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DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS BILL, 2004

JULY 10, 2003.—Ordered to be printed

Mr. BURNS, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany S. 1391]

The Committee on Appropriations reports the bill (S. 1391) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 2004, and for other purposes, reports favorably thereon and recommends that the bill do pass.

Amounts in new budget (obligational) authority, fiscal year 2004

Total of bill as reported to Senate	\$19,626,566,000
Estimates considered by Senate	19,551,854,000
Above the budget estimate, 2004	74,712,000
Below appropriations, 2003 (including emer- gencies)	130,244,000

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SUMMARY OF BILL

For this bill, estimates totaling \$19,490,979,000 in new obligational authority were considered by the Committee for the programs and activities of the agencies and bureaus of the Department of the Interior, except the Bureau of Reclamation, and the following related agencies:

Department of Agriculture:

Forest Service.

Department of Energy:

Clean coal technology.

Fossil energy research and development.

Naval petroleum and oil shale reserves.

Elk Hills School lands fund.

Energy conservation.

Economic regulation.

Strategic petroleum reserve.

SPR petroleum account.

Energy Information Administration.

Department of Health and Human Services:

Indian Health Service.

Office of Navajo and Hopi Indian Relocation.

Institute of American Indian and Alaska Native Culture and Arts Development.

Smithsonian Institution.

National Gallery of Art.

John F. Kennedy Center for the Performing Arts.

Woodrow Wilson International Center for Scholars.

National Foundation on the Arts and Humanities:

National Endowment for the Arts.

National Endowment for the Humanities.

Commission of Fine Arts.

Advisory Council on Historic Preservation.

National Capital Planning Commission.

United States Holocaust Memorial Museum.

Presidio Trust.

REVENUE GENERATED BY AGENCIES IN BILL

Oil and gas leasing and other mineral leasing activities, recreation and user fees, the timber and range programs, and oil production from the naval petroleum reserves are estimated to generate income to the Government of \$7,945,094,000 in fiscal year 2004. These estimated receipts, for agencies under the subcommittee's jurisdiction, are tabulated below:

Item	Fiscal year—		
	2002	2003	2004
Department of the Interior	\$8,090,086,000	\$7,966,043,000	\$7,523,776,000
Forest Service	334,446,000	402,191,000	414,391,000
Naval petroleum reserves	6,728,000	6,988,000	6,927,000
Total receipts	8,431,260,000	8,375,222,000	7,945,094,000

MAJOR CHANGES RECOMMENDED IN THE BILL

The Committee has developed revisions to the budget estimate for the 2004 fiscal year.

A comparative summary of funding in the bill by agency is shown by agency or principal program in the following table:

(In thousands of dollars)

	Budget estimate	Committee recommendation	Committee recommendation compared with budget estimate
TITLE I—DEPARTMENT OF THE INTERIOR			
Bureau of Land Management	1,700,521	1,722,947	+ 22,426
U.S. Fish and Wildlife Service	1,285,227	1,338,228	+ 53,001
National Park Service	2,361,873	2,320,861	- 41,012
United States Geological Survey	895,505	928,864	+ 33,359
Minerals Management Service	171,321	173,121	+ 1,800
Office of Surface Mining Reclamation and Enforcement	281,168	297,592	+ 16,424
Bureau of Indian Affairs	2,292,761	2,320,412	+ 27,651
Departmental Offices	775,285	732,117	- 43,168
Total, Title I—Department of the Interior	9,763,661	9,834,142	+ 70,481
TITLE II—RELATED AGENCIES			
Forest Service	4,057,972	4,094,708	+ 36,736
Department of Energy	(1,703,837)	(1,671,345)	(- 32,492)
Clean Coal Technology		- 97,000	- 97,000
Fossil Energy Research and Development	514,305	593,514	+ 79,209
Naval Petroleum and Oil Shale Reserves	16,500	17,947	+ 1,447
Elk Hills School Lands Fund	36,000	36,000	
Energy Conservation	875,793	861,645	- 14,148
Economic Regulation	1,047	1,047	
Strategic Petroleum Reserve	175,081	173,081	- 2,000
SPR Petroleum Account			
Northeast home heating oil reserve	5,000	5,000	
Energy Information Administration	80,111	80,111	
Indian Health Service	2,889,662	2,937,712	+ 48,050
Office of Navajo and Hopi Indian Relocation	13,532	13,532	
Institute of American Indian and Alaska Native Culture and Arts Development	5,250	6,250	+ 1,000
Smithsonian Institution	566,523	577,959	+ 11,436
National Gallery of Art	100,449	97,250	- 3,199
John F. Kennedy Center for the Performing Arts	32,560	32,560	
Woodrow Wilson International Center for Scholars	8,604	8,604	
National Endowment for the Arts	117,480	117,480	
National Endowment for the Humanities	152,000	142,000	- 10,000
Commission of Fine Arts	1,422	1,422	
National Capital Arts and Cultural Affairs	5,000	6,000	+ 1,000
Advisory Council on Historic Preservation	4,100	4,000	- 100
National Capital Planning Commission	8,230	8,030	- 200
United States Holocaust Memorial Museum	39,997	39,997	
Presidio Trust	20,700	20,700	
Total, Title II—Related Agencies	9,727,318	9,779,549	+ 52,231

