

Federal Climate and Energy Activities Weekly Roundup
May 4—May 8

Events and News

House Energy and Commerce Committee Chairman Henry Waxman (D-CA) today announced that he will be issuing a revised draft of the American Clean Energy and Security Act of 2009—the primary climate change and energy legislation in the House—based on the negotiations between Democrats on the Committee. Negotiations are ongoing, and focus on four primary areas: the timetable of the cap and trade program's emission limits, the use of offsets, how to allocate allowances; and the structure of a national renewable energy standard. One issue under consideration has been resolved—namely to include in the bill a “cash for clunkers” program that would provide consumers trading in older, inefficient cars and trucks with vouchers for up to \$4,500 that could be used towards the purchase of new, fuel-efficient vehicles. Waxman also announced that he is considering bypassing markup in the Energy and Environment Subcommittee and taking the draft straight to the full committee. However many Subcommittee members—especially the moderate Democrats with whom Waxman and Subcommittee Chairman Edward Markey (D-MA) are negotiating—are pushing for regular order. This week, Committee members met with President Obama, who encouraged them to move forward with their negotiations and not to “let the perfect be the enemy of the good.”

The Senate Energy and Natural Resources Committee had originally planned to mark up Chairman Jeff Bingaman's (D-NM) transmission siting legislation this week. However, according to a committee spokesperson, the markup was postponed due to conflicts with the Senate floor schedule. Bingaman now hopes to markup the transmission siting legislation and other provisions that will be part of the larger energy bill the week of May 11. Bingaman did release this week a new draft of the transmission siting bill that would make the Interior Department (DOI) the lead agency for siting transmission lines, rather than the Federal Energy Regulatory Commission. Like the previous draft, project sponsors would apply to state officials directly and states would have a year in which to approve those applications. Sponsors would be able to appeal to the DOI if states refused the application or did not respond within a year.

When the Senate Energy and Natural Resources Committee meets to markup its transmission siting legislation, it is possible it may also consider Bingaman's Renewable Electricity Standard (RES) proposal, which currently stands at 20 percent by 2021, as part of the markup the week of May 11. Negotiations on the RES are ongoing. Bingaman has said he would like the committee to reach a consensus and has indicated that he is open to the possibility of a lower percentage standard in order to achieve agreement. Senator Maria Cantwell (D-WA) has said she plans to offer an amendment to the RES bill authorizing the Department of Energy to provide low-interest loans to help utility companies lower the cost of complying with the RES.

On May 7, the Obama Administration issued details of its FY10 Budget request to Congress. The Administration proposes increasing funding for renewable energy technologies, energy efficiency,

climate change research and grid modernization. It proposes funding cuts to programs supporting nuclear power, fossil fuels and hydrogen fuel cell research. In addition, the Administration's budget request zeros out funding for the nuclear waste repository at Yucca Mountain. In its place the Administration requests \$197 million for a blue ribbon commission to study alternatives to the site and help finance its closure.

Hearings and Markups

On May 7, the Senate Finance Committee held a hearing on the auctioning of greenhouse gas emission credits under a cap-and-trade system. A representative from the European Union testified that the United States can avoid Europe's mistakes in developing a cap-and-trade regime by beginning with carefully crafted allowance auctions and a greenhouse gas emissions registry. While several senators expressed concern for market manipulation with the creation of a cap-and-trade system, a representative of the Treasury Department testified that the department has successfully administered auctions in the past and would work in cooperation with EPA to prevent manipulation and provide transparency to the process.

On May 6, the Senate Energy and Natural Resources Committee met to mark up a bill on financing clean energy projects by creating the Clean Energy Deployment Administration and a corresponding investment fund within the Department of Energy (DOE). The committee approved by voice vote a joint staff amendment making clarifying technical changes to the draft bill, but rejected an amendment by Senator Bernie Sanders (I-VT) that would prohibit any one technology from receiving greater than 20 percent of available funds under the program. The committee was also scheduled to address bills on federal transmission siting authority and managing nuclear waste, but a conflicting vote schedule in the Senate forced a postponement of those mark ups until a later date. This bill will be wrapped up with the other measures under consideration by the Committee into one large energy measure.

