



## POLICY BRIEF

# **The American Clean Energy and Security Act of 2009**

June 2009

## H.R. 2454

- Voted into report May 21, 2009 in House Energy and Commerce Committee
- Sponsored by Chairman Hon. Henry Waxman (D-Calif.) and Hon. Edward Markey (D-Mass.)
- Union of Concerned Scientists climate program analysts say that the energy standards in the bill would create 297,000 new domestic jobs and save consumers \$64.3 billion in electricity and natural gas bill by 2025.

## Federal Agency Impact

- Instructs Labor Secretary to create training programs that help workers in dying industries transition into ones bolstered by the bill
- Requires HHS Secretary to create national strategy for dealing with public health effects of climate change
- Creates international program within USAID to provide assistance to developing countries most vulnerable to effects of global warming
- Creates a National Climate Service at the National Oceanic and Atmospheric Administration to lead climate change research

## Key Provisions

- Mandates new energy-savings standards for buildings, appliances and industry
- Gives away up to 85 percent of pollution permits in cap and trade program
- Require utility companies to get 20% of their electricity from renewable sources by 2025
- Reduce carbon emissions from major U.S. sources by 17% by 2020 and over 80% by 2050 compared to 2005 levels.
- New investments in clean energy technologies: Energy efficiency and renewable energy (\$90b by 2025); Carbon capture and sequestration (\$60b); Electric and advanced technology vehicles (\$20b); Basic scientific research and development (\$20b)
- Financial incentives to retailers who sell high volumes of energy efficient appliances
- Grants to universities and colleges to develop curricula for training in renewable energy and climate change mitigation professions
- Stronger vehicle fuel standards
- Paves way for development of smart electricity grid
- Protects consumers from energy price increases. The EPA estimates that reductions in carbon pollution required by the legislation will cost American families less than a postage stamp per day

## Cap and Trade Provisions

15% of carbon permits will be auctioned off (proceeds to go toward helping low and moderate income families)

35% for electric utility sector

15% for carbon-intensive industries (steel and cement; reduced by 2% every year)

10% for states for renewable energy and efficiency investment from 2012-2015 (reduced to 5% between 2016-2022)

9% for local natural gas distribution companies (reduced to 0% between 2026-2030)

5% for tropical deforestation projects

3% for vehicle advanced technologies through 2017 (reduced to 1% from 2018-2025)

2% for domestic adaptation to climate change (2012-2021, with increases later)

2% for international adaptation and clean energy transfer (2012-2021)

2% for carbon capture and storage technology (2014-2017; increases to 5% after 2018)

2% for oil refineries (2014-2026)

1.5% for programs helping home heating oil and propane users (reduced to 0% 2026-2030)

1% for Clean Energy Innovation Centers for research and development funding

0.5% for job training (2012-2021; increases to 1% after 2022)

## Cap and Trade Debate

Under the cap and trade program, electric utilities, oil companies and large industrial manufacturers—which produce roughly 85% of the nation’s global warming emissions—will have to secure federal permits for their pollution.

The pollution limits in those permits will be lowered every year until, in 2050, they are 83% below 2005 levels.

The bill does not specify whether permits will be sold or given to corporations for free; or what the potential revenue from selling permits would be used for if sold.

Under the cap and trade program, there are 2 billion tons of pollution offsets, which would essentially allow corporations to buy their way past the pollution limits.

An offset means that a corporation or other entity that produces emissions in excess of the federally mandated cap can purchase pollution credits from firms that came in under the limit. Critics charge that these offsets are a loophole that corporations can exploit.

Skepticism is also present regarding the promotion of “clean coal,” which involves coal capture and sequestration. This technology would enable coal plants to operate with low emissions, by capturing carbon dioxide emissions from coal-burning power plants.

Critics say the plausibility of the technology is debatable and this money could be used on proven renewable energy technologies.

# Broad Coalition Support for Bill

The American Clean Energy and Security Act has received broad support from industry and environmentalists. During Committee consideration, the legislation was backed by a coalition that included, among many others:

## Electric Companies

Duke Energy  
American Electric Power  
Edison Electric Institute

## Oil Companies

ConocoPhillips  
Shell  
BP

## Auto Companies

GM  
Ford  
Chrysler

## Chemical Companies

DuPont  
Dow

## Major Manufacturers

GE  
Siemens  
John Deere

## Environmental Organizations

Natural Resources Defense Council  
Environmental Defense Fund  
League of Conservation Voters

## Labor

United Auto Workers  
United Steelworkers  
Laborers International

## Letter of Interest

On May 11, 2009, Rep. Eric J.J. Massa wrote to President Barack Obama in response to a White House announcement that funding to hydrogen power would be cut by 60 percent.

In his letter, Rep. Massa referenced the General Motors fuel cell research and development center located in New York and its progress in producing hydrogen fuel cell powered vehicles.

“This technology is here and it is real. The only major obstacle to mainstreaming this technology is finding the funding to build the infrastructure to support clean, American vehicles.”

Rep. Massa requested the federal reconsideration of funding cuts to hydrogen power, and went on to “implore” the President to build a private/public partnership with General Motors.