

H.R. 2227 – The American Conservation and Clean Energy Independence Act

Summary

Title I- Offshore Leasing and Other Energy Provisions:

- Approves the 2010-2015 OCS Oil and Gas Leasing Program and expedites review process;
- Expedites lease sales. The Secretary of the Interior will periodically continue to provide lease sales as long as there is commercial interest;
- Extends the boundaries of coastal states from 3 miles to a uniform 12 nautical miles. This provides jurisdiction for state royalty payments within the 12 miles;
- Prohibits surface occupancy within 10 miles of the shoreline; prohibits permanent surface occupancy up to 20 miles; opens offshore resources of 20 miles and further; and mandates the mitigation of the impact of offshore facilities on coastal vistas;
- Provides for federal agency coordination with adjacent states on the construction of pipelines for OCS oil, petroleum or natural gas;
- Repeals the 125 mile moratorium on gas and oil production in the Eastern Gulf of Mexico;
- Establishes expedited inventory of off shore energy resources;
- Establishes procedures to expedite judicial review oil and natural gas leases;

Military Operations: Requires the Secretary of the Interior to coordinate leasing activities with the Secretary of Defense and requires any unresolved issues to be referred in a timely manner to the President for immediate resolution;

Revenue Distribution of Royalties and Other Revenues Received from Leasing Offshore from amounts received as bonus bids, royalties, rentals and other sums collected under any qualified lease off shore:

- 30 percent (\$660 billion) to *producing states* that work with the federal government to allow exploration and production of off-shore resources;
- 20 percent (\$440 billion) for the *Renewable Energy and Energy Efficiency Reserve* to offset the costs of extending and creating the alternative energy and conservation tax incentives for alternative energy and conservation. Also, to provide dedicated funding for research, development and deployment of alternative energy and energy efficiency products, practices and technology; Funding is to be technology neutral to encourage the development of all kinds of clean, renewable and alternative energy, from wind, solar and biomass to wave technology, geothermal and landfill gas, while funding the development of the next generation of energy efficiency products. Also, this would include the development and deployment of smart transportation systems, energy efficient vehicles and mass transportation systems that preserve the environment and

promote safe travel for motorists, pedestrians and riders of public transit.

- 10 percent (\$220 billion) for *Clean Coal Technology Deployment Carbon Capture and Sequestration Reserve* to develop dedicated funding for the research, development and construction of coal fired power plants that utilize the most advanced pollution controls to prevent the release of carbon and other greenhouse gasses. Nearly 80 percent of the carbon dioxide emitted by generating electricity in the United States comes from coal, and the only way to keep the reliability of America's electrical infrastructure is to clean up coal. This gets America to the next generation of reliable base load capacity;
- 10 percent (\$220 billion) for the *Environmental Restoration Reserve*, which will provide dedicated funding for the overall health of the national ecosystem, primarily or entirely within wildlife refuges, national parks, lakes, bays, rivers and streams. This will provide dedicated funding for long delayed restoration and protection of the Great Lakes, the Chesapeake, Delaware and San Francisco Bay/Sacramento San-Joaquin Bay Delta, the Florida Everglades, New York Harbor, Colorado River Basin, and Mississippi River Basin and tributaries and Intercoastal Waterways and adjoining inlets. For example, the Great Lakes Regional Collaboration strategy said in a recent report that it would take \$20 billion in federal investment to fully restore the Great Lakes;
- 10 percent (\$220 billion) for the general *federal treasury*.
- 8 percent (\$176 billion) for the *Conservation Reserve*, which will provide dedicated funding for conservation efforts to conserve America's natural resources and increase energy efficiency in buildings and transportation. Protecting America's land, water, and air for the next generation is America's top priority;
- 5 percent (\$110 billion) for the *Carbon Free Technology Deployment and Nuclear Energy Reserve* that will be dedicated to carbon free technology and to encourage America's commercial nuclear renaissance. This fund can also be used to assist in reprocessing and recycling spent fuel, which has proven effective and increases efficiency while limiting the need for large long-term storage facilities.
- 5 percent (\$110 billion) for the *Clean Water Reserve*, which will provide dedicated funding to modernize and rebuild America's water and wastewater infrastructure to ensure clean water and protect the environment. This will include funding for modern energy generating and energy efficiency water treatment systems. America has over \$300 billion of Water and Wastewater infrastructure in need of upgrade;
- 2 percent (\$44 billion) for the *Low Income Home Energy Assistance Program (LIHEAP)* to provide dedicated funding for energy assistance to the elderly and poor to help keep the heat on and protect the most vulnerable in America.

