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United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES

WASHINGTON, DC 20510-6150

ENERGY.SENATE.GOV

March 12, 2009

The Honorable Kent Conrad, Chairman
The Honorable Judd Gregg, Ranking Member
Committee on the Budget
United States Senate
Washington, D.C. 20510-6100

Dear Chairman Conrad and Senator Gregg:

This letter responds to your request of February 19 for the views and estimates of the Committee on Energy and Natural Resources on the President's budget "blueprint" for fiscal year 2010. The President's blueprint proposes to accelerate the transition to a clean energy economy, increase renewable energy capacity, improve the efficiency of homes and buildings, and secure energy independence for our country. We generally share the President's broad goals and have begun crafting legislation that we believe will implement much of the President's vision. We hope to report a comprehensive energy bill to the Senate in the next few weeks.

The Department of Energy

The President's blueprint proposes a budget of \$26.3 billion for the Department of Energy in fiscal year 2010. It would double the federal investment in basic sciences, and would provide funds to guarantee loans for innovative energy technologies, develop carbon capture and storage technology, modernize the electric transmission grid, and accelerate the development and commercialization of clean energy technologies. We generally support each of these proposals.

The Department of the Interior and the Forest Service

The President's blueprint proposes \$12 billion in discretionary appropriations for the Department of the Interior in fiscal year 2010. It proposes to increase funding for the national parks, fully fund the Land and Water Conservation Fund programs by 2014, establish a discretionary contingent reserve account to help ensure that sufficient funding is available to fight wildfires, invest in our clean energy future, ensure responsible production of energy from federal lands, increase revenues from the development of federal mineral resources, and conserve western water resources.

We generally support these proposals as well. In particular, we welcome the Administration's decision to establish a dedicated fund for wildfire suppression, which will help to avoid some of the significant financial and natural resource costs associated with the practice of cutting funding for other Forest Service programs to fund the escalating and unbudgeted costs of wildfire suppression. The Committee plans to consider complementary legislation that would create a separate account to absorb funding for the large majority of emergency wildfire costs, leaving a smaller amount of funding within the Forest Service's operational budget to cover non-emergency wildfire suppression costs. In addition, some members of the Committee support the Administration's efforts to ensure that federal taxpayers receive a fair return on offshore oil and gas production, and we expect the Committee to consider those within its jurisdiction.

Budget Assumptions

We agree that the energy proposals in the President's budget blueprint will have positive budgetary impacts, by reducing energy bills, creating jobs, increasing building efficiency, and facilitating the development of clean energy technologies. Paradoxically, however, current budget assumptions tend to overstate the financial risk and cost of developing and deploying new energy technologies and understate their long-term economic benefits. These assumptions have posed an insurmountable barrier to legislative efforts to extend from ten to thirty years the permissible term of power purchase agreements used by federal agencies to acquire renewable energy, and to pay the credit subsidy cost of loan guarantees for innovative energy technologies under title XVII of the Energy Policy Act of 2005. We believe that current budget assumptions must be revised if the clean energy economy outlined in the President's budget blueprint is to become a legislative reality.

Reserve Funds

As previously stated, the Committee has already begun work on comprehensive energy legislation to implement many of the energy proposals in the President's budget blueprint to reduce our Nation's dependence on imported energy, produce jobs, improve energy efficiency, and promote clean energy technologies. In addition, the Committee expects to consider legislation to preserve and protect our national parks, establish a dedicated fund to fight wildfires as already discussed, and to fulfill the purposes of the San Joaquin River Restoration Settlement Act and the Northwestern New Mexico Rural Water Projects Act. We respectfully request the opportunity to work with the Committee on the Budget to craft appropriate reserve funds for each of these items for inclusion in this year's budget resolution.

Yucca Mountain

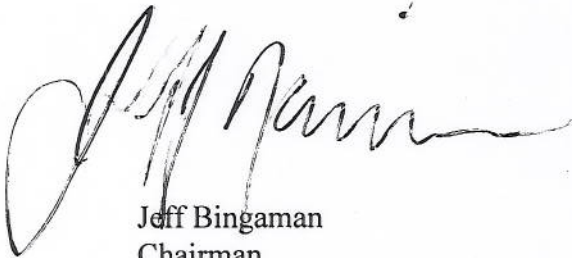
Finally, we note that the President's budget blueprint proposes to abandon further work on the Yucca Mountain nuclear waste repository. The Omnibus Appropriations Act, 2009, implements this proposal, effectively ending a quarter of a century's work, and leaving the Nation with no alternative plan for permanently disposing of the spent fuel from commercial

nuclear power plants, spent fuel from the Navy's nuclear ships and submarines, or high-level radioactive wastes from the Department of Energy's defense programs.

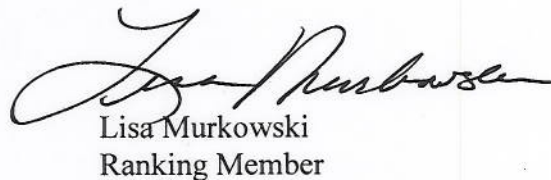
The Department of Energy is contractually obligated to dispose of the spent fuel from commercial nuclear power plants "beginning not later than January 31, 1998." The courts have already found the Department to be in partial breach of those contracts as a result of its failure to meet the contractual deadline and have awarded utilities several hundred million dollars in damages for the Department's partial breach. The Committee on the Budget should be aware that the Government could be held liable for much larger sums, including the repayment of over \$16 billion in fees collected from the utilities and nearly \$14 billion in interest, if the courts find the Government to have totally breached the contracts as a result of abandoning work on the Yucca Mountain repository.

We appreciate this opportunity to provide our views and estimates to your Committee and look forward to working with you.

Sincerely,



Jeff Bingaman
Chairman



Lisa Murkowski
Ranking Member