[In thousands of dollars]

	Budget estimate	Committee recommendation	Committee recommendation compared with budget estimate
GRAND TOTAL	19,490,979	19,613,691	+ 122,712

REPROGRAMMING GUIDELINES

The Committee has revised the reprogramming guidelines to address the issue of assessments and charges within department and agencies or by other agencies, and to clarify other issues. The changes dealing with assessments, as reflected in sections 2(e) and 10 below, clarify in 2(e) that the head of any department or agency or bureau may not assess or charge subordinate entities for services or products above the amounts that are listed in the budget justification without formal Committee approval. If there are any overhead charges or other assessments or charges that are not listed in the budget justification, the head of the department or agency may not require payment of such charges or assessments without Committee approval. This same instruction (see section 10 below) applies to assessments from other agencies such as the General Services Administration.

Section 9 has been modified to delete the reference to legislative committees. Sections 11, 12, and 13 have been added dealing with land acquisitions and forest legacy projects, land exchanges, and appropriations structure issues. Several other minor technical changes have been made and section 9(b) has been added dealing with Forest Service transfers.

The following are revised procedures governing reprogramming actions for programs and activities funded in the Interior and Related Agencies Appropriations Act:

1. *Definition.*—"Reprogramming," as defined in these procedures, includes the reallocation of funds from one budget activity to another. In cases where either Committee report displays an allocation of an appropriation below the activity level, that more detailed level shall be the basis for reprogramming. For construction accounts, a reprogramming constitutes the reallocation of funds from one construction project identified in the justifications or committee report to another. A reprogramming shall also consist of any significant departure from the program described in the agency's budget justifications. This includes proposed reorganizations even without a change in funding.

2. *Guidelines for Reprogramming.*—(a) A reprogramming should be made only when an unforeseen situation arises; and then only if postponement of the project or the activity until the next appropriation year would result in actual loss or damage. Mere convenience or desire should not be factors for consideration.

(b) Any project or activity which may be deferred through reprogramming shall not later be accomplished by means of further reprogramming; but, instead, funds should again be sought for the deferred project or activity through the regular appropriations process.

(c) Reprogramming should not be employed to initiate new programs or to change allocations specifically denied, limited or in-

creased by the Congress in the Act or the report. In cases where unforeseen events or conditions are deemed to require such changes, proposals shall be submitted in advance to the Committee, regardless of amounts involved, and be fully explained and justified.

(d) Reprogramming proposals submitted to the Committee for approval shall be considered approved 30 calendar days after receipt if the Committee has posed no objection. However, agencies will be expected to extend the approval deadline if specifically requested by either Committee.

(e) The Secretary or agency head may not assess, charge, or bill bureaus or other subordinate entities more than the amounts listed in the budget justification for any products or services, or institute any additional assessments, without formal Committee approval.

3. *Criteria and Exception.*—Any proposed reprogramming must be submitted to the Committee in writing prior to implementation if it exceeds \$500,000 annually or results in an increase or decrease of more than 10 percent annually in affected programs, with the following exception:

With regard to the tribal priority allocations activity of the Bureau of Indian Affairs, Operations of Indian Programs account, there is no restriction on reprogrammings among the programs within this activity. However, the Bureau shall report on all reprogrammings made during the first 6 months of the fiscal year by no later than May 1 of each year, and shall provide a final report of all reprogrammings for the previous fiscal year by no later than November 1 of each year.

4. *Quarterly Reports.*—(a) All reprogrammings shall be reported to the Committee quarterly and shall include cumulative totals.

(b) Any significant shifts of funding among object classifications also should be reported to the Committee.

5. *Administrative Overhead Accounts.*—For all appropriations where costs of overhead administrative expenses are funded in part from “assessments” of various budget activities within an appropriation, the assessments shall be shown in justifications under the discussion of administrative expenses.

6. *Contingency Accounts.*—For all appropriations where assessments are made against various budget activities or allocations for contingencies, the Committee expects a full explanation, separate from the justifications. The explanation shall show the amount of the assessment, the activities assessed, and the purpose of the fund. The Committee expects reports each year detailing the use of these funds. In no case shall a fund be used to finance projects and activities disapproved or limited by Congress or to finance new permanent positions or to finance programs or activities that could be foreseen and included in the normal budget review process. Contingency funds shall not be used to initiate new programs.

7. *Declarations of Taking.*—The Committee directs the Bureau of Land Management, the U.S. Fish and Wildlife Service, the National Park Service, and the Forest Service to seek Committee approval in advance of filing declarations of taking.

