

110TH CONGRESS  
1ST SESSION

# H. R. 1590

To reduce greenhouse gas emissions and protect the climate.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 20, 2007

Mr. WAXMAN (for himself, Mr. ALLEN, Mr. LOBIONDO, Ms. MATSUI, Mr. WEXLER, Mr. HINCHEY, Mr. PALLONE, Mr. BERMAN, Ms. SHEA-PORTER, Mr. CHANDLER, Mr. MEEHAN, Ms. MCCOLLUM of Minnesota, Mr. NADLER, Ms. LEE, Mr. BLUMENAUER, Mr. INSLEE, Mr. SCHIFF, Mrs. TAUSCHER, Mrs. MALONEY of New York, Mr. SHAYS, Mr. MORAN of Virginia, Mr. ELLISON, Mr. GUTIERREZ, Mr. GRIJALVA, Mrs. DAVIS of California, Mr. CLAY, Mr. HONDA, Ms. WOOLSEY, Ms. HARMAN, Ms. SCHAKOWSKY, Mr. COHEN, Mr. CLEAVER, Mr. CARNAHAN, Mr. PAYNE, Mr. McNULTY, Mr. STARK, Mr. SESTAK, Mr. WELCH of Vermont, Mr. CUMMINGS, Ms. SCHWARTZ, Mr. DOGGETT, Ms. WATSON, Mr. SMITH of Washington, Mr. LYNCH, Mr. MARKEY, Mr. SHERMAN, Mr. MCGOVERN, Mr. MICHAUD, Ms. BALDWIN, Mr. OLVER, Mr. WEINER, Mr. JEFFERSON, Mr. HODES, Mr. LANTOS, Mr. SIRES, Mr. YARMUTH, Mr. ABERCROMBIE, Mr. ROTHMAN, Ms. WATERS, Mr. VAN HOLLEN, Mr. HASTINGS of Florida, Mrs. CAPPs, Mr. DELAHUNT, Mr. FARR, Mr. FILLNER, Mr. FRANK of Massachusetts, Ms. JACKSON-LEE of Texas, Mrs. JONES of Ohio, Mr. KENNEDY, Mr. KUCINICH, Mr. LANGEVIN, Mr. LARSON of Connecticut, Mr. LEWIS of Georgia, Mr. GEORGE MILLER of California, Mrs. NAPOLITANO, Mr. NEAL of Massachusetts, Ms. LORETTA SANCHEZ of California, Mr. SERRANO, Mr. THOMPSON of California, Ms. ZOE LOFGREN of California, Mr. DAVIS of Illinois, Mr. WYNN, Mr. FATTAH, Ms. SOLIS, Mr. SARBANES, Mr. MURPHY of Connecticut, Mr. ACKERMAN, Mrs. LOWEY, Ms. DELAURO, Mr. DICKS, Mr. TOWNS, Ms. DEGETTE, Ms. BERKLEY, Mr. KIND, Mr. BISHOP of New York, Mr. ISRAEL, Ms. CORRINE BROWN of Florida, Mr. SCOTT of Virginia, Mr. JOHNSON of Georgia, Mr. KLEIN of Florida, Mr. BRADY of Pennsylvania, Mr. CONYERS, Mr. JACKSON of Illinois, Ms. ROYBAL-ALLARD, Ms. CASTOR, Ms. HIRONO, Mr. EMANUEL, Mr. MCNERNEY, Mr. THOMPSON of Mississippi, Ms. LINDA T. SANCHEZ of California, Mr. PASCRELL, Mr. RANGEL, Ms. MILLENDER-MCDONALD, Mr. DEFazio, Ms. MOORE of Wisconsin, Ms. WASSERMAN SCHULTZ, Mr. MEEK of Florida, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. MCDERMOTT, Ms. CARSON, Mr. BECERRA, Ms. ESHOO, Mr. HALL of New York, Mr. CAPUANO, Mr. CROWLEY, Mr. TIERNEY, Mr. ENGEL, and Mr. WU) introduced the fol-

lowing bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Foreign Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To reduce greenhouse gas emissions and protect the climate.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Safe Climate Act of  
5       2007”.

6       **SEC. 2. FINDING; SENSE OF CONGRESS.**

7       (a) FINDINGS.—The Congress finds as follows:

8               (1) The United States is a party to the 1992  
9       United Nations Framework Convention on Climate  
10       Change, which has the objective of stabilizing green-  
11       house gas concentrations in the atmosphere at a  
12       level that would prevent “dangerous anthropogenic  
13       interference” with the climate system.

14              (2) To achieve this objective, the increase in  
15       global mean surface temperature should not exceed  
16       2°C (3.6°F) above pre-industrial temperature.

