

# House Energy & Commerce Committee



Republicans

## Republican Alternative to Waxman-Markey Global Warming Bill

### Title I

- **Amends Clean Air Act to overturn *Massachusetts v. EPA***
  - Amends definition of “air pollutant” to exclude carbon dioxide, water vapor, methane, nitrous oxide, HFCs, PFCs, or sulfur hexafluoride
  - Nothing in CAA will authorize/require regulation of greenhouse gases.
- **Preempts State Authority**
  - Preempts state authority to regulate certain fuels
  - Preempts state authority to regulate all gases exempted from CAA regulation
- **Performance Standard for Electric Generation** – rewards efficiency and is based on currently available technology – it doesn’t prevent the construction of new coal plants. In the current environment it is nearly impossible to build coal-fired generation. Our standard would provide the necessary regulatory certainty to once again invest in coal-fired generation. Because our performance standard doesn’t penalize the current fleet, it wouldn’t cause the immediate rise in electricity prices which a cap-and-trade plan would.

- It reduces CO2 from electric generators by rewarding efficiency and new technology.
- All existing generating facilities are grandfathered.
- In order to receive an operating permit from the EPA, a new coal or pet coke plant must meet the following standards:

Calendar Year	Pounds CO2/MWH
2010 to 2014	2000
2015 to 2020	1800
2021 to 2029	1400
2030 and following	1100

- In order to receive an operating permit from the EPA, a new natural gas plant must meet the following standards:

Calendar Year	Pounds CO2/MWH
2010 to 2014	1100
2015 and following	800

- Plants which exceed these standards receive accelerated depreciation.
- Current plants receive accelerated depreciation on technology they install to improve their efficiency. Improving efficiency is an important method to reduce CO2. The National Energy Technology Laboratory reported that improving the efficiency of all existing coal plants to match that of the top 10 percent of their online year group could reduce CO2 emissions by 250 million metric tons per year.

- This initially reflects currently available but cutting edge-technology. Unlike the Waxman-Markey provision, it gives the industry time to develop new technology, and wouldn't require sequestration until 2015 or later, depending on the type of coal in use.
- It ramps down anticipating technology which is currently being developed – the 1800 level is achievable with advanced turbines or other additional efficiency technology. The 1100 target can be met by adding partial sequestration to the mix.
- If a plant fails to meet this standard, it couldn't receive a permit. If, after receive its permit, it fails to meet its target over the course of a year, it's penalized under the Clean Air Act.
- **Clean Energy Standard** – Amends PURPA to establish a Federal Clean Energy Standard, an all-encompassing alternative to a renewable portfolio standard that includes nuclear, all hydropower, carbon capture and sequestration or conversion, combined heat and power, and other low-carbon technologies in addition to wind and solar.
  - Instead of an alternative compliance cost, the governor of a state determines whether or not meeting the CES would raise electricity costs in his state. If the governor determines that it will, he informs DOE of this and informs DOE what percentage his state utilities could economically meet. DOE then sets the standard for utilities in that state at the level determined with the governor.
- **Nuclear Development** –
  - Significantly accelerated depreciation for new nuclear plants.
  - Development of our nuclear resources includes research and commitment to nuclear recycling as well as opening Yucca Mountain.
  - Expand the existing tax credit for manufacturing renewable equipment to cover nuclear equipment.
  - \$15 billion for a recycling facility for nuclear waste. Takes Nuclear Waste Fund off-budget.
- **Carbon Capture and Storage/Sequestration** –
  - Continued R&D as well as commercial-scale pilot projects across the country. This includes funding for retrofitting existing plants.
  - This encompasses the Boucher CCS bill to create a carbon capture and storage or conversion fund.
- **Energy Efficiency** –
  - Repeals “decoupling” mandates that charge more money for less electricity.
  - Increased funding to states for building inspectors to inspect building currently in place.
  - Extends the tax credit for investments in solar, fuel cell and microturbine property; the tax credit for clean renewable energy bonds; and the tax credits for biodiesel and renewable diesel.
  - Tax credits for energy efficient appliances and energy efficient upgrades to existing homes; tax credits for home energy audits and smart meters
- **Fuels** –
  - Renewable Fuel Standards rollback to avoid “blend wall” complications
  - National Academy of Sciences study and review of fuel blends containing greater than 10 percent ethanol by volume
  - Retiring Inefficient Vehicle Incentive Rebate program
- **Transmission Expansion** –
  - Amends Federal Power Act to create federal transmission siting authority to expand and modernize the grid.
  - Supports the development of distributed generation to enable customers to cleanly and efficiently generate their own electricity.
- **Reforestation** –
  - Creating division within Volunteer Service Corps to focus on reforesting of urban brownfields and rural areas.

