A growing number of lawmakers are joining the chorus of opposition to a White House and Treasury Department plan to grant the Federal Reserve more power as Congress considers systemic risk regulation.

The Obama administration proposal, in effect, would give the central bank authority to identify large, vital financial institutions and inject them with capital should they become insolvent. The Fed would be to identify institutions whose collapse could cause collateral damage to the markets and the economy and set capital and leverage standards for them.

However, a large number of House and Senate members are resistant to the idea, proposing instead to grant that authority to a council of regulators, made up of the Fed, Treasury along with additional bank regulators and the Securities and Exchange Commission, to have the final authority over problematic mega-firms.

"I think putting it with a council of regulators would be a better idea," said House Financial Services Committee Chairman Collin Peterson, D-Minn. "We're working together, we'll come to a consensus."

Peterson joined House Financial Services Committee Barney Frank, D-Mass., who said earlier this week that more lawmakers are resistant to instilling the Fed with more authority. On the other side of Capitol Hill, many lawmakers, including Senate Banking Committee Chairman Christopher Dodd, D-Conn., have expressed concern about having more power for the Fed and instead support a more powerful council of regulators, dubbed the Financial Stability Oversight Council.

Rep. Marcy Kaptur, D-Ohio, said she was also opposed to giving the Fed the authority to be a systemic regulator for large institutions and she also supports giving a council of regulators the authority.

"Derivatives regulation fell between the cracks," Kaptur said. "Those who wish to game our system to make money have infinite capacity to do so. Our responsibility is to create the architecture for a system that is prudent and sound. The kind of council, which would identify large problem banks, would provide an enhanced forum to bring together all the proper parties around the table."

Rep. John Campbell, R-Calif., said he prefers a hybrid approach where the Fed would share responsibility with the council of regulators.

"A council of regulators approach should have the ultimate say on things, setting capital and leverage standards, but using the Fed to execute makes sense," Campbell said. "The Fed would execute a wind-down of any systemic institution in trouble. It would be the regulator that ensures they are meeting those standards. The council of regulators sets the parameters of systemically important and what they have to do and the Fed executes."

Rep. Paul Kanjorski, D-Penn., chairman of a key capital markets subcommittee, said he was opposed to granting the Fed the authority to be a lender of last resort for systemically risky financial institutions. Kanjorski argued that Congress should put someone with "real political accountability" in charge, such as the Treasury Secretary, however he did not provide additional details.

"I must reiterate my deep and profound concerns about the selection of the Federal Reserve as the primary entity in charge of systemic risk," Kanjorski said.

Systemic risk legislation is part of a larger multi-part effort on Capitol Hill to reform bank and securities regulation in response to the financial crisis. Frank and Peterson on Thursday released a series of principles for their plan to reform regulation of derivatives.