17              (3) The risks associated with a temperature in-  
18       crease above 2°C (3.6°F) are grave, including the

1 disintegration of the Greenland ice sheet, which, if  
2 it were to melt completely, would raise global aver-  
3 age sea level by approximately 23 feet, devastating  
4 many of the world's coastal areas and population  
5 centers.

6 (4) The Intergovernmental Panel on Climate  
7 Change projects that temperatures will rise between  
8 1.8°C to 4.0°C (3.2°F to 7.2°F) by the end of the  
9 century, under a range of expected emissions trends.

10 (5) Serious global warming impacts have al-  
11 ready been observed in the United States and world-  
12 wide, including increases in heat waves and other ex-  
13 treme weather events, rise in sea level, retreat of  
14 glaciers and polar ice, decline in mountain snowpack,  
15 increased drought and wildfires, stronger hurricanes,  
16 ocean acidification, extensive coral bleaching, migra-  
17 tions and shifts in the yearly cycles of plants and  
18 animals, and the spread of infectious diseases.

19 (6) Scientists project that under a mid-range  
20 estimate of global warming, by 2050, roughly 25  
21 percent of animal and plant species will be com-  
22 mitted to extinction.

23 (7) Decisive action is needed to minimize the  
24 many dangers posed by global warming.

1           (8) The timing of such action is critical, given  
2           that greenhouse gases can persist in the atmosphere  
3           for more than a century.

4           (9) Reductions in emissions from today's levels  
5           must begin within a decade to preserve the ability to  
6           stabilize atmospheric greenhouse gas concentrations  
7           at levels likely to protect against a temperature rise  
8           above 2°C (3.6°F).

9           (10) With only 5 percent of the world popu-  
10          lation, the United States emits approximately 20  
11          percent of the world's total greenhouse gas emissions  
12          and must be a leader in addressing global warming.

13          (11) Existing energy efficiency and clean, re-  
14          newable energy technologies can reduce global warm-  
15          ing pollution, while saving consumers money, reduc-  
16          ing our dependence on oil, enhancing national secu-  
17          rity, cleaning the air, and protecting pristine places  
18          from drilling and mining.

19          (b) SENSE OF CONGRESS.—It is the sense of the  
20          Congress that the United States should participate in ne-  
21          gotiations under the 1992 United Nations Framework  
22          Convention on Climate Change with the objective of secur-  
23          ing United States participation in agreements that—

24                 (1) establish mitigation commitments by all  
25                 countries that are major emitters of greenhouse

1 gases, consistent with the principle of common but  
2 differentiated responsibilities;

3 (2) achieve reductions in global greenhouse gas  
4 emissions at a pace and levels sufficient to avoid  
5 dangerous interference with the earth's climate; and

6 (3) advance and protect the economic and na-  
7 tional security interests of the United States.

8 **SEC. 3. AMENDMENTS TO THE CLEAN AIR ACT.**

9 The Clean Air Act (42 U.S.C. 7401 et seq.) is amend-  
10 ed by adding at the end the following:

11 **“TITLE VII—GREENHOUSE GAS**  
12 **EMISSIONS**

13 **“SEC. 701. EMISSION REDUCTION TARGETS.**

14 “Not later than 2 years after the date of enactment  
15 of this section, the Administrator shall promulgate annual  
16 emission reduction targets for each calendar year begin-  
17 ning in 2010 and ending in 2050, as follows:

18 “(1) In 2010, the quantity of United States  
19 greenhouse gas emissions shall not exceed the quan-  
20 tity of United States greenhouse gases projected to  
21 be emitted in 2009.

22 “(2) Beginning in 2011, the quantity of United  
23 States greenhouse gas emissions shall be reduced by  
24 approximately 2 percent each year, such that the  
25 quantity of such emissions in 2020 does not exceed

1 the quantity of United States greenhouse gases  
2 emitted in 1990.

3 “(3) Beginning in 2021, the quantity of United  
4 States greenhouse gas emissions shall be reduced by  
5 approximately 5 percent each year, such that the  
6 quantity of such emissions in 2050 does not exceed  
7 20 percent of the quantity of United States green-  
8 house gases emitted in 1990.

