



**NFRC**  
**Legislative Update**  
**November 2009**

**KOUNTOUPES**  
**CONSULTING, LLC**

# Strong Federal Government Interest in Energy Efficiency

- ▶ Energy efficiency provisions included in the American Recovery and Reinvestment Act (ARRA)
- ▶ House forms Green Building Caucus
- ▶ Executive order from President Obama that includes a mandate on energy efficiency for federal buildings.
- ▶ \$300 million increase in funding for DOE's energy efficiency and renewable energy programs in FY10 spending bill.
- ▶ Energy efficiency provisions included in House Climate Change bill, Senate Energy bill, and Senate Climate Change bill

# ARRA Includes Consumer Tax Credit for Energy Efficient Windows

- ▶ Extends the credit for energy-efficient doors and windows, insulation, air conditioners, furnaces, heat pumps and boilers to make it available for calendar year 2010.
- ▶ Increases the amount of the tax credit from 10% to 30% of the cost incurred by the taxpayer for qualified energy improvements.
- ▶ Makes standards for qualified products more stringent.
- ▶ Sets an overall cap of \$1,500 for improvements to a dwelling.

# Energy Efficiency Provisions in ARRA

- ▶ **Home Weatherization:** \$5 billion to help low-income families reduce their energy costs by weatherizing their homes.
- ▶ **GSA Federal Buildings:** \$4.5 billion for renovations and repairs to federal buildings, focused on increasing energy efficiency and conservation.
- ▶ **Energy Efficiency Housing Retrofits:** \$250 million for a new program to upgrade HUD sponsored low-income housing to increase energy efficiency, including new insulation, windows, and furnaces.

# Energy Efficiency Provisions in ARRA

- ▶ **Energy Efficiency and Renewable Energy Research:** \$2.5 billion for energy efficiency and renewable energy research. Funds are awarded on a competitive basis to universities, companies, and national laboratories.
- ▶ **Local Government Energy Efficiency Grants:** \$6.3 billion to help state and local governments make investments that make them more energy efficient and reduce carbon emissions.
- ▶ **Training for Green Jobs:** \$500 million to prepare workers for careers in energy efficiency and renewable energy fields.

# House forms Green Building Caucus

- ▶ Co-Chairs are Rep. Russ Carnahan (D-MO) and Judy Biggert (R-IL).
- ▶ 27 Members: 23 Democrats, 4 Republicans
- ▶ Caucus holds regular briefings for Members of Congress and their staff
- ▶ Jim Benney presented to the Caucus on October 28, at the briefing entitle “Addressing the Building Envelope: Increasing Energy Efficiency Using Today’s Technology.”
- ▶ NFRC has become a member of the High-Performance Building Congressional Caucus Coalition (HPBCCC) which is a private sector coalition that provides guidance and support to the High-Performance Building Caucus of the U.S. Congress.

# Administration Activity - Efficiency

- ▶ The President has issued an executive order instructing federal agencies to set greenhouse gas reduction targets. The order includes a mandate that, beginning in 2020, all new federal buildings should be designed to achieve net-zero energy use by 2030.

# Administration Activity – Climate Change

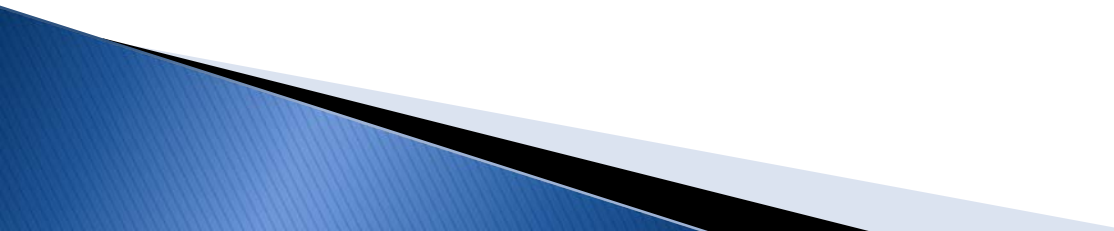
- ▶ The White House and the Executive Branch agencies continue to move forward. President Obama devoted a speech at the United Nations to climate change. EPA has finalized a greenhouse gas reporting rule for monitoring emissions from stationary sources.
- ▶ The agency is also working on proposed rules that limit permitting provisions of the Clean Air action to sources emitting at least 25,000 tons per year. And, it is reconsidering the decision that those requirements could apply to greenhouse gases. EPA is also planning to propose greenhouse gas emission standards for more vehicles.
- ▶ The threat of EPA regulatory action is real and it is building, but it will not be acute enough to bring folks to the negotiating table next year and to bridge the large divides that currently exist in the Congress.

