Lugar Practical Energy and Climate Plan

Section-by-Section Outline
June 9, 2010

U.S. Senator Dick Lugar's Practical Energy and Climate Plan, S.3464, prioritizes targeted policies that can bring real money and energy savings while providing flexible frameworks that encourage investment in a more secure energy future.

Title I. Reducing Foreign Oil Dependence

Vehicle efficiency standards for passenger vehicles (Sec 101). Currently, fuel efficiency standards for passenger cars and trucks do not increase unless Congress or the Administration acts. This expectation will be reversed, providing long-term, predictable increases with annual 4% target CAFE improvements that are cost effective.

Vehicle efficiency standards for medium- and heavy-duty vehicles (Sec 101). The first ever fuel efficiency regulation for medium- and heavy-duty trucks was authorized in 2007, but is not yet in effect. These standards will be required to come into effect in 2017 and will increase every four years to maximize cost effective technological innovation.

Fuel efficiency performance program (Sec 102). While CAFE sets minimum standards, they are insufficient for encouraging the most innovative technologies. A competitive, revenue-neutral program will be established to encourage greater fuel efficiency by rewarding purchase of the most efficient vehicle by class with a rebate off-set by a fee on the least efficient vehicle in that same class.

Reverse auction for advanced biofuels (Sec 111). Unlike set subsidies, a reverse auction requires participants to bid for participation with the lowest bidders receiving federal support. This section expands the current DOE program to include all renewable feedstocks except grain, and increases authorized funding levels.

Flex-fuel vehicles (Sec 112). New vehicles remain in the nation's auto fleet for many years. In order to utilize the larger future volumes of biofuels under current federal law, it is important to produce the vehicles now so that sufficient biofuels-capable vehicles will be on the road in the future.

Title II. Energy Efficiency

National building energy performance (Sec 201). Newly constructed homes and businesses will remain for decades to come, yet many of these buildings do not employ cost-effective energy saving materials and equipment. Regular review and minimum targets for national building energy efficiency codes will be established, with incentives for State adoption.

Federal building efficiency (Sec 211). Enhances government leadership and taxpayer savings by requiring new Federal buildings to exceed national standards when possible.

National building retrofit program (Sec 241-244). Many homeowners and businesses cannot afford the upfront costs of installing energy saving technologies even when those retrofits will pay for themselves

relatively quickly. This program will help by leveraging private dollars with federally-backed financing tools, which will be paid back to make the program self-sustaining.

Rural energy savings (Sec 251). Using established partnerships through USDA Rural Utilities Service, low-interest loans would be offered to rural consumers for energy efficiency retrofits. Paid back on utility bills, this program will be self-sustaining.

Industrial energy efficiency (Sec 271). Energy intensive industries benefit from adopting energy saving technologies and processes, but the costs of adoption can be prohibitively high. Federal dollar-for-dollar matching will be authorized for State-based loan programs to accelerate deployment of energy saving equipment and processes in the industrial sector.

Appliance and equipment efficiency (Sec 281). Building on existing appliance and industrial equipment energy efficiency standard programs, this section accelerates the implementation of improved energy- and money-saving standards and extends coverage to new high-potential products.

Federal procurement (Sec 282). Federal procurement will favor energy efficient products, saving taxpayer money and encouraging innovation.

Title III. Diverse Domestic Power

Diverse energy standard (301). Energy security and environmental stewardship will benefit through greater use of domestic and cleaner power sources. The diverse energy standard establishes a long-term, flexible framework for states and utilities to invest in a variety of domestic electric generation resources and energy saving programs.

Retirement of most costly polluting coal plants (Sec 302). The oldest and dirtiest coal fired power plants account for a disproportionate level of pollutants, and complying with forthcoming environmental compliance regulations over the next few years will cost ratepayers billions of dollars. This section seeks to ensure the retirement of the oldest, dirtiest plants by allowing plants to avoid additional investments in environmental compliance technology in exchange for an agreement to cease operations at the end of 2018.

Expanded loan guarantees for nuclear power (Sec 303). New nuclear power promises cleaner domestic electricity generation, but realizing its potential requires the industry to prove to investors that new plants can come online on time and on budget. Current Federal loan guarantees will be boosted to enable financing for the first new nuclear plants.

Title IV. Measurement & Review of Energy & Climate Programs

Transparent measurement and review (Sec 401). Too often, energy security programs are authorized but results are not demonstrated to the American people. Federal agencies and the GAO will be required to monitor and report on programs, demonstrating savings to Americans and leadership to foreign countries.

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