

Soaring energy prices have hit Nevada businesses and families hard over the past three years.

Congress has a clear duty to ensure that energy markets function properly and that the American people have a reliable source of power at an affordable price. I am working hard in Congress to enact a comprehensive energy policy that will prevent corporate abuse, like the actions of Enron that cost Nevada ratepayers billions of dollars.

Supporting Renewable Energy

The development of renewable energy will bolster our national security, protect our environment, and create jobs in Nevada, while also providing a steady, reliable supply of energy for consumers.

Nevada has many features that make it an ideal location to develop renewable energy sources. In fact, our state has been a leader in this area for many years.

Nevada is particularly rich in geothermal energy, which could meet one-third of our state's energy needs. I worked with then-Energy Secretary Bill Richardson to launch the Geopowering the West initiative in 2000 to help develop Nevada's tremendous geothermal potential. This project funds public/private partnerships to develop geothermal power in Nevada, California, New Mexico, and Utah, with the ultimate goal of providing 10 percent of the electricity needs of the Western states from geothermal sources by the year 2020.

I have secured more than \$10 million in Geopowering the West funds for Nevada companies, including \$1.8 million last year.

I also have introduced the Renewable Energy Incentives Act to expand the existing production tax credit, which has helped spur development of wind energy, to include geothermal and solar energy. I am pleased that this legislation was included in a corporate tax bill that passed the Senate this summer, and I hope it will become law this year.

I am an original cosponsor of the Renewable Energy Investment Act of 2003, which would establish a national Renewable Portfolio Standard (RPS). The RPS would increase the production of clean, domestically produced renewable energy by requiring utilities to generate a certain percentage of their electricity from renewable resources. I am proud that Nevada already has an aggressive RPS of 5 percent in 2003, which will increase to 15 percent in 2013.

Renewable energy cannot only protect consumers and preserve our environment – it can also create thousands of good new jobs right here in Nevada. As we look toward the future, we must harness the brilliance of the sun, the power of the wind, and the heat of the earth to provide clean, renewable energy for our nation.

Gas Prices

Retail gas prices have been extremely volatile over the last three years and have climbed significantly in recent months. Instability in the Middle East has been identified as one of the primary causes of the recent volatility in months. I know that higher gas prices are a serious burden on Nevadans, and I am working hard on this important issue.

That is why I have strongly encouraged the Administration to release oil from America's Strategic Petroleum Reserve (SPR) to help provide immediate relief for consumers. SPR releases have been used in the past—in fact as recently as 2000—to help stabilize oil prices, and it will be necessary at times to release oil from the reserve to help take the burden off consumers. I also have called on the Administration to work with Organization of Petroleum Exporting Countries, particularly Saudi Arabia, to expand the global supply of oil.

It is essential that the Federal Trade Commission vigorously investigate the sharp rises in Nevada gas prices the past three years for any possible market manipulation. I am disappointed that the FTC has refused to launch a formal investigation into this matter, but I am committed to working on this important issue.

The volatility of gas prices in Nevada and the nation also highlights the need to develop a comprehensive national energy plan that reduces our dependence on foreign oil. We should increase fuel economy standards and develop alternative fuel sources to help us achieve greater energy independence.

Western Energy Markets

Four years ago, the Enron Corp. gouged families and businesses in Nevada and other Western states for billions of dollars by manipulating the electricity market. Today Enron is still trying to cheat consumers by seeking payment for power it couldn't even deliver.

Despite its market manipulation, other illegal activities and the ultimate collapse of the company, Enron is suing Nevada Power Company for more than \$300 million dollars because of a contract signed during the time when Enron had jacked up electricity prices. Enron has filed similar actions against other Western utilities.

I, along with several of my Western colleagues, have asked the Federal Energy Regulatory Commission to throw out these exorbitant contracts. After numerous letters and meetings, FERC has finally agreed to intervene and evaluate where these contracts should be cancelled.

I also am working to establish a blanket ban on manipulative practices in our nation's electricity markets. This legislation would ensure that consumers are not stuck with the inflated energy bills that result from these practices. A version of this legislation has previously passed the Senate, and I remain committed to passing this and other measures that would protect Nevada ratepayers.

Investing in Alternative Fuels

There is a growing consensus within Congress and the Administration that our nation should support research and development of alternative fuels, particularly hydrogen fuel cell technology. Alternative fuel technologies offer tremendous potential to reduce our dependence on fossil fuels and mitigate global warming and other environmental challenges.

I have strongly supported legislation for many years to increase funding for research and development of technologies for hydrogen production, storage, and use. Unlike the traditional electricity supply, hydrogen can be transported farther without losses and stored until it is needed. We will negate these environmental advantages, however, if we burn coal to produce hydrogen fuel, which is why investments in renewable energy should complement investments in hydrogen fuel cell technology.

Conservation and Efficiency

Benjamin Franklin said, "A penny saved is a penny earned." In the case of oil, a barrel saved is better than a barrel drilled.

Any plan to provide national energy security must include better efficiency and conservation. Conserving energy will reduce our dependence on foreign oil, protect our environment, and strengthen our economy. I have been working on several initiatives to expand conservation and efficiency programs.

It is critical that we increase fuel economy standards so drivers get more mileage out of each gallon of gas. Raising fuel efficiency standards will result in substantial savings at the pump for consumers and move our country closer to energy independence. If all cars, trucks and sport utility vehicles had a fuel efficiency standard of 27.5 miles per gallon, the nation would save more oil in three years than could be recovered economically from the entire Arctic National Wildlife Refuge.

This past July, I joined my Senate colleagues in introducing the High-Performance Green Building Act to promote the development and construction of environmentally friendly federal buildings and schools, also known as "Green Buildings." Incorporating energy efficiency, waste reduction, and other design features that improve building and worker performance, green buildings improve the health of their occupants, protect our natural resources, and in the long-run can save our nation billions of dollars in energy and other costs. My legislation authorizes \$35 million over five years to support the development of these buildings.

As you may know, buildings and homes accounted for 35 percent of the \$250 billion Americans spent on energy last year. That is why I also am working to pass a measure that would provide tax incentives for achieving energy savings of 30-50 percent for all commercial buildings, new residential buildings, and retrofits of existing homes. Energy conservation and efficiency programs offer tremendous potential for savings and should be greatly expanded.

Electricity Grid

The blackouts in the Northeast last year reminded us that Congress must take aggressive steps to improve the reliability of our nation's electricity grid, which delivers power where it is needed.

We need to establish mandatory, enforceable rules to govern utilities that use the grid. It is also critical that we provide resources to improve the existing grid and to research and develop new technologies that will make energy production and consumption more efficient. The Senate has approved these measures as part of its comprehensive energy bill for the past two years, but it has not been approved by the full Congress.

Since the fate of the comprehensive energy bill remains doubtful, I also support separate legislation that would implement many of these necessary improvements to the electricity grid, and I remain committed to working with my colleagues to prevent future blackouts.

For more information visit my Web-Site at <http://reid.senate.gov>