



THE CALIFORNIA INSTITUTE FOR FEDERAL POLICY RESEARCH
419 New Jersey Avenue, SE, Washington, D.C. 20003 202-546-3700
Fax: 202-546-2390 E-mail: ransdell@calinst.org Web: <http://www.calinst.org>

SPECIAL REPORT: **Energy & Water Appropriations** **Conference Report and California** **Implications -- *January 2002***

H. Rpt. 107-258, the conference report to accompany the FY 2002 Appropriations for Energy and Water (H.R. 2311), passed the House and Senate on November 1, 2001 by votes of 399-29 and 96-2, respectively. By a vote of 97-2 on July 19, 2001, the Senate had passed its version of the initial bill, and the House had passed its version on June 28, 2001, by a vote of 405 to 15.

The following represents a quick analysis of the bill from a California perspective as prepared by the California Institute. We apologize for any errors or omissions in our discussion of these documents, and would appreciate any input/feedback on how to make improving corrections. The ordering of items generally reflects their presence in the bill and does not mean to imply any relative importance.

This appropriations analysis is available on the California Institute web site at <http://www.calinst.org/pubs/ew02c.htm>. A printable version in Adobe Acrobat ("pdf") format is also available at <http://www.calinst.org/pubs/ew02c.pdf>.

ENERGY AND WATER CONFERENCE REPORT, H. RPT. 107-258 (HR2311)

ARMY CORPS OF ENGINEERS

Civil

The conference agreement includes language proposed by the House which directs the Corps of Engineers to continue preconstruction engineering and design of the Murrieta Creek project in accordance with the cost sharing established previously. The language was amended to delete the dollar amount; however, the conference agreement includes \$1,000,000 for the project as proposed by the House.

The conference agreement includes language proposed by the House which directs the Corps of Engineers to use the feasibility report prepared under the Flood Control Act of 1948 as the basis for the Rock Creek-Keefer Slough Flood Control Project in Butte County. The language was to delete the dollar amount; however, the conference agreement includes \$200,000 for the project as proposed by the House and the Senate.

Guadalupe River - The project for flood control on the Guadalupe River, was modified to authorize the Secretary to construct the project substantially in accordance with the General Reevaluation and Environmental Report for Proposed Project Modifications, dated February 2001, at a total cost of \$226,800,000, with an estimated Federal cost of \$128,700,000, and estimated non-Federal cost of \$98,100,000.

Operation and Maintenance

The conferees included language proposed by the House which directs the Corps of Engineers to grade the basin within the Hansen Dam feature of the Los Angeles County Drainage Area project to

enhance and maintain flood control and provide for future use of the basin for compatible purposes consistent with the Master Plan. The language has been amended to delete the dollar amount; however, the conference agreement includes \$2,000,000 for this work as proposed by the House.

Construction - General

The conferees note that reimbursement to the East Bay Municipal Utility District for expenses at Penn Mine located in Calaveras County, has not occurred as required. They direct the Corps of Engineers to reimburse the District \$4,100,000 from funds previously appropriated under the Section 206 program for costs incurred at Penn Mine for work carried out by East Bay Municipal Utility District for the project. The reimbursement is directed to be made to the District not later than 60 days after the date of enactment of the Act.

The conferees have included language in the bill earmarking funds for the following project in the amounts specified: San Timoteo Creek (Santa Ana River Mainstem), California, \$8,000,000.

DEPARTMENT OF INTERIOR

BUREAU OF RECLAMATION

The conference agreement appropriates \$762,531,000 for Water and Related Resources instead of \$691,160,000 as proposed by the House and \$732,496,000 as proposed by the Senate.

The amount provided for the American River Division of the Central Valley Project includes \$3,500,000 for the Bureau of Reclamation to reimburse the City of Folsom, California, for costs associated with the replacement of the Natoma Pipeline System, which is owned and operated by the Bureau of Reclamation and is the single water supply source for the City.

The amount provided for the Sacramento River Division of the Central Valley Project includes:

- \$2,600,000 for the Glenn-Colusa Irrigation District Fish Screen Improvement Project;
- \$750,000 for detailed, site-specific environmental assessment and permitting work associated with Sites Reservoir, including an evaluation of both the GCID Main Canal and the Tehama-Colusa Canal as a means to convey water to the proposed reservoir; and
- \$300,000 for the Colusa Basin Drainage District's Integrated Resources Management Plan.