# Energy and Water FY2010 Funding

The final bill includes \$2.2 billion for DOE's energy efficiency and renewable energy programs, up from the \$1.9 billion in FY09. Specific programs, were funded as follows:

- ▶ \$200 million for the Building Technologies Program, an increase of \$60 million over FY09 levels
- ▶ \$96 million for the Industrial Technologies Program, an increase of \$6 million over FY09 levels
- ▶ \$32 million for the Federal Energy Management Program, an increase of \$10 million over FY09 levels
- ▶ \$311 million for the Vehicle Technologies Program, \$69 million over FY09 levels
- ▶ \$210 million for the Weatherization Assistance Program, \$240 million less than the FY09 levels

# Three bills have efficiency provisions

- ▶ HR 2454 ACES sponsored by Waxman/Markey passed the House
  - ▶ S 1462 passed the Senate Energy Committee sponsored by Chairman Bingaman
  - ▶ S 1733 passed the Senate Environment Committee sponsored by Chairman Boxer and Senator Kerry
- 

# House passes Waxman-Markey Climate Change Bill



- ▶ American Clean Energy and Security Act (ACES) HR 2454
- ▶ Passed June 26, 2009 by a vote of 219-212, on a mostly party-line vote, with 44 Democrats voting no and 8 Republicans voting yes.
- ▶ Waxman-Markey contains several energy efficiency provisions.

# Energy Efficiency Provisions in Waxman-Markey

## Investments in Clean Energy and Energy Efficiency

- ▶ Requires major sources of carbon emissions to obtain a pollution permit called an “allowance” for each ton of carbon dioxide or its equivalent that they emit.
- ▶ Through 2025, 13% of these allowances are allocated to investments in clean energy and energy efficiency, including:
  - \$90 billion investment in state programs to promote renewable energy and energy efficiency
  - \$20 billion in basic research and development into clean energy and energy efficiency

# Energy Efficiency Provisions in Waxman-Markey

## **State Energy and Environmental Development (SEED)**

- ▶ Allows states and local government to create SEED funds which serve as a common repository to manage and account for federal financial assistance that is designated for clean energy, energy efficiency, and climate change purposes.

## **Building Standards**

- ▶ Establishes a national energy efficiency building code for residential and commercial buildings and requires states and local governments to comply with this new national standard.
- ▶ Requires new buildings to be 30% more efficient in 2012 and 50% more efficient in 2016.

# Energy Efficiency Provisions in Waxman-Markey

## **Retrofit for Energy and Environmental Performance (REEP) Program**

- ▶ Will facilitate retrofitting initiatives throughout the country for residential and nonresidential buildings to achieve maximum cost-effective energy efficiency improvements
- ▶ EPA will develop standards for a retrofit policy for single-family and multi-family residences, and is required to use existing programs especially the Energy Star for Buildings program.
- ▶ DOE will develop standards for commercial buildings and is required to designate and fund a High-Performance Green Building Partnership Consortium.
- ▶ Funding will be made available through SEED funds for REEP.

# Energy Efficiency Provisions in Waxman-Markey

## Energy Efficient Manufactured Homes

- ▶ Authorizes DOE grants to states to provide rebates of up to \$7500 for low-income families residing in pre-1976 mobile homes.
- ▶ Rebates could be applied toward the purchase of a new Energy Star-rated manufactured home.

## Building Energy Performance Labeling Program

- ▶ Directs EPA to create model building energy performance labels for new construction that would apply broadly to residential and commercial building markets. Goal is to encourage owners and occupants to reduce energy use and to establish a meaningful and consistent basis for evaluating the energy performance of residential and commercial buildings.

# Energy Efficiency Provisions in Waxman-Markey

## **Best-in-Class Appliances Deployment Program**

- ▶ Directs DOE to establish a deployment program to reward retailers with bonuses for increasing the sales in best-in-class high-efficiency electronics and building equipment.
- ▶ A bonus program is also established for manufacturers that develop new “superefficient best-in-class” products.

## **Green Resources for Energy Efficient Neighborhoods (GREEN)**

- ▶ Provides incentives to lenders and financial institutions to provide lower interest loans and other benefits to consumers who build, buy or remodel their homes in ways that improve energy efficiency. The bill also increases energy efficiency standards for HUD owned and assisted housing.