On May 5, the House Science and Technology Committee held a hearing to consider how to expand climate services at the National Oceanic and Atmospheric Administration (NOAA) by developing a National Climate Service. The National Climate Service, which has been discussed for years, would provide a singular entity with the responsibility of serving as a point of information for climate forecasts and support for planning and management decisions at all levels of government. Creation of a National Climate Service is included in the Waxman-Markey climate and energy legislation.

On May 6, the Energy and Water Development Subcommittee of the Senate Committee on Appropriations held a hearing to consider technologies that can be deployed to reuse carbon dioxide emitted by coal-fire power plants. The hearing focused on the use of the more than \$3 billion appropriated through The American Recovery and Reinvestment Act for the Fossil Energy Research and Development (FER&D) Program. Witnesses included representatives from both the conventional carbon capture and sequestration companies (geologic) and from bio-based / alternative representatives including Calera, a company focused on developing technology to mass produce cement from CO₂ waste generated by coal-fired facilities.

On May 6, the House Agriculture Subcommittee on Conservation, Credit, Energy and Research held a hearing on the renewable biomass provisions in the renewable fuel standard included in the 2007 Energy bill and EPA's draft rule for implementing that standard, which was also released this

week. The statute requires that to be considered “renewable” a biofuel must reduce greenhouse gas emissions by 20 percent relative to gasoline. Under the EPA proposed rule, these emissions reductions must take into account indirect emissions arising from the use of food crops to produce biofuel, and has been criticized by the ethanol industry, which maintains the rule is based on inadequate science. Full Committee Chairman Collin Peterson (D-MN) strongly opposed the EPA’s proposal, which he said would hurt the nascent biofuels industry, and went as far as saying he would oppose climate change legislation in general because of his concerns about EPA’s ability to implement it.

Regulations

On May 5, the Environmental Protection Agency (EPA) announced a proposed new rule on a Renewable Fuels Standard designed to meet targets set under the 2007 Energy Independence and Security Act (EISA). EPA plans to reach the act’s goal of industry producing 36 billion gallons of renewable fuels by the year 2022 by establishing four categories (cellulosic biofuels, biomass-based diesel, advanced biofuels, and total renewable fuel) and mandating annual production volume totals for each. EPA would work with the Department of Agriculture to measure direct emissions occurring as a result of the biofuel production process, as well as indirect emissions from changes in land-use that take place as a result of increased renewable fuels production, such as land clearing in other countries to compensate for the use of food crops such as corn for domestic biofuel production. As noted above, this particular provision has drawn criticism from members representing districts with high biofuel feedstocks who question the agency’s models for calculating indirect land-use emissions, and believe that its inclusion will harm the developing biofuels industry. There is a 60-day comment period on the proposed rule.

New Legislation

- The Climate Change Safeguards for Natural Resources Conservation Act (H.R.2192) introduced April 30 by Rep. Raul Grijalva (D-AZ). The bill would establish an integrated Federal program to protect, restore, and conserve the Nation's natural resources in response to the threats of climate change and ocean acidification.

Status: Referred to the Committee on Natural Resources, and in addition to the Committees on Agriculture, and Science and Technology, for a period to be subsequently determined by the Speaker.

- The American Conservation and Clean Energy Independence Act (H.R.2227) introduced May 4 by Rep. Tim Murphy (D-PA). The bill is intended to enhance America's path toward energy independence and economic and national security, to conserve energy use, to promote innovation, to achieve lower emissions, cleaner air, cleaner water, and cleaner land.

Status: Referred to the Committee on Natural Resources, and in addition to the Committees on Oversight and Government Reform, Energy and Commerce, Ways and Means, Science and Technology, Transportation and Infrastructure, Education and Labor, the Budget, Rules, and the Judiciary.