8. *Report Language.*—Any limitation, directive, or earmarking contained in either the House or Senate report which is not contradicted by the other report nor specifically denied in the conference

report shall be considered as having been approved by both Houses of Congress.

9. *Forest Service*.—The following procedures shall apply to the Forest Service, Department of Agriculture:

(a) The Forest Service shall not change the boundaries of any region, abolish any region, move or close any regional office for research, State and private forestry, or National Forest System administration; without the consent of the House and Senate Committees on Appropriations in compliance with these reprogramming procedures.

(b) Provisions of section 702(b) of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 2257) and of 7 U.S.C. 147b shall apply to appropriations available to the Forest Service only to the extent that the proposed transfer is approved by the House and Senate Committees on Appropriations in compliance with these reprogramming procedures.

10. *Assessments*.—No assessments shall be levied against any program, budget activity, subactivity, or project funded by the Interior Appropriations Act unless such assessments and the basis therefore are presented to the Committees on Appropriations and are approved by such Committees, in compliance with these procedures.

11. *Land Acquisitions and Forest Legacy*.—Lands shall not be acquired for more than the approved appraised value (as addressed in section 301(3) of Public Law 91-646) except for condemnations and declarations of taking, unless such acquisitions are submitted to the Committees on Appropriations for approval in compliance with these procedures.

12. *Land Exchanges*.—Land exchanges, wherein the estimated value of the Federal lands to be exchanged is greater than \$500,000, shall not be consummated until the Committees on Appropriations have had a 30-day period in which to examine the proposed exchange.

13. The appropriation structure for any agency shall not be altered without advance approval of the House and Senate Committees on Appropriations.

ALLOCATING CONGRESSIONAL FUNDING PRIORITIES

The Committee continues to be concerned that the agencies funded by this Act are not following a standard methodology for allocating appropriated funds to the field where congressional funding priorities are concerned. When congressional instructions are provided, the Committee expects these instructions to be closely monitored and followed. The committee directs that earmarks for congressional funding priorities be first allocated to the receiving units, and then all remaining funds should be allocated to the field based on established procedures. Field units or programs should not have their allocations reduced because of earmarks for congressional priorities without direction from or advance approval of the Committee.

COMPETITIVE SOURCING

The Committee has carefully considered the administration's competitive sourcing initiative as it applies to the agencies funded in this bill. The Committee embraces the principle at the root of this initiative, which is that government must continually strive to improve the efficiency of its operations and the delivery of services that it provides. The Committee is deeply concerned, however, at the administration's failure to either budget adequately for the cost of the initiative or describe such costs in budget documents. As a result, significant sums are being expended in violation of the Committee's reprogramming guidelines and at the expense of critical, on-the-ground work such as the maintenance of Federal facilities. The Forest Service alone plans to spend \$10,000,000 on competitive sourcing in fiscal year 2003, including \$3,000,000 to establish a competitive sourcing office. Such activities were described nowhere in the Forest Service's fiscal year 2003 budget justification, and were not provided for in the fiscal year 2003 conference report or accompanying statement of the managers. The Department of the Interior is also spending significant amounts on the competitive sourcing initiative. Though a belated reprogramming request from the Department has been promised, there is no reason these costs could not have been anticipated and described in budget documents to a much better degree. The Forest Service, the Department of the Interior, and other agencies are expected to undertake additional competitive sourcing activities during fiscal year 2004, but the relevant budget documents contain little in the way of additional detail or adequate funding.

The Committee also notes the seeming absence of consideration of previous competitive sourcing experiences, which often have occurred with the Committee's encouragement and active involvement. The National Park Service's Denver Service Center and the mapping activities of the U.S. Geological Survey are two such examples. While the Committee does not contend that agencies should be satisfied to rest on past achievements, it does expect that past successes and failures be evaluated in some detail prior to the launching of major new initiatives. If such an evaluation has taken place, the results have not been presented to the Committee.

As a result of these concerns, the Committee has included language in the bill prohibiting the Forest Service from initiating additional competitive sourcing studies until such time as the Committee has been given a detailed competitive sourcing proposal and has approved such proposal in writing. The proposal should include the number of positions to be studied, the amount of funding required, and the activities from which funding will be reprogrammed. The proposal should also provide the same information for activities undertaken in fiscal year 2003. The Committee notes that this requirement should not be construed as opposition to the careful and considered conduct of a competitive sourcing program. Rather, it is the most prudent way for the Committee to ensure its constitutional prerogative over appropriated funds, and to enable Congress to evaluate the costs and tradeoffs involved in an initiative of this magnitude.