# Energy Efficiency Provisions in Waxman-Markey

## Energy Star Standards

Amends the statutory authority for EPA Energy Star program to:

- ▶ Establish a scaled grading system from “A” for the most efficient to “F” for the least efficient product.
- ▶ Require a product review at least once every three years and periodic testing to verify compliance with current Energy Star criteria.
- ▶ Authorizes \$5 million for FY10 and each year thereafter for the Energy Star program.

# Senate Takes Action On Energy Efficiency

- ▶ Bingaman broader energy bill that does not include Climate Change includes bulk of efficiency policy.
- ▶ Bingaman bill S. 1462 passed Senate Energy and Natural Resources on June 17, 2009 with bipartisan support.
- ▶ Senate leadership may merge Bingaman bill with Boxer's Climate Change bill.
- ▶ Boxer bill passed Senate Environment on November 5, 2009. Republicans boycotted mark up. Prominent Democrat Senator Baucus (D-MT) voted no.
- ▶ No date has been set for combining bills.

# **Energy Efficiency Provisions in Bingaman Senate Energy Bill S. 1462**

## **Advanced Building Codes**

- ▶ Sets energy savings improvement targets for residential and commercial buildings at 30% in 2010 and 50% after 2016.
- ▶ Increases funding for States for code compliance, technical analysis, training, and financial assistance.

## **State Energy Efficiency Retrofit Programs**

- ▶ Provides grants to states for residential and commercial building retrofits. Building owners would receive financial incentives to finance up to 50% of retrofits.

# **Energy Efficiency Provisions in Bingaman Senate Energy Bill S. 1462**

## **Home Energy Retrofit Finance Program**

- ▶ Provides grants to states for building retrofits, including local programs to allow owners to finance energy improvements through property tax bill payback.

## **Building Energy Performance Information Program**

- ▶ Creates model energy performance labels for commercial and residential buildings.

# **Energy Efficiency Provisions in Bingaman Senate Energy Bill S. 1462**

## **Federal Building Efficiency**

- ▶ Enhance ability of federal agencies to meet goals for renewable energy and efficiency.

## **National Energy Efficiency Goals**

- ▶ Establishes goals to achieve an improvement of the nation's energy productivity of at least 2.5% annually by 2012.

## **Evaluation, Measurement and Verification**

- ▶ Creates uniform rules for the evaluation, measurement, and verification of energy savings from efficiency programs.

# Energy Efficiency Provisions in Boxer Senate Environment Bill S. 1733

## Efficient Buildings Program

- ▶ Creates Efficient Buildings Program at EPA to assist owners of new and renovated buildings that achieve a high efficiency score based on Energy Star. Priority is given to projects completed by building owners with a proven track record of excellent energy performance or that result in greenhouse gas reduction benefits not encompassed in the Energy Star Program.

## Energy Efficiency in Building Codes

- ▶ Directs EPA in consultation with NIST to establish building code energy efficiency targets to improve the national average of residential and commercial building energy performance beginning in 2014 and applicable in 2030.

# Energy Efficiency Provisions in Boxer Senate Environment Bill S. 1733

## **Retrofit for Energy and Environmental Performance (REEP)**

- ▶ Establishes criteria for voluntary energy and environmental building retrofit programs for commercial and residential buildings.
- ▶ Develops the REEP program to implement criteria. REEP funding cannot exceed 50% of the total retrofit cost. REEP is funded through allowances given to state and local entities.

# Legislative Outlook

- ▶ Senate will have a hard time getting to 60 votes on comprehensive Climate Change legislation.
- ▶ There is a universe of roughly 25 key Senators in play.
- ▶ If Climate Change cannot pass the Senate, some are advocating for a standalone energy bill, but House leadership is opposed to this approach.
- ▶ Support for Climate Change is eroding in the House, and passage of a conference report would now be unlikely.
- ▶ A stand alone energy bill with efficiency provisions may move in the second half of 2010 if it is clear that Climate legislation will not move.

# Additional items of interest

- ▶ Senators Rockefeller (D-WV) and Grassley (R-IA) key members of the Senate Tax Writing Committee introduced, S. 1792.
- ▶ The bill would modify the existing tax credit for energy efficient windows, doors and skylights by tying it to established ENERGY STAR® standards for fenestration products.

# Growing interest in building retrofits as next “stimulus”

- ▶ Members of Congress and influential think tanks have started to look at this as a possible “jobs” issue for next year 2010.
- ▶ Could also provide opportunity for expansion of the windows tax credit.