



# The Bipartisan Energy Working Group

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## **The Infrastructure Jobs and Energy Independence Act**

Invests in clean American energy

Rebuilds America's aging locks, dams, bridges, and roads

Creates U.S. jobs – both in the short and long term

Largest infrastructure investment in U.S. history

Cleans up the environment

Doesn't raise taxes

Doesn't borrow from China

Doesn't buy oil from OPEC

### *America At A Crossroads*

The United States has talked about cutting its dependence on foreign oil since the 1973 Arab Oil embargo, but little has been accomplished. Foreign oil imports have doubled from 30% to 60% in the last four decades.

Every day Americans are sending more than one billion dollars for oil overseas. That's hundreds of billions of dollars that are not being invested in U.S. jobs. We are importing 1.6 billion barrels each year from countries that are politically unstable. This is a recipe for disaster that is worsening by the day. Perhaps even more troubling is that some foreign governments use this money to buy weapons, bombs, and IEDs, which are in turn used against our own soldiers. Foreign energy dependence is a tax on every American that limits domestic job growth and helps to finance the War on Terror.

Foreign energy dependence also has direct costs for American families. The typical family now spends \$368 a month on gasoline – more than double what they spent two years ago. And gas prices are continuing to rise.

The Bipartisan Energy Working Group focuses on achieving a goal set by President Obama in March – to reduce oil imports by one-third over the next ten years. There's no reason to continue importing oil from unstable foreign regimes when we can use our own vast natural resources in a safe and responsible way to take back our energy future and drive our economic growth.

The Infrastructure Jobs and Energy Independence Act dedicates the revenues from offshore exploration leases and royalties to slash our deficit, build clean-coal plants, clean up our air and water, increase our use of renewable energy, and rebuild our crumbling highways and bridges. This legislation would provide desperately needed funds for rebuilding our highways, bridges, locks, dams, and water and sewer systems. The plan also provides the financing for energy conservation projects of our buildings, farms, factories and households, which waste between 20 and 40 percent of energy consumed through inefficiencies.

#### *Amount of Offshore Resources*

America's offshore resources hold more than 86 billion barrels of oil and 420 trillion cubic feet of natural gas. This is enough oil to replace oil imports from Venezuela and Saudi Arabia for the next 80 years, and enough clean natural gas to power America's industry for the next 63 years. And these estimates are considered to be conservative, as there are no modern inventories of offshore production. In fact, the Department of the Interior has stated that the only way to avoid increase imports in energy is by tapping America's offshore energy resources.

#### *Cleaning Up the Environment*

Americans are concerned about our environment, and cleaning up our air, land, and water is a top priority. We need to clean up our coal plants and invest in renewable energy to secure our energy future. This legislation provides the funding for these laudable, albeit costly, goals. It uses the revenues from developing America's domestic oil and gas capacity and invests these revenues in a low carbon energy future, while making needed investments to rebuild our transportation infrastructure and clean America's, land, air, and water.

### ***Financing Our Energy Independence***

This is also about making America energy independent, increasing global security, creating good American jobs, growing our economy. This legislation puts Americans back to work. Without raising taxes and by using America's own abundant resources this act directs exploration, conservation and innovations towards clean energy independence and millions of well paying jobs here at home. More importantly, many of these funds will be directed towards the most ambitious project in our history to rebuild America's transportation infrastructure, energy infrastructure, and the clean energy bridge.

### ***Expedite Oil and Gas Exploration***

This legislation maintains strong environmental rules for oil exploration, expedites the review process, and maintains community input in the offshore leasing process. It includes an expedited process for taking an inventory of our offshore energy resources because we have not conducted an inventory in decades. The bill sets guidelines to ensure that domestic military operations are not compromised by new offshore leasing and exploration. The bill also provides for coordination between states and the federal government for construction of pipelines, allows exploration in the Eastern Gulf of Mexico, and extends boundaries of coastal states to nine nautical miles.