## Title II – “All of the Above”

- **American Energy –**
  - Outer Continental Shelf Exploration – enables the United States to responsibly explore its own deep ocean to produce American energy, which could provide an additional 3 million barrels of oil per day, as well as 76 trillion cubic feet of natural gas.
    - The bill would give coastal states a say over whether or not to allow energy development within 100 miles of their coastlines, and give these states a share of the receipts from such development if they do allow it.
    - A portion of the revenues created by OCS exploration would also go to a renewable energy trust fund to pay for a variety of renewable, alternative, and advanced energy programs.
  - Arctic Coastal Plain – increases the supply of American-made energy by opening the Arctic coastal plain to environmentally sensitive American energy exploration, which could provide an additional 1 million barrels of oil per day. The development footprint would be limited to 0.01 percent of the refuge.
    - A portion of the revenues created by exploration in the Arctic coastal plain would be invested in a renewable energy trust fund to pay for a variety of renewable, alternative, and advanced energy programs.
  - Oil Shale – repeals prohibition against using funds to issue regulations for leasing oil shale resources. Our nation’s shale oil resources could provide an additional 2.5 million barrels of oil per day.
  - Refinery Permitting – establishes a Federal Permit Coordinator whose job is to coordinate the permitting schedules of all Federal agencies involved in oil and gas permits on public lands to establish the fastest schedule possible for processing permit applications so that environmental protections are preserved while needless delays caused by government red-tape are eliminated.
- **Conservation and Efficiency -**
  - Tax Incentives for Alternative Fuel Vehicles – extends the tax credit for alternative fuel vehicles and the tax credit for costs associated with installing alternative fuel refueling property through the end of 2014.
  - Tapping America’s Ingenuity and Creativity – provides a \$500 million prize for the first U.S. automobile manufacturer to produce and sell 50,000 economically feasible, super-fuel-efficient vehicle reaching 100 miles-per-gallon.
- **New and Expanding Technologies -**
  - Alternative Fuels - allows the federal government to procure advanced alternative fuels derived from diverse sources like oil shale, tar sands and coal-to-liquid technology by repealing Section 526 of the Energy Independence and Security Act of 2007. The bill also encourages the use of clean coal-to-liquid technology by allowing the federal agencies to enter long-term contracts to buy coal-derived fuel and by authorizing the Secretary of Energy to enter into loan agreements with coal-to-liquid projects that produce innovative transportation fuel.
  - American Renewable and Alternative Energy Trust Fund - establishes a trust fund to promote the development of renewable and alternative energy. Revenues for the Trust Fund are provided by receipts from new onshore and offshore oil and gas exploration. The bill provides the following framework for distribution of the revenues: 1) forest biomass development – 3 percent; 2) Hydroelectric production incentives – 2 percent; 3) oil shale, tar sands, and other strategic unconventional fuels – 3 percent; 4) clean coal – 7 percent; 5) solar and wind technologies – 7 percent; 6) renewable energy – 20 percent; 7) cellulosic biofuels incentives – 2.5 percent; 8) coal and related technologies production – 4 percent; 9) methane hydrate research – 2.5 percent; incentives for innovative technologies – 7 percent; 10) advanced biofuels production – 16 percent; 11) photovoltaic demonstration program – 2.5 percent; 12) geothermal energy – 4 percent; 13) marine and hydrokinetic technologies – 2.5 percent; 14) energy storage competitiveness – 10 percent ; and 15) smart grid technology – 7 percent.