LAND ACQUISITION

In 2002, the severity of the fire season necessitated heavy borrowing from a number of accounts, including land acquisition accounts, in order to cover the costs of emergency fire suppression. Because such borrowing may well be necessary in 2003 and beyond, and due to general constraints on funding for land acquisition, the Committee feels it is important that funds appropriated for land acquisition be obligated as promptly as possible. Any funds that cannot be used by a field unit within a reasonable amount of time should be made available for reprogramming, transfer or rescission. The Committee therefore directs the Bureau of Land Management, the U.S. Fish and Wildlife Service, the National Park Service, and the Forest Service to report to the Committee by May 1 of each year on any unobligated balances remaining at the field unit level. The report should identify carryover by the fiscal year appropriated, and should specifically quantify appropriations made more than 3 fiscal years prior (the report submitted May 1, 2004, should specifically identify unobligated balances appropriated in fiscal year 2001 and prior years). In the event there are 3 year-plus balances at particular units that the relevant Agency feels will be obligated imminently, that will be used for acquisitions essential to the Agency's mission, and that have remained unobligated for reasons not within the Agency's control, the agency shall identify such instances in the report and provide specific rationale why such funds should not be rescinded, transferred or reprogrammed.

funds provided, may be used for administrative expenses of the Foundation.

Language is included which provides funds for the National Fish and Wildlife Foundation in the amount of \$2,650,000 on a 1-for-1 matching basis with private contributions for projects on or benefiting National Forest System lands.

Language is included which allows the Forest Service to transfer appropriated funds to the Bureau of Land Management from the National Forest System account for work related to the management of wild horses and burros. The amount of funds transferred with this authority should be displayed in subsequent budget justifications.

Language is included which permits the Secretary of Agriculture to sell excess buildings and other facilities on the Green Mountain National Forest and to retain the revenues for maintenance and rehabilitation activities on the forest.

Language is included allowing up to \$15,000,000 to be transferred to the Secretary of Commerce or the Secretary of the Interior for Endangered Species Act consultations.

Language is included regarding the expenditure of funds for competitive sourcing, as discussed in the front of this report.

DEPARTMENT OF ENERGY

CLEAN COAL TECHNOLOGY

(DEFERRAL)

The Committee recommends a deferral of \$97,000,000 in previously appropriated funding for the Clean Coal Technology program. The Committee understands that the projects for which this funding will be used are progressing, but at a somewhat slower pace than originally anticipated.

The Committee continues to support the U.S./China Energy and Environmental Center to promote the use and transfer of American clean energy technology to China. Up to \$1,000,000 in clean coal technology funding may be used for this purpose in fiscal year 2004.

The Committee has included language in the bill requiring a plan be transmitted to the House and Senate Committees on Appropriations detailing the proposed expenditure of funds for the FutureGen project.

FOSSIL ENERGY RESEARCH AND DEVELOPMENT

Appropriations, 2003	\$620,837,000
Budget estimate, 2004	514,305,000
Committee recommendation	593,514,000

The Committee recommends \$593,514,000 for fossil energy research and development, a decrease of \$27,323,000 below the equivalent enacted level in fiscal year 2003, and an increase of \$79,209,000 over the budget request. The Committee regrets that the current budget scenario prevented the restoration of many accounts vital to our Nation's energy security. In addition to restoring core research and development programs, the Committee has not agreed to the use of \$14,000,000 in previously appropriated funds

to offset fiscal year 2004 spending. The amounts recommend by the Committee as compared to the budget estimate are shown below.

[In thousands of dollars]

	Budget estimate	Committee recommendation	Change
Clean coal power initiative	130,000	130,000	.....
Fuels and Power Systems:			
Central Systems	86,000	91,000	+ 5,000
Sequestration R&D Greenhouse gas control	62,000	39,800	- 22,200
Fuels	5,000	24,910	+ 19,910
Advanced Research	37,500	37,882	+ 382
Distributed Generation Systems—Fuel Cells	47,000	65,000	+ 18,000
Subtotal, Fuels and Power Systems	237,500	258,592	+ 21,092
Gas	26,555	41,890	+ 15,335
Petroleum—Oil Technology	15,000	34,516	+ 19,516
Cooperative R&D	6,000	8,500	+ 2,500
Fossil energy environmental restoration	9,715	9,715	.....
Import/export authorization	2,750	2,750	.....
Headquarters program direction	22,700	22,466	- 234
Energy Technology Center program direction	70,085	70,085	.....
General plant projects	3,000	7,000	+ 4,000
Advanced metallurgical processes	10,000	8,000	- 2,000
Use of prior year balances	- 14,000	.....	+ 14,000
Transfer from SPR petroleum account	- 5,000	.....	+ 5,000
Total, Fossil Energy Research and Development	514,305	593,514	+ 79,209

Clean Coal Power Initiative.—The Committee recommends \$130,000,000 in new budget authority for the clean coal power initiative. This level is equal to the budget request level. The Committee is concerned this level is below the amount needed annually to match the President's commitment to provide an additional \$2,000,000,000 over 10 years for clean coal technologies. The Department has argued the \$2,000,000,000 commitment will still be met due to an anticipated request for increased funding in future fiscal years.