Lake Tahoe

The conference agreement provides \$2,500,000 for the Lake Tahoe Regional Wetlands Development program. In addition to the individual projects referenced in the House and Senate reports, the conferees agreed that the funds may be used for projects throughout the Lake Tahoe basin in California and Nevada.

The conferees also included language in the bill which directs the Corps of Engineers to conduct a comprehensive watershed study to provide a framework for implementing activities to improve the environmental quality of the Lake Tahoe Basin in Nevada and California.

The amount provided for the East Side Division of the Central Valley Project includes \$1,000,000 for water and sewer system up-grades and a visitor capacity study at New Melones Lake.

The conference agreement states that the Colorado River Quantification Settlement Agreement is critically important to the long-term reliability of water supplies in Southern California and the entire Southwest. The conferees urge the Secretary of the Interior and parties to the Agreement to make every effort to bring about its timely and cost-effective implementation, including identifying the administrative and legislative actions necessary to meet the applicable deadlines.

California Bay Delta Ecosystem Restoration

The conference agreement includes no funds specifically for the California Bay-Delta Ecosystem Restoration program as proposed by the House and the Senate. The conferees did provide an additional \$30,000,000 within the various units of the Central Valley Project under the Water and Related Resources account for activities that support the goals of the California Bay-Delta Ecosystem Restoration Program, instead of \$40,000,000 as proposed by the Senate. The conference agreement

states that the “conferees are aware that legislation to authorize this multi-year, multi-billion dollar program has been introduced in the House and the Senate, but has yet to be enacted. Absent such an authorization, it will be difficult for the Congress to continue its support for this program. Therefore, the conferees strongly urge the parties involved to work to enact an authorization for the program so additional funding can be considered in the fiscal year 2003 appropriations cycle.”

The additional funds provided in support of the program are to be used as follows:

Delta Division:

- \$7,500,000 for oversight activities;
- \$1,000,000 for planning activities associated with enlarging Los Vaqueros Reservoir;
- \$200,000 for the DMC Intertie with the California Aqueduct;
- \$150,000 to evaluate operations alternatives for the Delta Cross Channel Reoperation; and
- \$3,000,000 to construct the Tracy Test Fish Facility.

Friant Division:

- \$2,500,000 to continue developing a plan of study for an investigation of storage in the Upper San Joaquin Watershed.

Miscellaneous Project Programs:

- \$12,500,000 for the Environmental Water Account;
- \$200,000 for water use efficiency pilot studies; and
- \$200,000 to conduct a NEPA analysis and operate the clearinghouse for the water transfer

program.

Sacramento River Division:

- \$750,000 to continue planning activities related to Sites Reservoir.

San Felipe Division:

- \$100,000 to provide technical assistance to the Santa Clara Valley Water District in conducting operational appraisal studies.

Shasta Division:

- \$1,900,000 to continue evaluating the potential impacts of the proposed Shasta Dam raise.

GENERAL PROVISIONS

The conference agreement includes language prohibiting funds from being used to determine the final point of discharge for the interceptor drain for the San Luis Unit until development by the Secretary of the Interior and the State of California of a plan, which shall conform to the water quality standards of the State of California as approved by the Administrator of the Environmental Protection Agency, to minimize any detrimental effect of the San Luis drainage waters.

The conference agreement includes language proposed by the House prohibiting the issuance of permits for commercial rafting within the Auburn State Recreation Area, California, until federal law requirements are met.

The conference agreement requires the Secretary of the Interior to purchase water, to the extent possible, to make up 100 percent of water shortages caused by the operation of Folsom Dam and Reservoir in California for flood control. The federal share of the cost is 75 percent; the remaining 25 percent is to be paid by the Sacramento Area Flood Control Agency.

Central Valley Project Restoration Fund

The conference agreement appropriates \$55,039,000 for the Central Valley Project Restoration Fund as proposed by the House and the Senate. Within the amount appropriated for the Central Valley Project Restoration Fund, the conferees expect the Bureau of Reclamation to use \$9,000,000 for the Anadromous Fish Screen Program, including work on the American Basin Fish Screen and Habitat Improvement Project (Natomas Municipal Water Company) as well as the fish screen projects being undertaken by the Sutter Mutual Water Company and Reclamation District 108.

DEPARTMENT OF ENERGY Renewable Energy Resources Biomass/Biofuels

The conference agreement includes:

- \$2,500,000 to support a cost-shared Agricultural Waste Methane Power Generation Facility in California; and
- \$3,000,000 for the Gridley Rice Straw project in California.

