

**Federal Climate and Energy Activities Weekly Roundup**  
**June 8 – June 12**

Progress Update on House Energy and Climate Legislation: This week, two of the eight committees that, in addition to the Energy and Commerce Committee, have jurisdiction over portions of the American Clean Energy and Security Act (Waxman-Markey), decided against a formal mark-up of the legislation and discharged the bill. House Speaker Nancy Pelosi (D-CA) has given the chairman of relevant committees until June 19 to either mark up the bill or lose their jurisdiction over it, though she has said she would be flexible with committees that are making progress towards agreements on key issues. Of the remaining six committees, The Ways and Means and Agriculture committees remain the key obstacles to the bill's progression to the floor. It is appearing more and more likely that Ways and Means Chairman Charlie Rangel (D-NY) will, despite his concerns about the bill, opt against marking up the bill in his committee, and instead would work with Energy and Commerce Committee Chairman Henry Waxman (D-CA) on changes to the bill that would be included in a manager's amendment on the floor. Agriculture Committee Chairman Collin Peterson (D-MN) could follow a similar route, however, he has been extremely vocal about his lack of support for the bill in its current form (see related bullet on Agriculture Committee hearing). After staff to staff meetings earlier this week did not result in any agreement, Peterson, Waxman and Pelosi began meeting face to face to resolve their differences. While they report "good progress" they have not yet come to agreement on all of Peterson's concerns. To date, Pelosi has not set a deadline for consideration of the bill on the House floor, however, Waxman is pressing for it to be brought to the floor the week of June 22.

Progress Update on Senate Energy Legislation: Due to conflicts with Senate floor votes, the Senate Energy and Natural Resources Committee did not complete its mark up of comprehensive energy legislation this week. The Committee finished its mark up of the Renewable Energy Standard (RES) title, but it is still working on the bill's carbon capture and sequestration indemnity program, the oil and gas title, and several other sections of the bill. The final markup is yet to be scheduled. Several amendments of importance to governors passed the Committee this week, including:

- A new definition of biomass as it relates to the RES. The definition provides more flexibility than the biomass definition used in the Renewable Fuel Standard in the 2007 Energy bill. However, it is more restrictive than the definition of biomass in the 2008 Farm Bill. The Southern Group of State Foresters tells SGA that they remain concerned about some of the restrictions in the biomass definition for the Senate's RES proposal and they are continuing to work to broaden it. However, they say it is far better than the definition used for the RFS.
- An amendment directing revenues from the alternative compliance payments made by utilities that are unable to meet RES requirements to states rather than the federal government. The amendment also included language adding nuclear and advanced-coal technologies to the list of purposes for which states could spend that funding.

- An amendment allowing drilling 45 miles off the West coast of Florida and in the Destin Dome, an area 25 miles off the Pensacola shoreline. While this amendment could garner support from some Senators, Senator Bill Nelson (D-FL) is threatening to filibuster the bill when it comes to the floor due to this provision.

CBO Scores Climate Bill: On June 5, the Congressional Budget Office (CBO) released an analysis of the American Clean Energy and Security Act as passed by the House Energy and Commerce Committee that indicates the bill could help to reduce the deficit. Specifically, according to CBO, the bill would increase revenues by \$845.6 billion, and direct spending under the bill would be \$821.2 billion, leaving a net gain of \$24.4 billion over a ten-year period beginning in 2010.

House Agriculture Committee Holds Hearing on Waxman-Markey: As climate legislation moves through the House, Agriculture Committee Democrats, including Chairman Collin Peterson (D-MN) continue to be resistant to the American Clean Energy and Security Act. On June 11, Department of Agriculture (USDA) Secretary Tom Vilsack testified before Peterson's committee. Peterson and other committee members raised a number of issues of concern including concerns about the EPA's ability to administer a cap and trade program. Peterson has favored having USDA play a more central role in the program. Peterson is also concerned about how the EPA measures emissions resulting ethanol production and the potential for fraud in a carbon market. He strongly encouraged Secretary Vilsack to assert USDA into the offset oversight program for farmers and landowners. Vilsack was reluctant noting that it is probably "unrealistic to think that EPA would have no role to play in cap and trade generally," but also that "it would be unwise for USDA not to have a role." Peterson has not announced whether his committee will mark up the bill.

Energy and Environment Subcommittee Holds Hearing on Distribution of Allowances Under Climate Bill: At the request of full Committee Ranking Member Joe Barton (R-TX), the Energy and Environment Subcommittee of the Energy and Commerce Committee held a hearing June 9 on allocation allowances in the American Clean Energy and Security Act of 2009. Witnesses at the hearing expressed concerns about the system in the legislation for distribution of allowances and how the policy would affect industry. As passed out of committee (by a vote of 33-25) the bill would allocate 80 percent of emissions without cost to various industries during the early years of the program, eventually phasing the free allowances out entirely. David Montgomery, vice president of the research group Charles River Associates took on the legislation's allocation allowances for its regional disparities noting, "The wealthiest regions, Northeast, the Mid-Atlantic, and California, have the lowest cost, and the least wealthy regions, which in our analysis are Oklahoma and Texas and the Southeast, have the highest cost per household. Interestingly, there also seems to be an inverse relationship between regional income and the benefits [to consumers] of free allowances." Nathaniel Keohane, director of economic policy and analysis for the Environmental Defense Fund accused Montgomery of using high numbers arguing that the legislation is regionally equitable. The hearing reiterates the contentious nature of the allocation portion of climate legislation pending in the Congress.

House Republicans Unveil Alternative to Energy and Climate Legislation: On June 10, House Republicans announced that they would soon introduce energy legislation intended to be the Republican alternative to the Democrats' American Clean Energy and Security Act. At the center of their legislation—the American Energy Act—are the proposals to expand nuclear power by building 100 new reactors over the next two decades, extend renewable energy tax credits, and

expand oil and natural gas production. Democrats have dismissed the bill as a rehash of previous Republican energy policy positions.

House passes stand-alone cash for clunkers bill: On June 9, the House passed legislation authorizing up to a \$4,500 rebate to individuals who trade in cars with a combined fuel economy of 18 miles per gallon or less to buy newer, more fuel efficient cars. The bill is a stand-alone version of language also included in the Waxman-Markey climate and energy bill. Appropriators are considering providing funding for the measure as part of the war supplemental bill. Senator Debbie Stabenow has introduced Senate companion legislation.

### New Legislation

- Cash for Clunkers (H.R. 2751) introduced June 8 by Rep. Betty Sutton (D-OH). The bill would accelerate motor fuel savings nationwide and provide incentives to registered owners of high polluting automobiles to replace such automobiles with new fuel efficient and less polluting automobiles.

Status: Passed.

- A bill to 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 (H.R. 2828) introduced June 11 by Rep. Rob Bishop (R-UT).

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

- A bill to establish a home energy retrofit finance program (S. 1246) introduced June 11, by Sen. Bernard Sanders (I-VT).

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

- Cash for Clunkers (S. 1248) introduced June 11, by Sen. Robert Casey (D-PA). The bill would establish a program in the Department of Energy to encourage consumers to trade-in other vehicles for more fuel-efficient vehicles and motorcycles, and for other purposes.

Status: Referred to the Senate Committee on Finance.

- A bill to amend the Workforce Investment Act of 1998 to make non-union training programs eligible for Federal funding under the Green Jobs Program introduced June 11, by Sen. Johnny Isakson (R-GA).

Status: Reference to Senate Committee on Health, Education, Labor and Pensions.