Fuels and Power Systems.—The Committee recommends \$258,592,000 for fuels and power systems, a decrease of \$2,722,000 from the fiscal year 2003 enacted level and \$21,092,000 over the budget request. For Central Systems the Committee recommends \$91,000,000. Increases above the budget request total \$5,000,000, of which \$2,000,000 is for innovations to existing plants, including support at the enacted level for the evaluation program of elemental mercury emissions reduction from North Dakota lignite-fired power plants, and the remaining \$3,000,000 is for Advanced Combustion Systems. The Committee recommends \$65,000,000 for Distributed Generation, an increase of \$18,000,000 over the request level. Increases above the request level include; \$5,000,000 for Fuel Cell Systems, \$3,000,000 for Vision 21 hybrids, and \$10,000,000 for the SECA program. Within the amount requested for Advanced Research, the HiTEC satellite research university is expected to receive \$500,000 over the fiscal year 2003 level for its continued work as a HiTEC partner. The increase for Fuel Cell Systems is expected to finalize the product design improvement initiative and continue support of the molten-carbonate turbine hybrid project. The Committee is extremely concerned with the progress of the Vision 21 hybrid program and is becoming increasingly skeptical of providing

additional funding in light of the ongoing technical problems and the need for additional resources in the SECA program. In Sequestration Research and Development, decreases below the budget request include \$9,000,000 for greenhouse gas control and \$13,200,000 for the proposed, but unexplained, National Climate Change Technology Initiative. The Committee understands the need for additional Sequestration R&D, especially in light of the FutureGen proposal, but does not believe it is a wise policy decision to eliminate basic research and development in well-established and successful coal, oil and gas programs in order to shift funds to unexplained initiatives. In Fuels, increases above the budget request total \$19,910,000, of which \$10,500,000 is for Transportation Fuels and Chemicals, \$6,060,000 is for Solid Fuels and Feedstocks and \$3,350,000 is for Advanced Fuels Research. Increases for Transportation fuels include, \$6,700,000 for syngas membrane technology, \$3,700,000 for ultra clean fuels and the continuation of small-footprint plant conversion technology, and \$100,000 for program support. Increases in Solid Fuels and Feedstocks include \$1,000,000 for premium carbon products, \$3,000,000 for advanced separation, \$2,000,000 for coal derived jet fuels and \$60,000 for program support. Increases in Advanced Fuels Research include \$2,000,000 for C-1 Chemistry, \$1,300,000 for Advanced Concepts, and \$50,000 for program support. In Advanced Research, changes to the budget request include an increase of \$3,000,000 for Coal Utilization Science, an increase of \$1,967,000 for technology cross-cut for the focus area for computational energy science, a decrease of \$1,559,000 for Materials (\$1,500,000 for materials research and \$59,000 for program direction), a decrease of \$2,019,000 for University Coal Research, and a decrease of \$1,007,000 for HBCU research activities. Within the amounts provided \$1,000,000 for coal utilization science is to support the continuation of fossil energy research at the Arctic Energy Office as provided in the budget request. The \$3,000,000 increase for Coal Utilization Science is to support the creation of the "Strategic Center for Zero Emission Coal Research." The Center will enhance collaboration between Universities and the National labs to focus research necessary to support the advanced coal programs and the FutureGen proposal. The Center will be administered by the established HiTec satellite research university. The Committee understands this year's funding need for the ITM Oxygen project within IGCC is higher than the need in fiscal years 2005 and 2006. The Department is encouraged to fund ITM Oxygen at level higher than identified in the budget request in order to keep the program on track for completion.

The Committee notes that more than one-half of the electricity generated in the United States is derived from coal, and the vast majority of that generation is provided by so-called pulverized coal units. Considering these coal combustion units likely will remain the backbone of electricity generation for many years to come, the Department is expected to include recommendations within the fiscal year 2005 budget request to address post combustion CO₂ capture technology as it develops its justification for combustion research and CO₂ capture and sequestration initiatives.

The Committee is aware of the ongoing work, including recent grant awards, between NETL and Western Kentucky University on research and development related to coal combustion. The Committee remains supportive of this partnership and encourages the Department to continue cooperative work with the University when appropriate.

The Committee is aware of the ongoing work of the California University of Pennsylvania and Universal Aggregates, an industry consortium developing products from coal-combustion by-products. The Committee welcomes efforts to produce technologies and processes to reduce emissions, eliminate waste, and provide other environmental benefits, and encourages the Department to foster this important research and development.