- The Electronic Transportation Advancement Act (H.R.2234) introduced May 4 by Rep. Eliot Engel (D-NY). The bill is intended to enhance the energy security of the United States, reduce dependence on imported oil, improve the energy efficiency of the transportation sector, and reduce emissions through the expansion of grid supported transportation.

Status: Referred to the Committee on Energy and Commerce, and in addition to the Committees on Science and Technology, and Transportation and Infrastructure.

- (H.R.2250) introduced May 5 by Rep. Dan Burton (R-IN). The bill would immediately provide for domestic energy production and jobs and to pursue alternatives in renewable energy.

Status: Referred to the Committee on Energy and Commerce, and in addition to the Committees on Armed Services, Science and Technology, Natural Resources, and Ways and Means.

- (H.R.2283) introduced May 6 by Rep. Jerry Moran (R-KS). The bill would amend the Clean Air Act to permit the Administrator of the Environmental Protection Agency to waive the lifecycle greenhouse gas emission reduction requirements for renewable fuel production,

Status: Referred to the House Committee on Energy and Commerce.

- (S.989) introduced May 6 by Senator Robert Menendez (D-NJ). The bill would amend the Public Utility Regulatory Policies Act of 1978 to promote energy independence, increase competition, democratize energy generation, and provide for the connection of certain small electric energy generation systems, and for other purposes.

Status: Referred to the Committee on Energy and Natural Resources.

- (H.R.2300) introduced May 7 by Rep. Rob Bishop (R-UT). The bill would provide the United States with a comprehensive energy package to place Americans on a path to a secure economic future through increased energy innovation, conservation, and production.

Status: Referred to the Committee on Ways and Means, and in addition to the Committees on Natural Resources, Energy and Commerce, Science and Technology, Rules, and Oversight and Government Reform.

- (H.R.2306) introduced May 7 by Rep. Norman Dicks (D-WA). The bill would provide for the establishment of a National Climate Service, and for other purposes.

Status: Referred to the House Committee on Science and Technology.

- (H.R.2312) introduced May 7 by Rep. Steve Israel (D-NY). The bill would authorize the Secretary of Energy to make grants to encourage cooperation between the United States and

China on joint research, development, or commercialization of carbon capture and sequestration technology, improved energy efficiency, or renewable energy sources.

Status: Referred to the Committee on Energy and Commerce, and in addition to the Committee on Science and Technology.

- (H.R.2323) introduced May 7 by Rep. Lois Capps (D-CA). The bill would direct the Secretary of Health and Human Services to develop a national strategic action plan to assist health professionals in preparing for and responding to the public health effects of climate change, and for other purposes.

Status: Referred to the House Committee on Energy and Commerce.

- (H.R.2326) introduced May 7 by Rep. Eliot Engel (D-NY). The bill would promote the national security and stability of the United States economy by reducing the dependence of the United States on foreign oil, and for other purposes.

Status: Referred to the House Committee on Energy and Commerce.

- (H.R.2336) introduced May 7 by rep. Ed Perlmutter (D-CO). The bill would encourage energy efficiency and conservation and development of renewable energy sources for housing, commercial structures, and other buildings, and to create sustainable communities.

Status: Referred to the House Committee on Financial Services.

- (S.995) introduced May 7 by Senator John Ensign (R-NV). The bill would amend the Energy and Policy Act of 2005 to reauthorize a provision relating to geothermal lease revenue, to direct the Secretary of the Interior to establish a pilot project to streamline certain Federal renewable energy permitting processes, and for other purposes.

Status: Referred to the Committee on Energy and Natural Resources.

- (S.1013) introduced May 7 by Senator Jeff Bingaman (D-NM). The bill would authorize the Secretary of Energy to carry out a program to demonstrate the commercial application of integrated systems for long-term geological storage of carbon dioxide, and for other purposes.

Status: Read twice and referred to the Committee on Energy and Natural Resources.