The conference agreement includes \$1,000,000 for the continuation and expansion of the ongoing demonstration of the oxygenated diesel fuel particulate matter emission reduction project in the cities of Riverside, Compton, Linwood, and Pasadena, and in Ventura County.

Geothermal

The conference agreement also includes:

- \$2,000,000 in final funding for the Lake County Basin geothermal project in Lake County, California;
- \$2,000,000 for the Santa Rosa geysers project in California; and
- \$2,500,000 for Geopowering the West.

Non-Defense Environmental Management

Additional funding of \$3,700,000 is provided to maintain the cleanup activities at the Energy Technology Engineering Center in California.

DOE SCIENCE

The bill provides \$3,233,100,000, instead of \$3,166,395,000 as proposed by the House and \$3,268,816,000 as proposed by the Senate, for DOE Science programs. The conference agreement does not include language specifying funding allocations as contained in the separate House and Senate reports. The conference agreement does not include bill language proposed by the Senate earmarking funds for specific purposes.

High energy physics

The conference agreement provides \$716,100,000 for high energy physics, the same as the budget request. The conferees encourage strong support for university research and for research on low temperature superconductors to support high energy physics requirements. California is a perennial winner of DOE high energy physics funding.

Biological and environmental research

The conference agreement includes a total of \$527,405,000 for biological and environmental research, which includes \$1,000,000 for the emergency power supply system at Cedars-Sinai Medical Center, and \$1,000,000 for the Human Genome Project at the University of Southern California.

Basic energy sciences

The conference agreement includes \$1,003,705,000 for basic energy sciences. The amount includes “the full amount of the budget request for the Spallation Neutron Source and the SPEAR 3 upgrade at the Stanford Synchrotron Radiation Laboratory.” In addition, the report language includes \$3,000,000 to initiate project engineering and design (PED) for three user facilities for nanoscale science research, and it states that, “For purposes of reprogramming in fiscal year 2002, the Department may reallocate funding among all operating accounts within Basic Energy Sciences.

Advanced scientific computing research

The conference agreement includes \$158,050,000 for advanced scientific computing research (ASCR). The conferees support the use of available funds for the Scientific Discovery Through Advanced Computing (SciDAC) program and for terascale operating systems development. Report language states that the conferees “urge the Department to maximize the involvement of universities in the ASCR program, so that both the Department and the academic community can share in the latest technology developments in this field.”

Fusion energy sciences

The conference agreement includes \$248,495,000, as proposed by both the House and Senate, for fusion energy sciences. While this amount is above recent proposals for fusion funding, it remains well below historical levels. California wins the lion's share of federal fusion research expenditures.

DOE DEFENSE ACCOUNTS

Inertial confinement fusion and NIF

For inertial confinement fusion, the conference agreement provides \$506,443,000, an increase of \$39,500,000 over the budget request, and includes several program funding adjustments. The agreement includes \$10,000,000 for the Naval Research Laboratory, the same as the budget request. Funding of \$24,500,000 has been provided to further development of high average power lasers. The conference agreement provides an additional \$7,000,000 for enhanced National Ignition Facility (NIF) diagnostics and cryogenic target activities, and \$245,000,000, the same as the budget request, for continued construction of the NIF. The NIF is a high-energy laser facility currently under construction at the Lawrence Livermore National Laboratory.

Report language in the ICF section states, "The conferees strongly support university participation in this program and have provided \$9,886,000 for university grants/other ICF support, an increase of \$4,500,000 over the budget request."

The agreement also provides \$22,000,000 for the Terascale Simulation Facility at Livermore.

Construction Activities

Among the adjustments to the budget request under DOE construction activities is \$4,750,000 for an Engineering Technology Complex Upgrade at Livermore.

Defense Environmental Restoration And Waste Management

Within \$5,234,576,000 for Defense Environmental Restoration and Waste Management, the agreement provides for \$10,000,000 is provided for cleanup activities at the Lawrence Livermore National Laboratory.

FEDERAL ENERGY REGULATORY COMMISSION

Report language associated with FERC funding stated, "The conferees direct the Commission to submit a report to Congress by January 31, 2002, on the economic impacts on western utilities and ratepayers associated with the Commission's emergency order imposing price caps on daily spot power sales resulting from the inability of western load serving utilities to recover costs from daily sales of excess power from long-term forward contracts."