

Energy Bill Summary

Congress has a historic opportunity to spur investment in the clean energy economy that will create jobs, reduce dependence on fossil fuels, and make a down payment on addressing global warming. The House and Senate have passed separate energy bills, and now leaders from each chamber must make critical decisions about what to include in the final legislation. Americans are looking to their elected officials to support innovation in renewable energy and energy efficiency technologies.

The House bill creates a national renewable electricity standard and includes a package of renewable energy and efficiency tax incentives paid for by higher taxes on oil companies. It would repeal nearly \$16 billion in tax breaks for oil companies and spur development of renewable energy sources and energy efficiency programs. It would also establish new efficiency standards for appliances and other equipment and provide support for research into areas such as batteries for plug-in hybrid-electric cars.

The Senate bill raises automobile fuel economy standards and significantly expands a national renewable fuels mandate to 36 billion gallons by 2022. It sets penalties for gasoline price gouging and gives federal agencies new powers to investigate oil companies' pricing tactics. It also provides federal grants and loan guarantees to promote research into fuel-efficient vehicles and provides support to efforts to capture carbon dioxide from coal-burning power plants and store it underground.

The American Council for an Energy Efficient Economy (ACEEE) estimates that combining the best provisions of both the House and Senate bills would save consumers a total of \$850 billion by 2030. In addition, a final package containing the best provisions from both bills would dramatically cut America's oil dependence, diversify our energy supply, create thousands of new, well-paying jobs, and spur capital investment. NRDC believes the final bill should include:

A Strong Renewable Electricity Standard

The House bill sets a national renewable electricity standard (RES) that would require utilities to produce 15 percent of their electricity from renewable energy sources by 2020, part of which can be met through energy efficiency savings. This standard would boost the production of clean, renewable energy sources such as wind, biomass, geothermal, and solar power, while creating jobs and saving consumers money.

Stronger Fuel Economy Standards

The Senate passed the first increase in fuel economy standards in more than 30 years, raising the average fleet-wide standard to 35 miles per gallon by 2020, and replacing the current standards with an attribute-based system that gives the auto industry tremendous compliance flexibility by allowing for different mileage requirements based on each vehicle's size. Current standards are 27.5 mpg for cars and 22.2 mpg for SUVs and light trucks. This long overdue improvement in gas mileage will save 1.2 million barrels of oil a day in 2020, save consumers \$25 billion, and substantially reduce global warming pollution.

Environmental Safeguards for Biofuels

Done right, biofuels have the potential to produce clean, renewable energy that will help increase energy independence and reduce global warming pollution. However, the current Senate Renewable Fuels Standard (RFS) lacks essential safeguards to ensure its call for a five-fold increase in biofuels production does more good than harm. For example, the Senate RFS omits clear global warming pollution standards. Without these standards, the RFS could reverse any other climate gains in the energy bill. Any expansion of the RFS must reduce global warming pollution and include strong protections for our air, land, forests, water, wildlife habitat, and public health.

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Energy Efficiency Incentives and Standards

Energy efficiency is our cheapest and cleanest energy resource. Efficiency should be advanced in the energy bill through a combination of standards and incentives. The final bill should include the energy-efficient buildings-related tax incentives of the Senate Finance Committee energy tax package and the House bill's expansion of the manufacturer tax credits for production of energy-efficient appliances. The bill should also contain the provisions in the House bill that set aggressive targets for strengthening state building energy efficiency codes, adopt beneficial reforms to Department of Energy authority to issue energy efficiency standards for appliance and equipment products, and establish new efficiency standards for products such as light bulbs, dishwashers, and clothes washers.

Oversight and Fiscal Restraint in Loan Guarantees

Taxpayers should be protected from excessive financial risks of loan guarantees. Congress should retain its full authority, as provided in the Federal Credit Reform Act of 1990, to cap the amount of loans that taxpayers guarantee in any given year and to exclude projects that are particularly risky from loan guarantees. The Senate bill contains provisions that would allow the Secretary of Energy unlimited discretion to issue loan guarantees without an annual grant of budget authority from Congress. A provision in the House bill precludes the Appropriations Committee from exercising its discretion to exclude energy technologies that may carry significant environmental and financial risks, such as new nuclear plants and coal-to-liquid projects, from the annual allocation. Without oversight and a firm cap, the legislation would greatly increase the probability that billions of tax dollars will be wasted on mature, polluting technologies rather than innovative, clean ones.

Long-Term Extension of the Renewable Energy Production Tax Credit

In order to avoid the boom and bust development cycle that has resulted from previous Congressional renewals of the tax credits in two-year increments, the conference report should include the extension of the renewable production tax credit (PTC) through 2013.

Fossil Fuel Tax Reform

The U.S. tax code has benefited the oil and gas industry for nearly 100 years. The House bill removes about \$15 billion in oil and gas tax breaks.

Balanced Energy Development for Public Lands and Wildlife Habitat

The House bill takes important steps toward restoring sound stewardship to the management of our public lands, ensuring responsible development of oil and gas resources on federal lands, and helping America's fish and wildlife, public lands, coasts, and oceans adapt to global warming.

No Subsidies for Liquid Coal

Producing transportation fuels from coal will make it more difficult to achieve needed reductions in global warming pollution, as well as cause additional environmental harms associated with coal production, transportation, and conversion. Neither bill contains such subsidies, and they should not be added to the final package.