



Congress Spurs Growth of America's Clean Energy Economy

Backgrounder prepared by the Apollo Alliance
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The Energy Independence and Security Act of 2007 passed yesterday by the U.S. House of Representatives and last week by the Senate takes big strides toward building a new clean energy economy, in the process creating new opportunities for American business and next-generation “green collar” jobs for American workers. The legislation, which passed the House by a vote of 314 to 100 and the Senate by a vote of 86 to 8, was signed this morning by President Bush in a ceremony at the Department of Energy.

The bill has rightly been hailed as the most important energy legislation in a generation. When fully implemented, it will cut U.S. oil consumption by more than we now import from the Persian Gulf and Venezuela¹ and cut greenhouse gas emissions by a quarter of the reductions needed by 2030 to avoid the worst impacts of global warming.²

Under the leadership of Speaker Nancy Pelosi, D-Calif., and energy committee Chair John Dingell, D-Mich., in the House, and Majority Leader Harry Reid, D-Nev., and energy committee Chair Jeff Bingaman, D-N.M., in the Senate, the new Congress delivered major energy legislation less than a year after taking office. Normally a bill of this scale – more than 800 pages in length – would take Congress several years to pass.

Capturing the scope of the achievement, Pelosi told the Washington Post stated, “It is national security issues, it is an economic issue, it is an environmental issue, and therefore a health issue. It is an energy issue, and it is a moral issue.”³

Much, however, remains to be done to achieve the transformation of our energy systems needed to stop global warming, kick our oil habit, and reap the full economic promise of a new energy future. In particular, important tax incentives and a new national standard to promote renewable power were cut last week because of opposition from Senate Republicans and a veto threat from the President. Republican leaders opposed the tax incentives because funding would have come from scaling back oil industry profits. The renewable energy standard was stripped because of opposition from power companies

¹ The National Commission on Energy Policy projects that oil savings from the Energy Bill’s fuel economy and bio-fuels provisions will ultimately reduce US oil consumption by 5 million barrels per day. Total crude oil and petroleum imports from the Persian Gulf and Venezuela were 3.6 million barrels per day in 2006 according to the Energy Information Agency.

² Steven Mufson, “House Sends President an Energy Bill to Sign,” The Washington Post, December 19, 2007, p. A1.

³ The Washington Post, *ibid.*

and some lawmakers from the Southeast and from Sen. Pete Domenici, R-N.M., the top Republican on the Senate energy committee.

Highlights of the legislation include:

Massive Efficiency Gains. Efficiency provisions in the Energy Independence and Security Act will save U.S. consumers and businesses more than \$400 billion by 2030, according to the American Council on an Energy Efficient Economy (ACEEE). Altogether, the energy savings amount to three times the savings provided in the Energy Policy Act of 2005, according to ACEEE. The legislation:

- Reauthorizes and expands funding for residential weatherization assistance programs for low- and moderate-income consumers.
- Establishes a goal of reducing energy use in all federal buildings by 30 percent by 2015, establishing new procedures, offices, and performance standards to achieve the goal in both new and renovated buildings.
- Establishes a new office of Commercial High Performance Buildings to develop technologies, practices and policies so that all commercial buildings, whether new or renovated, can achieve zero net greenhouse gas emissions by 2050.
- Establishes a grant program at the Department of Energy to help industry finance recovery of waste energy for power generation and heating.
- Provides grants and loans for schools and universities to make greater use of renewable energy and promote efficiency, in both new and renovated facilities.
- Upgrades efficiency standards for new, manufactured housing.

Investments and standards provided in the legislation will create tens of thousands of jobs for electricians installing new lighting and renewable power equipment, boilermakers installing new combined heat and power systems, sheetmetal workers installing new heating and cooling systems, and manufacturers of advanced air conditioners, boilers, windows, insulation and other products. For every \$10 million invested in energy efficiency, the Massachusetts Division of Environmental Resources and Consumer Affairs estimates the creation of 160 short-term jobs and 30 long-term jobs.

Rebuilding Detroit with Clean Cars. The legislation makes a big contribution toward restoring the competitiveness and environmental performance of the American auto industry, raising fuel economy standards for cars and light trucks by 40 percent, from 27.5 to 35 miles per gallon by 2030. The increase will ultimately save 1.1 million barrels of oil per day, half of what we now import from Kuwait and Venezuela.

Demonstrating that good jobs and environmental performance can go hand in hand, Congress required automakers to continue producing smaller, more fuel-efficient vehicles in the United States, providing job security to tens of thousands of American workers who assemble and produce parts for these vehicles. In addition, Congress authorized grants and loan guarantees to help domestic automakers retool production lines to build more efficient vehicles and components in the United States. Finally, Congress created a new grants program to promote next-generation electric vehicles, including plug-in vehicles that can travel hundreds of miles on a single gallon of gasoline.

Boosting Advanced Bio-Fuels. Congress also gave a big boost to homegrown bio-fuels and America's farm economy, raising the national goal from 6 billion gallons this year to 36 billion gallons by 2022, enough to replace 20 percent of our oil supplies. Of this amount, the legislation sets a goal to derive 21 billion gallons of ethanol from advanced cellulose-based feedstocks such as prairie grass and wood chips. Making ethanol from cellulosic feedstocks (as opposed to corn or soybean feedstocks) generates far fewer greenhouse gases and competes less with food production.

Capturing and Storing Carbon Emissions. The Energy Independence and Security Act authorizes funding for seven projects to demonstrate carbon capture and storage (CCS) from full-scale power plants. EPACT 2005 had authorized just one such demonstration project. With this large-scale program, Congress ensures industry will be able to test carbon capture with a variety of power generation technologies and carbon storage in a variety of geological formations. Since CCS involves the installation of carbon capture systems, compressors, control equipment, a steel pipe network, and deep-well injection, this program will create tens of thousands of new jobs for engineers and construction workers as well as for manufacturers of necessary equipment.

Training for Green-Collar Jobs. The Energy Independence Act creates a \$125 million per year pilot program to train workers to build wind farms and other renewable energy systems, install energy-saving products, and manufacture new clean energy technology, among other goals. In addition, the bill creates a new program to give low-income workers the skills they need to follow a pathway out of poverty into the emerging clean energy economy. These workforce provisions, championed by the Apollo Alliance, were sponsored in the Senate by Sens. Hillary Clinton, D-N.Y., and Bernie Sanders, I-Vt., and in the House by Reps. Hilda Solis (D-CA) and John Tierney, D-Mass.

Missed Opportunity for Renewable Power. Unfortunately, Congressional leaders were not able to muster the votes for long-term extension of the tax credits vital to the stability and growth of the renewable energy industry. Unless Congress acts, these tax credits will expire at the end of 2008. Congress also failed to establish a national renewable energy standard requiring publicly held utilities to generate 15 percent of their power from renewable sources and from energy efficiency. Twenty-six states have already adopted such standards. Congressional leaders vow to revisit both issues in 2008.

Completing the Job. While the Energy Independence Act is a promising first step into the clean energy future, much work lies ahead. Globally and in the United States, the top priority is to establish a strict cap on emissions of greenhouse gases, setting in motion an economy-wide shift toward cleaner energy sources and energy efficiency. At the same time, it is critical that America adopt a program of strategic investments to help our nation reduce its energy use and meet its energy needs with cleaner sources. This spring we plan to release a report identifying the most important priorities for federal investment—the investments we must make as a nation to spur the kind of transformational change we needed to build a secure, clean energy future for America.

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