Natural Gas Technologies.—The Committee recommends \$41,890,000 for natural gas technologies, a decrease of \$5,123,000 from the fiscal year 2003 enacted level, and \$15,335,000 over the budget request. In Exploration and Production, changes from the budget request are; a decrease of \$3,860,000 Advanced Drilling (the Committee rejects the request proposal to lump all Exploration and Production under a single initiative), an increase of \$4,000,000 for Advanced Diagnostics, an increase of \$2,000,000 for Industry Partnerships, an increase of \$1,200,000 for stripper well revitalization, an increase of \$500,000 for Technology Transfer and an increase of \$3,000,000 for Arctic Research. In Gas Hydrates, increases above the budget request total \$6,000,000. In Infrastructure, increases above the request total \$9,050,000, of which \$2,000,000 is for storage technology, \$7,000,000 is for infrastructure technology, and \$50,000 is for program support. In Emerging Processing Technology there is a decrease of \$6,555,000 for a proposed initiative for converting Natural Gas to Hydrogen. The Committee rejects the premise that domestic natural gas production and infrastructure research and development should be cut at a time when natural gas demand is increasing and supplies are already insufficient to meet demand. Similarly, it is an unwise policy decision to balance a new initiative to turn natural gas into hydrogen (and potentially adding more stress to natural gas markets) by cutting the programs necessary to stabilize natural gas supplies. The Committee notes the Fuels budget includes work to convert fossil fuels into hydrogen.

Oil Technologies.—The Committee recommends \$34,516,000 for oil technologies, a decrease of \$7,509,000 from the fiscal year 2003 enacted level and an increase of \$19,516,000 from the budget request. In Exploration and Production, increases above the budget request total \$15,860,000, of which \$2,000,000 is for advanced drilling, \$5,000,000 is for advanced diagnostics, \$2,000,000 is for the lab/industry partnerships, \$5,000,000 is for reservoir efficiency, \$1,500,000 is for the Arctic Energy Office and \$180,000 is for program support. In Reservoir Life Extension, increases above the budget request total \$2,000,000, of which \$500,000 is for technology transfer and \$1,500,000 is for PUMP. In Effective Environmental Protection the Committee recommends \$9,836,000, equal to the fiscal year 2003 enacted level and \$1,836,000 above the budget proposal. The Committee rejects the proposal to lump all programs under a single initiative and provides funding as follows; \$894,000

for Program Planning and Analysis, \$2,687,000 to Streamline State/tribal/Federal regulations, \$2,183,000 for Risk Assessment, \$3,974,000 for Technology Development, and \$98,000 for program support. Within these amounts, funding for the RBDMS system is continued at the enacted level.

Cooperative Research and Development.—The Committee recommends \$8,500,000 for cooperative research and development, an increase of \$314,000 over the fiscal year 2003 enacted level, and \$2,500,000 above the budget request.

Environmental Restoration.—The Committee recommends \$9,715,000 for environmental restoration, and increase of \$63,000 above the fiscal year 2003 enacted level and fully commensurate with the budget request.

Program Direction and Management Support.—The Committee recommends \$92,551,000 for program direction and management support, an increase of \$5,332,000 above the fiscal year 2003 enacted level, and \$234,000 below the request. The Committee does not provide the requested increase for travel and travel related expenses for the headquarters office. The Committee is concerned with the incongruity of a budget request which proposes to cut funding for vital fossil energy research programs by approximately \$150,000,000, while at the same time increasing executive travel expenditures by 44 percent. Bill language has also been included to ensure that reprogrammings do not circumvent the Committee's directives.

Plant and Capital Equipment.—The Committee recommends \$7,000,000 for plant and capital equipment, an increase of \$46,000 from the fiscal year 2003 enacted level, and an increase of \$4,000,000 above the budget request. Of the funds made available, \$3,000,000 is for general plant projects (including the Albany Research Center) and \$4,000,000 is for the infrastructure improvement program at the National Energy Technology Laboratory. The Committee is hopeful that the Department will heed its direction of previous years and include the NETL funding as part of the base in future years.

Advanced Metallurgical Processes.—The Committee recommends \$8,000,000 for advanced metallurgical processes, an increase of \$2,000,000 from the fiscal year 2003 enacted level, and \$2,000,000 below the budget request.

General.—The Office of Arctic Energy may allocate funding provided under Coal Utilization Science, Natural Gas Technologies and Petroleum Technologies at its discretion on projects including, but not limited to, development of coal bed methane and gas hydrates, small scale gas treatment plant demonstration, research on the Alaska natural gas pipeline, and high efficiency fuel cell research using Ramgen technology. Within these funds, it is expected research for the Alaska natural gas pipeline should total no less than \$1,000,000 in fiscal year 2004, and \$500,000 is for gas treatment plant small scale membrane demonstration.

