

Recent Energy Legislation: Non-Cap and Trade Provisions of Waxman-Markey and Provisions in Recent Stimulus Legislation

Amid all the media attention about the “cap and trade” proposals under consideration in Washington, sometimes overlooked are the significant other proposals and now-passed legislation that have the potential to broadly affect commerce, both creating substantial opportunities for many and significant risks for some. Below are key highlights of (1) provisions of the American Clean Energy and Security Act (ACES), also known as “Waxman-Markey,” as passed by the U.S. House of Representatives, which are not directly related to carbon cap and trade concepts; and (2) recent important provisions included in the bailout bill and the stimulus package.

Waxman-Markey Non-Cap and Trade Provisions*

Renewable Electricity Standard

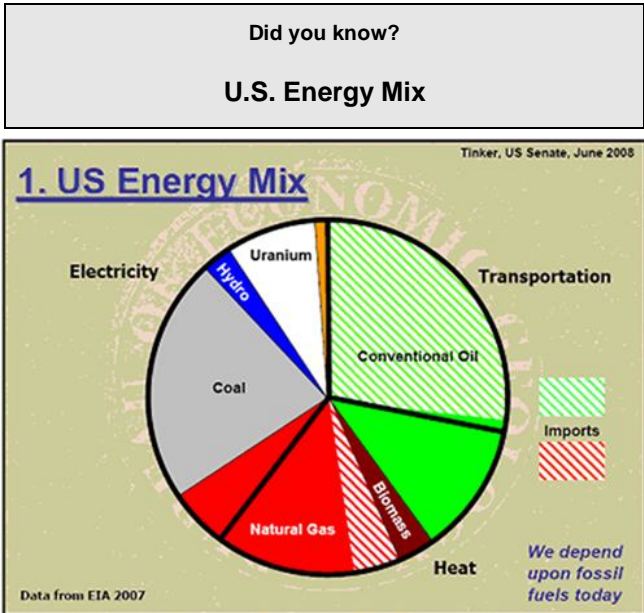
A majority of states have some form of a “renewable portfolio standard,” requiring electricity providers to obtain a set amount of their power from renewable resources. ACES would create the first such national requirement with a “Renewable Electricity Standard” (RES).

The RES would incentivize both a range of renewable energy programs and efficiency projects. It would require each retail electric suppliers to acquire and submit annual renewable energy credits (RECs) or demonstrate electricity savings that, together, account for a set percent of its base load; the percentages increase from 6% in 2012 to 20% in 2020.

Importantly, RECs or electricity savings can be created by any market player and conveyed to the electricity provider, so the program in effect is the reciprocal of cap and trade – a minimum floor and trade system.

Qualifying renewable projects include wind, solar, geothermal, renewable biomass, biogas, biofuels, hydropower, and wave power. Notably, project developers of “distributed” renewable energy – small scale projects that power one or a few facilities – are eligible for a 3X multiplier on RECs they receive.

Qualifying electricity savings projects include new facilities with improved energy usage as compared to a comparable reference facility, equipment upgrades, combined heat & power projects, and use of fuel cells. Since these projects will result in a reduced burden on the retail electricity supplier, cooperation between the supplier and user on how to account for reductions and who owns them will be critical. Renewable energy opportunities in the Southeast appear to be less plentiful than elsewhere, so these types of projects may be a key part of the mix to meet RES obligations.



*For ACES Climate Change Provisions, See *Waxman-Markey's Climate Change Provisions*.

Other Key ACES Provisions

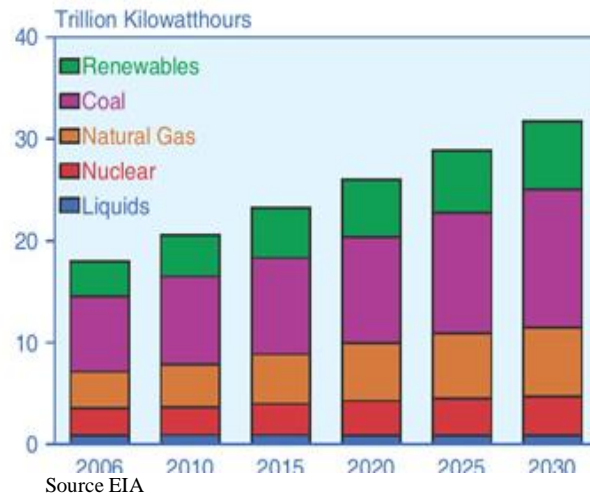
- Energy efficiency standards for new buildings – 50% improvement by 2016
- Standards for lighting products, appliances, and commercial furnaces
- Fuel standards for heavy vehicles
- Emission standards for new coal-fired plants that would require carbon capture and underground sequestration
- Smart grid technology and infrastructure development

Key Provisions in the Stimulus Bill (*The American Recovery and Reinvestment Act*)

- **Department of Energy Loan Guarantee Program** – \$60 billion in loan guarantees for certain renewable energy projects.
- **Department of Energy Smart Grid Investment Matching Grant and Demonstration Project Programs** – \$4.5 billion for electricity delivery and energy reliability activities to modernize the electric grid.
- **Department of Energy Fossil Energy Research & Development** – \$3.4 billion to support fossil energy research and development programs, Clean Coal Power Initiative, industrial carbon capture and energy efficiency improvement projects, site characterization activities in geologic formations, and geologic sequestration training and research grants.
- **Energy Efficiency Conservation Block Grants** – \$3.2 billion to large cities and counties and to state energy agencies to fund energy efficiency and renewable energy projects, financial incentive programs for energy efficiency, and purchase of technologies to manage methane and other GHGs generated by landfills or similar sources. Georgia to receive over \$67 million.
- **State Energy Programs** – \$3.1 billion appropriation to support energy projects under existing State laws. Georgia slated to receive over \$82 million.

DID YOU KNOW?

World Electricity Generation by Fuel, 2006-2030



World Marketed Energy Consumption, 1980-2030



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