific focus that the Department believes is not the best way to advance industrial energy efficiency as a whole. DOE has restructured its Industrial Technologies Program to focus on process energy efficiency improvements that will bring more cross-cutting benefits and with wider application to a broader spectrum of manufacturing industries, including steel and aluminum.

Another concern is the reauthorization of recoupment schemes. Although well-intentioned and attractive on the surface, they can ultimately serve as a disincentive to industry, and have been difficult to execute in practice. Although the Department supports continued research and development that will contribute to reducing energy costs for these industries, the Department also wants to pursue initiatives that address newer, high energy growth industries and next generation manufacturing technologies.

Again, thank you for the opportunity to present the Department of Energy comments on these bills. The Department looks forward to working with the Committee on these bills, and on the many other important energy matters facing our Nation. This concludes my prepared remarks. I would be happy to answer any questions the Committee may have.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill H.R. 1126, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is

printed in italic, existing law in which no change is proposed is shown in roman):

STEEL AND ALUMINUM ENERGY CONSERVATION AND TECHNOLOGY COMPETITIVENESS ACT OF 1988

PUBLIC LAW 100-680—Nov. 17, 1988

AN ACT To promote energy conservation and technology competitiveness in the American steel and aluminum industries

* * * * *

SEC. 4. ESTABLISHMENT OF SCIENTIFIC RESEARCH AND DEVELOPMENT PROGRAM TO DEVELOP COMPETITIVE MANUFACTURING TECHNOLOGIES AND INCREASE ENERGY EFFICIENCY IN THE STEEL AND ALUMINUM INDUSTRIES.

* * * * *

(c) **PRIORITIES.**—Within 6 months after the date of enactment of this Act, the Secretary shall publish an update of the research plan. In reviewing research and development activities for possible inclusion in the research plan, the Secretary shall consider the following:

(1) STEEL PROJECTS.—

* * * * *

(H) The development of advanced [coatings for sheet steels] *sheet and bar steels*.

* * * * *

(K) *The development of technologies which reduce greenhouse gas emissions.*

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[SEC. 7. EXPANDED STEEL AND ALUMINUM RESEARCH PROGRAM IN NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY.

[The National Institute of Standards and Technology, through its Institute for Materials Science and Engineering and, as appropriate, in coordination with the Department of Energy and other Federal agencies, shall conduct an expanded program of steel and aluminum research to provide necessary instrumentation and measurement research and development in support of activities conducted under this Act.]

SEC. 8. REPORTS.

The Secretary shall prepare and submit annually to the President and the Congress at the close of each fiscal year, *beginning with fiscal year 2008*, a complete report of the research and development activities carried out under this Act during the fiscal year involved, including the actual and anticipated obligation of funds, for such activities, together with such recommendations as the Secretary may consider appropriate for further legislative, administrative, and other actions, including actions by the American steel, aluminum, copper, and other metals industries, which should be taken in order to achieve the purposes of this Act. The report submitted at the close of fiscal year 1991 shall also contain a complete summary of activities under the management plan and the re-

search plan from the first year of their operation, along with an analysis of the extent to which they have succeeded in accomplishing the purposes of this Act. The reports submitted at the close of fiscal years 1993, 1995, and 1997 shall also contain a complete summary of activities under the management plan and the research plan from the first year of their operation, along with an analysis of the extent to which they have succeeded in accomplishing the purposes of this Act.

[SEC. 9. AUTHORIZATION OF APPROPRIATIONS.

[(a) TO THE SECRETARY.—(1) There are authorized to be appropriated to the Secretary, to carry out the functions of the Department of Energy under this Act, \$2,000,000 for fiscal year 1989, \$20,000,000 for fiscal year 1990, \$25,000,000 for fiscal year 1991, \$17,968,000 for fiscal year 1992, and \$18,091,000 for each of the fiscal years 1993 through 1997, to be derived from sums authorized under section 2101(e) of the Energy Policy Act of 1992.

[(2) Funds previously appropriated for the steel research and development initiative—

[(A) under title II of the Interior and Related Agencies portion of the joint resolution entitled “Joint Resolution making further continuing appropriations for the fiscal year 1986, and for other purposes”, approved December 19, 1985 (Public Law 99–190); or

[(B) under subsequent appropriations Acts, which remain available under the terms of such Acts may be used for the purposes of this Act.

[(b) TO THE INSTITUTE.—There are authorized to be appropriated to the Director of the National Institute of Standards and Technology to carry out the functions of the Institute under this Act, \$3,000,000 for each of the fiscal years 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, and 1997, to be derived from sums otherwise authorized to be appropriated to the Institute. **]**

SEC. 9. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary to carry out this Act \$12,000,000 for each of the fiscal years 2008 through 2012.

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