NAVAL PETROLEUM AND OIL SHALE RESERVES

Appropriations, 2003	\$17,715,000
Budget estimate, 2004	16,500,000
Committee recommendation	17,947,000

The Committee recommends \$17,947,000 for the Naval Petroleum and Oil Shale Reserves, an increase of \$1,447,000 over the budget request, and \$232,000 over the enacted level. The Committee rejects the budget proposal to eliminate the Rocky Mountain Oilfield Testing Center [RMOTC]. Changes to the budget request include an increase of \$3,000,000 to continue operations at RMOTC, an increase of \$728,000 in program direction in support of RMOTC operations and a decrease of \$2,281,000 for restoration activities. The Committee notes it has agreed to provide \$500,000 for restoration activities proposed by the budget. The Committee is aware of proposals to realign the activities of RMOTC with the Fossil Energy Research and Development—Oil Technology account and applauds the Department's desire to utilize RMOTC in a more effective manner. However, the Committee does not believe closing the facility in fiscal year 2004 is conducive to transferring the facilities operations in fiscal year 2005. Furthermore, the Department has failed to illustrate how savings from closing RMOTC would outweigh the potential closing and clean-up costs for the facility.

ELK HILLS SCHOOL LANDS FUND

Appropriations, 2003	\$36,000,000
Budget estimate, 2004	36,000,000
Committee recommendation (advance appropriation)	36,000,000

The Committee recommends \$36,000,000 for the Elk Hills school lands fund, the same as the budget request and the fiscal year 2003 level. These funds will become available on October 1, 2004.

ENERGY CONSERVATION

Appropriations, 2003	\$891,769,000
Budget estimate, 2004	875,793,000
Committee recommendation	861,645,000

The Committee recommends \$861,645,000 for energy conservation, a reduction of \$14,148,000 from the budget request. The amounts recommended by the Committee compared with the budget estimates by activity are shown in the following table:

(In thousands of dollars)

	Budget estimate	Committee recommendation	Change
Vehicle technologies	157,623	174,223	+ 16,600
Fuel cell technologies	77,500	68,500	- 9,000
Weatherization and intergovernmental activities:			
Weatherization assistance grants	288,200	230,000	- 58,200
State energy program grants	38,798	44,000	+ 5,202
State energy activities	2,353	2,353	.....
Gateway deployment	27,609	35,109	+ 7,500
Subtotal, Weatherization and intergovernmental activities	356,960	311,462	- 45,498
Distributed energy resources	51,784	57,534	+ 5,750
Building technologies	52,563	62,063	+ 9,500
Industrial technologies	64,429	76,429	+ 12,000
Biomass and biorefinery systems R&D	8,808	10,808	+ 2,000
Federal energy management program	19,962	19,962	.....
National climate change technology initiative	9,500	.....	- 9,500
Program management	76,664	80,664	+ 4,000

[In thousands of dollars]

	Budget estimate	Committee recommendation	Change
Total, Energy Conservation	875,793	861,645	-14,148

Changes to the budget request are detailed below.

Vehicle Technologies.—The Committee recommends \$174,223,000 for vehicle technologies. Changes from the budget request include increases of \$500,000 for CARAT, \$1,500,000 for heavy vehicle propulsion and ancillary subsystems, \$5,000,000 for combustion and emission control, \$5,000,000 for heavy truck engine, \$3,500,000 for waste heat recovery, \$3,500,000 for off-highway vehicle technology, \$1,600,000 for the high temperature materials laboratory, \$2,000,000 for advanced petroleum based fuels, \$500,000 for non-petroleum based fuels for medium trucks, and \$2,000,000 for environmental impacts. Decreases in vehicle technologies include \$500,000 for GATE, \$5,000,000 for exploratory technology development in energy storage, \$500,000 for health impacts in advanced combustion engine R&D, \$1,000,000 for automotive lightweight materials technology, \$500,000 for advanced vehicle competitions, and \$1,000,000 for biennial Freedom CAR review.

The increase provided for heavy vehicle propulsion is for a demonstration of an application specific refuse vehicle. The \$4,000,000 provided for waste heat recovery includes \$2,000,000 for gasoline engine turbocharger research and \$2,000,000 for diesel engine turbocharger research. Within the amount provided for heavy vehicle high strength weight reduction materials, the Department should continue work on metal matrix composites. The increase provided for non-petroleum based fuels for medium trucks is for natural gas engine research. Within the amount provided for advanced petroleum based fuels, the Department should allocate funding for engine durability, compatibility, and emissions testing of biodiesel. The Department should also continue work with the National Center for Alternative Transportation Fuels, Engines, and Transmissions.

Fuel Cells.—The Committee recommends \$68,500,000 for fuel cell technology, and increase of \$13,362,000 over the enacted level. Changes from the budget request include a reduction of \$9,000,000 for fuel processor R&D.

Weatherization and Intergovernmental Activities.—The Committee recommends \$311,462,000 for weatherization and intergovernmental activities. Changes to the budget request include increases of \$5,202,000 for the State Energy Program, \$5,000,000 for Clean Cities, and \$2,500,000 for Inventions and Innovations. The Committee has provided \$5,828,000 of the requested increase for the weatherization assistance program.

