DEMOCRATIC POLICY COMMITTEE

Legislative Bulletin

DPC

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S. 3815, the *Promoting Natural Gas and Electric Vehicles Act of 2010*

Summary

In the coming days, the Senate is expected to vote on the motion to invoke cloture on the motion to proceed to **S. 3815**, the *Promoting Natural Gas and Electric Vehicles Act*. This legislation is identical to the natural gas and electric vehicle provisions that were included in **S. 3663**, the *Clean Energy Jobs and Oil Company Accountability Act*.

The legislation is designed to reduce oil consumption and improve national security by providing rebates to purchase natural gas vehicles and various types of incentives to help spur the development of electric vehicles. Providing incentives to reduce oil consumption and improve national security is critically important because:

- The nation's transportation sector is 95 percent reliant on oil;

- The wide-spread deployment of electric vehicles and the corresponding charging infrastructure could profoundly decrease the nation's oil consumption. Certain electric vehicles allow consumers to travel without using any petroleum for over 40 miles, while average vehicle trip lengths are around 10 miles and average commutes are around 12 miles;

- The nation's medium and heavy truck fleet has expanded from 6.2 million in 2000 to 8.7 million in 2008;

- The nation's medium and heavy truck fleet has increased its distances driven from 193 billion million traveled in 2000 to 227 billion miles traveled in 2008; and

- The nation's medium and heavy truck fleet has increased its consumption of diesel fuel from 1.5 million barrels per day in 1998 to over two million barrels per day in 2008.

Major Provisions

Title I – Natural Gas Vehicle and Infrastructure Development

Rebates. The bill would direct the Secretary of Energy to issue an interim final rule to develop a system for distributing rebates for new purchases and conversions to natural gas vehicles. The legislation would establish a maximum rebate value provided to a qualified owner (who places a qualified alternative fuel vehicle into service by 2013) at:

- $8,000 for each qualified alternative fuel vehicle with a gross vehicle weight rating of not more than 8,500 pounds;

- $16,000 for each qualified alternative fuel vehicle with a gross vehicle weight rating of more than 8,500 but not more than 14,000 pounds;

- $40,000 for each qualified alternative fuel vehicle with a gross vehicle weight rating of more than 14,000 but not more than 26,000 pounds; and

- $64,000 for each qualified alternative fuel vehicle with a gross vehicle weight rating of more than 26,000 pounds.

Mixed-fuel vehicles are eligible for a rebate equal to 75 percent of the rebate for dedicated natural gas vehicles. Bi-fuel vehicles are eligible for a rebate equal to 50 percent of the rebate for dedicated natural gas vehicles.

Funding. Under **S. 3815,** $3.8 billion would be available to be transferred from the treasury to the Secretary of Energy for this rebate program from funds in the treasury not otherwise appropriated.

Infrastructure development. The bill would require the Secretary of Energy to issue an interim final rule establishing an infrastructure deployment program and a manufacturing development program, which would include:

- Grants of up to $50,000 per unit to qualified refuelers for the installation of natural gas refueling property placed in service between 2011 and 2015; and

- Grants in amounts determined to be appropriate by the Secretary to qualified manufacturers for research, development, and demonstration projects on engines with reduced emissions, improved performance, and lower cost.

Funding. Under **S. 3815,** $500 million would be available to be transferred from the treasury to the Secretary of Energy for infrastructure development from funds in the treasury not otherwise appropriated.

Direct loans. The legislation would require the Secretary of Energy to issue an interim final rule establishing a direct loan program to provide loans to qualified manufacturers to pay not more than 80 percent of the cost of reequipping, expanding, or establishing a facility in the United States that will be used for the purpose of producing any new qualified alternative fuel motor vehicle or any eligible component.

Funding. Under **S. 3815,** $200 million would be available to be transferred from the treasury to the Secretary of Energy for direct loans from funds in the treasury not otherwise appropriated. The $200 million in direct loans would allow for direct loan commitments to approach $2 billion.

Title II – Promoting Electric Vehicles

Assessment and technical assistance. S. 3815 would require the Secretary to perform a national assessment on opportunities to deploy plug-in electric vehicles in the country and create a national plan for deployment. This plan would include an assessment of the maximum number of plug-in electric drive vehicles that will be deployed by 2020 and 2030, and national goals for market penetration of plug-in electric vehicles by 2020 and 2030.