Buying and Building American: Expresses the Sense of Congress that the Act will help rebuild America's industrial, manufacturing, transportation and service sector, which all employ American workers. It provides for regulations and appropriate safeguards to ensure that American laws and regulations are followed in the production of off-shore oil and natural gas.

Increase energy efficiency and energy options: Repeals prohibitions preventing federal agencies from entering into contracts for procurement of alternative or synthetic fuels; allows the use of woody biomass from federal lands for the production of renewable energy; and requires new source review regulations to provide that routine maintenance and repair do not constitute a modification of an existing source.

Clean Coal Technology Deployment Grant and Loan Program: To encourage innovative state of the art coal fired energy plants to reduce and eliminate the emission of CO₂ and other greenhouse gases. Provides a framework for the creation and implementation of a competitive grant and loan guarantee program for the commercial deployment of clean coal technology to be administrated by the Secretary of Energy

Title II- Strategic Petroleum Reserve (SPR) Modification and Dedication of Revenues to existing Conservation and Energy Research Programs:

Modifies the Strategic Petroleum Reserve to today's refining capabilities by exchanging 10% (70 million barrels) of the reserve's content and dedicates funds received from the exchange of supply and existing SPR funds (\$523 million estimated) to existing conservation, energy research/development and energy assistance programs. The expected \$400 million from the sale shall be distributed at the Secretary of Energy's discretion to the following programs:

- Advanced Research Projects
- Wind Energy research
- Solar Energy Research
- Low Income Weatherization
- Low Income Home Energy Assistance Program (LIHEAP)
- Marine and Hydrokinetic Renewable Energy
- Advanced Research Vehicles Development
- Industrial Energy Efficiency R&D
- Building/Lighting Energy Efficiency R&D
- Geothermal Energy Development
- Smart Grid Technology Development
- Carbon Capture and Storage
- Nonconventional Natural Gas Production and Environmental Research
- Hydrogen Research and Development
- Energy Storage for Transportation and Electric Power

Title III – Cleaner Energy Production and Energy Conservation Incentives:

Extends alternative and renewable energy production and investment tax credits until 2019 to provide predictability for investors and private capital to continue to build the clean energy infrastructure and production capacity needed for more American produced energy.

This includes production and investment tax credits for solar, wind, biomass, landfill gas, trash combustion, hydropower and wave technology, among many others. It will help build the refueling infrastructure for flexible fuel vehicles, natural gas, compressed natural gas, liquefied natural gas, biodiesel and hydrogen. It will provide incentives for individuals to make energy efficiency improvements to their homes, give builders incentives to make advance energy efficient homes and commercial buildings. It also extends incentives for residential alternative energy, such as solar, fuel cell, geothermal, wind and geothermal savings. These will continue to provide needed incentives for the commercial, residential, and transportation sectors to embrace clean renewable energy and encourage conservation, the number one way to clean up American energy use. It extends the tax deduction for owners or designers of new or existing commercial buildings that save at least 50% of the heating and cooling energy of a building;

Title IV – Increase Diversification and Efficiency of America’s Transportation and Electric System:

Exploration of new domestic oil and natural gas is important, however, investments must be made to diversify America’s transportation system to reduce the overall use of oil in the future economy. This legislation will greatly expand the use of low carbon electricity production and enhance America’s security by promoting fuel diversity, spurring the use of electric hybrids in transportation. The use of electricity to fuel short haul transportation further diversifies a set of fuels that should include coal, nuclear, natural gas, hydroelectric, wind, geothermal, solar, landfill gas and others, instead of only petroleum, which makes up the largest portion of America’s trade deficit.

- Requires the federal government to make minimum purchases of plug-in hybrids, and allows plug-in hybrids use of HOB facilities.
- Prepares a study to ensure recharging infrastructure for plug-in hybrids is available.
- Provides loan guarantees for advance battery purchases, options to recycle used car batteries, and study the efficiency of commercial trucks.
- Creates a new tax credit for the most efficient vehicles in class, extends the tax credit for larger hybrid vehicles and expands the tax credit for hybrid vehicles.
- The Secretary of Energy may enter into negotiations to create common standards for electric and plug-in hybrid vehicles between Europe and Asia.
- Provides \$50 billion in loan guarantees for energy generation units to provide low carbon diversification for America’s electric grid.