Within the amount provided for clean cities, the Department should continue efforts to expand E-85 fueling capacity. Within the amount provided for inventions and innovations, the Department should allocate sufficient funds to provide commercialization training and technical assistance.

Distributed Energy Resources.—The Committee recommends \$57,534,000 for distributed energy resources. Changes to the budget request include increases of \$4,000,000 for reciprocating engines,

\$750,000 for fuel flexibility for oil heat research, and \$1,000,000 for DES applications integration.

The increase provided for DES applications integration is for the National Accounts Energy Alliance.

Building Technologies.—The Committee recommends \$62,063,000 for building technologies. Changes to the budget request include increases of \$4,000,000 for lighting, \$2,000,000 for space conditioning and refrigeration, \$2,000,000 for windows, and \$1,500,000 for equipment standards and analysis.

The amount provided for lighting includes \$9,000,000 for the next generation lighting initiative. Within the amount provided for window technology, the Department should expand work on electrochromic technology, including initiation of field trials of electrochromic windows in occupied buildings. The Department should also provide at least \$500,000 for work by the National Fenestration Rating Council.

Industrial Technologies.—The Committee recommends \$76,429,000 for industrial technologies. Changes to the budget request include increases of \$2,000,000 for steel industry of the future, \$2,000,000 for metal casting industry of the future, \$2,000,000 for chemical industry of the future, \$2,000,000 for mining industry of the future, and \$5,000,000 for black liquor gasification. There is a decrease of \$1,000,000 for industrial assessment centers.

Within the metal casting program, the Department should consider proposals submitted by the University of Northern Iowa's metal casting center.

Biomass and Biorefinery R&D.—The Committee recommends \$10,808,000 for biomass and biorefinery activities. There is an increase of \$2,000,000 over the budget request for regional biobased products consortia.

Federal Energy Management Program.—The Committee recommends \$19,962,000 for the Federal energy management program, the same as the budget request.

National Climate Change Technology Initiative.—The Committee recommends no funds for the national climate change technology initiative, a new initiative that would support competitive solicitations to promote applied research that has as its primary goal the reduction of greenhouse gas emissions or the sequestration of greenhouse gases. The Committee supports the goals of this initiative, and encourages the Department to support development of such technologies within the amounts provided for energy conservation and fossil energy research and development.

Program Management.—The Committee recommends \$80,664,000 for program management. There is a \$4,000,000 increase over the budget request for cooperative programs with States.

The increase provided funds the second year of the State Technologies Advancement Collaborative pilot program, a cooperative program between the States and the Department. The Department should support this effort with additional program funds where such support is consistent with the goals and objectives of the contributing program. The Committee also encourages consideration of proposals relating to the Connecticut demand response program to

the extent consistent with the goals of the STAC program and the research activities funded in this appropriations bill.

ECONOMIC REGULATION

Appropriations, 2003	\$1,477,000
Budget estimate, 2004	1,047,000
Committee recommendation	1,047,000

The Committee recommends \$1,047,000 for economic regulation, equal to the budget request.

STRATEGIC PETROLEUM RESERVE

Appropriations, 2003	\$171,732,000
Budget estimate, 2004	175,081,000
Committee recommendation	173,081,000

The Committee recommends \$173,081,000 for the Strategic Petroleum Reserve, an increase of \$1,349,000 from the fiscal year 2003 enacted level, and a decrease of \$2,000,000 from the budget request. Of the amount provided, the Committee recommends \$156,979,000 for storage facilities development and operations, an increase of \$1,156,000 over the enacted level. The Committee's recommendation also includes \$16,102,000 for management. Funding for the Northeast Home Heating Oil Reserve has been retained in a separate account.

SPR PETROLEUM ACCOUNT

Appropriations, 2003	\$1,954,000
Budget estimate, 2004 .....	.....
Committee recommendation .....	.....

The Committee provides no funding for the Strategic Petroleum Reserve's Petroleum Account for fiscal year 2004 as proposed by the budget request. Funding is not provided due to a contractual change making transportation charges for Royalty-In-Kind fill the responsibility of the contractors. The Committee does not agree to transfer \$5,000,000 of prior year funds to the Fossil Energy Research and Development account, as these funds were previously rescinded in Public Law 108-7.

NORTHEAST HOME HEATING OIL RESERVE

Appropriations, 2003	\$5,961,000
Budget estimate, 2004	5,000,000
Committee recommendation	5,000,000

The Committee recommends \$5,000,000 for the Northeast Home Heating Oil Reserve, a decrease of \$961,000 from the enacted level, and equal to the budget request. Savings from the enacted levels are the result of re-competed storage contracts.

ENERGY INFORMATION ADMINISTRATION

Appropriations, 2003	\$80,087,000
Budget estimate, 2004	80,111,000
Committee recommendation	80,111,000

The Committee recommends \$80,111,000 for the Energy Information Administration, which is the same as the budget estimate.