### ***Rebuild Roads, Bridges, Locks, and Dams***

For too long, repairs to this country's infrastructure have been neglected, and new projects have been delayed. Meanwhile, revenues to the Highway Trust Fund have remained flat. Prior to 2011, federal transportation projects cost the Trust Fund on average \$38 billion a year, but only \$30 billion was deposited into the fund. This legislation helps to pay for desperately needed repairs of roads and bridges, as well as inland waterway infrastructure.

### ***Maintain Environmental Protection***

The legislation keeps the highest environmental protection for America's coast lines, implements common sense restrictions on preserving coastal vistas and prohibits permanent surface occupancy within 20 miles. Modern technology for oil and gas exploration are able to reach more oil and gas in an environmentally safe manner than ever before, providing energy for America's future while protecting our oceans and waters.

### ***About the Bipartisan Energy Working Group***

A core group of Democrats and Republicans joined together to unleash America's energy potential. They came together to tackle one of America's most pressing problems of energy, environment, and national security. This bipartisan group met privately over the past few months without leadership or lobbyists in the room. After these meetings, led by Representatives Tim Murphy (R-PA), Jim Costa (D-CA), Bill Shuster (R-PA), and Tim Walz (D-MN), the group came up with legislation that both Democrats and Republicans agreed would lead toward energy independence, environmental protection, and economic security for America.

## The Infrastructure Jobs and 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 nine nautical miles. This provides jurisdiction for state royalty payments within the nine 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 offshore energy resources;
- Establishes procedures to expedite judicial review of 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:**

- **Infrastructure Renewal will receive 20 percent** towards repairs needed for America's locks, dams, bridges, roads, and highways. The funds will be used for federal and state highway and highway safety construction programs, water resources development construction projects through the Army Corps of Engineers, mass transit programs, freight rail and passenger rail construction.
- **Renewable Energy and Energy Efficiency will receive 15 percent** 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;
- **Clean Coal Technology Deployment Carbon Capture and Sequestration will receive 8 percent** 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;

- ***Environmental Restoration will receive 4 percent***, 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;
- ***Conservation efforts will receive 3 percent***, which will provide dedicated funding for conservation efforts to conserve America's natural resources, increase energy efficiency in buildings and transportation. Protecting America's land, water, and air for the next generation, while increasing energy efficiency should be America's top priority;
- ***Carbon Free Technology Deployment and Nuclear Energy will receive 5 percent***, which 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;
- ***Clean Water and Wastewater Infrastructure will receive 3 percent***, 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;
- ***Low Income Home Energy Assistance Program (LIHEAP) will receive 2 percent*** for the 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;
- ***Producing states will receive 30 percent*** to help expedite the process of exploration and production of off-shore resources;
- ***Federal Treasury will receive 10 percent*** to help pay down debt or shrink the deficit.

**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 to existing conservation, energy research/development and energy assistance programs.

**Title III – Cleaner Energy Production and Energy Conservation Incentives:**

Extends alternative and renewable energy production and investment tax credits until 2020 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 provide incentives for individuals to make energy efficiency improvements to their homes, give builders incentives to make advanced energy efficient homes and commercial buildings. The legislation creates a specific incentive for buildings to reduce HVAC and energy loss through installation of mechanical insulation. The bill would further advance Clean Energy Renewable Bonds program. 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 to 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 and alternative fuel vehicles in transportation. It will help build the refueling infrastructure for flexible fuel vehicles, natural gas, compressed natural gas, liquefied natural gas, biodiesel and hydrogen. The use of electricity and natural gas to fuel short haul transportation further diversifies a set of fuels that should include coal, nuclear, 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 or alternative fuel vehicles, and allows use of alternative fuel vehicles on HOV lanes;
- Prepares a study to ensure recharging infrastructure for plug-in hybrids and alternative fuel vehicles 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;

- Extends the credit for purchases of fuel cell, hybrid, lean burn and alternative fuel vehicles, as well as the credits available for alternative fuels and refueling infrastructure.
- Provides loan guarantees for energy generation units to provide low carbon diversification for America's electric grid.