The legislation would also require the Secretary of Energy to provide technical assistance to State, local, and tribal governments to assist with the national deployment of plug-in electric drive vehicles. Technical assistance to be provided would include: 1) training codes and standards for building and safety inspectors; 2) ideas on how to expedite permits and inspections; and 3) education and outreach on the various types of plug-in electric drive vehicles and the associated technology.

Electric Drive Vehicle Deployment Communities Program. The bill would create a new program within the Department of Energy entitled the "Electric Drive Vehicle Deployment Communities Program." Under **S. 3815:**

- State, tribal, or local governments could apply to become a deployment community. The application could be jointly-sponsored with other entities and should describe the community's plan to encourage the deployment of electric vehicles and related infrastructure, and demonstrate buy-in from relevant stakeholders such as public and private utilities, government agencies, and providers of electric drive motor vehicles and charging infrastructure.

- The Secretary of Energy would select deployment communities that reflect diverse populations, geography, and models for deploying electric drive motor vehicles. At least one deployment community will have population of less than 125,000.

- Communities could apply for grants to help achieve the plan put forward in their application. Communities must provide at least 20 percent of the funding for their proposed electric vehicle deployment program from non-federal sources.

Phase one of the program will last for three years from the date that deployment communities receive their grants. The Secretary of Energy would be required to report to Congress on phase one of the program and will make recommendations to Congress on whether the program should be extended or modified.

Funding. Under **S. 3815,** $400 million would be available to be transferred from the treasury to the Secretary of Energy for electric vehicle deployment from funds in the treasury not otherwise appropriated.

Research and Development. The bill would establish a research and development program in the Department of Energy (DOE) to work on all aspects of the development, production, and deployment of electric vehicles. **S. 3815** would also establish a research, development, and demonstration program at DOE to identify and assess possible uses for vehicle batteries at the end of their useful life in a vehicle. It would provide grants for selected demonstration projects and directs the Secretary of Energy to carry out a study on recycling materials from electric vehicles and batteries.

Raw materials. The bill would direct the Secretary of the Interior to conduct a study identifying the raw materials needed to manufacture plug-in electric vehicles, batteries, and other components, to describe the known sources of these materials and the risk associated with their supply, and to identify ways to secure the supply chain of critical raw materials.

Study. Under **S. 3815,** the Secretary of Energy would enter into an agreement with the National Academy of Sciences to conduct a study to identify what data that may be collected from electric vehicles, such as location, charging patterns and usage of electric vehicles. This study would be used to provide recommendations on procedures, technologies, and rules relating to the collection, storage and use of this data.

Utilities. **S. 3815** would require electric utilities to consider the potential levels of plug-in penetration that they might expect to see on their systems in the near term, investigate the potential impacts on their transmission and distribution infrastructure, and plan for the deployment of electric vehicles in their service area. Any utility that does not anticipate meaningful electric vehicle penetration on their system can request that this requirement be waived.

S. 3815 would require State Utility Commissions to participate in any local plan for deploying charging infrastructure, require infrastructure interoperability, consider how it interacts with smart grid, and start to consider rate recovery for utility plans. The Secretary and the Technical Advisory Committee would be directed to convene a group of stakeholders from utilities, charging infrastructure companies and others to investigate potential models for billing, smart grid integration and future vehicle to grid opportunities.

Loan guarantee. S. 3815 would provide loan guarantees for eligible entities that purchase more than 200 qualified automotive batteries in a calendar year for use in nonautomotive applications. This program would help attract battery manufacturing facilities to the U.S. while plug-in electric drive vehicle production is still ramping up.

Solid Waste Disposal Act. The bill would ensure that batteries from plug-in electric drive motor vehicles be disposed of in accordance with the *Solid Waste Disposal Act* (P.L. 89-272).

Title III – Oil Spill Liability Trust Fund

S. 3815 would increase the amount that oil companies are required to pay into the Oil Spill Liability Trust Fund from 8 cents per barrel of oil to 21 cents per barrel of oil.

Legislative History

Senator **Reid** introduced **S. 3815** on September 29, 2010. The legislation is cosponsored by Senator **Menendez**.

Senator **Reid** filed cloture on the motion to proceed to **S. 3815** on September 29, 2010.

Expected Amendments

The DPC will circulate information about possible amendments as it becomes available.

Administration Position

At the time of publication, the Administration had not released a Statement of Administration Policy on **S. 3815**.

Resources

Democratic Policy Committee, "Background on Medium and Heavy Truck Fleets," available here.

Democratic Policy Committee, "Background on Reductions in Oil Consumption from the Transportation Sector," available here.