9 **“SEC. 702. NATIONAL ACADEMIES REVIEW.**

10 “Not later than 5 years after the date of the enact-  
11 ment of this section, and every 5 years thereafter, the Na-  
12 tional Academies, acting through the National Academy  
13 of Sciences and the National Research Council, shall sub-  
14 mit a report to the Administrator and the Congress on  
15 the prospects for avoiding dangerous anthropogenic inter-  
16 ference with the climate system and the progress made  
17 to date. Such report shall—

18 “(1) evaluate whether the emission reduction  
19 targets promulgated pursuant to section 701 are  
20 likely to be sufficient to avoid dangerous climate  
21 change, taking into account the actions of other na-  
22 tions;

23 “(2) include an assessment of whether each of  
24 the following events, and any other indicator of sig-

1 nificant global warming determined by the National  
2 Academies, has occurred or is likely to occur—

3 “(A) atmospheric greenhouse gas con-  
4 centrations of greater than 450 carbon dioxide-  
5 equivalent ppm;

6 “(B) global mean surface temperature in-  
7 crease of greater than 2°C (3.6°F) from pre-in-  
8 dustrial levels;

9 “(C) substantial slowing of the Atlantic  
10 thermohaline circulation;

11 “(D) sea level rise of more than 8 inches;

12 “(E) ice-free Arctic Ocean in the summer;

13 “(F) decrease in the area of permafrost to  
14 below 50 percent of such area in 2000; and

15 “(G) loss of over 40 percent of the world’s  
16 coverage of coral reefs, due to increased ocean  
17 temperature or acidity; and

18 “(3) if the National Academies concludes that  
19 emission reduction targets promulgated pursuant to  
20 section 701 are not likely to be sufficient to avoid  
21 dangerous climate change, or that any of the events  
22 specified in paragraph (2) has occurred or is likely  
23 to occur—

1           “(A) identify the needed amount of further  
2           reductions in atmospheric greenhouse gas con-  
3           centrations; and

4           “(B) recommend additional United States  
5           and international actions to further reduce at-  
6           mospheric greenhouse gas concentrations.

7   **“SEC. 703. REGULATIONS.**

8           “(a) IN GENERAL.—The Administrator shall promul-  
9           gate not later than 2 years after the date of the enactment  
10          of this section, and may periodically revise, regulations re-  
11          quiring the reduction of United States greenhouse gas  
12          emissions to meet the emission reduction targets promul-  
13          gated pursuant to section 701.

14          “(b) RULEMAKING ON RECOMMENDATIONS OF NA-  
15          TIONAL ACADEMIES.—If the National Academies submits  
16          a recommendation under section 702(3)(B) for a regu-  
17          latory action by a Federal department or agency, and such  
18          regulatory action is within the authority of such depart-  
19          ment or agency (under law other than this subsection),  
20          the head of such department or agency shall, not later  
21          than 2 years after the submission of such recommenda-  
22          tion, finalize a rulemaking—

23                  “(1) to carry out such regulatory action; or

24                  “(2) to explain the reasons for declining to act.



1 **“SEC. 704. MARKET-BASED CAP ON EMISSIONS.**

2 “(a) IN GENERAL.—The regulations promulgated  
3 under section 703(a) shall—

4 “(1) impose a cap on the greenhouse gas emis-  
5 sions of sources and sectors described in subsection  
6 (b)(1); and

7 “(2) allow emissions trading among covered en-  
8 tities.

9 “(b) SCOPE.—The regulations promulgated under  
10 section 703(a) shall—

11 “(1) apply the cap required by subsection (a)(1)  
12 to the sources or sectors of the United States econ-  
13 omy with—

14 “(A) the largest emissions;

15 “(B) the most cost-effective opportunities  
16 to reduce emissions; or

17 “(C) other characteristics that the Admin-  
18 istrator determines make the source or sector  
19 appropriate to include; and

20 “(2) cover a sufficient proportion of total  
21 United States greenhouse gas emissions, such that,  
22 in combination with other measures adopted under  
23 this title and under the Safe Climate Act of 2007  
24 and the amendments made by such Act, such regula-  
25 tions will ensure that total United States greenhouse

1 gas emissions will not exceed the emission reduction  
2 targets promulgated pursuant to section 701.

3 “(c) ALLOWANCES.—

4 “(1) IN GENERAL.—The regulations promul-  
5 gated under section 703(a) shall provide for the Ad-  
6 ministrator to issue each year a quantity of green-  
7 house gas emissions allowances equivalent to the  
8 emissions allowed under the cap required by sub-  
9 section (a)(1) for such year. Each such allowance  
10 shall authorize the emission of one carbon dioxide  
11 equivalent. Such an allowance does not constitute a  
12 property right, and nothing in any provision of law  
13 shall be construed to limit the authority of the  
14 United States to terminate or limit such an allow-  
15 ance.

16 “(2) TRADING.—Allowances issued under this  
17 section may be held and traded by any person.

18 “(3) FLEXIBILITY.—Allowances issued under  
19 this section may be used in the year of issuance or  
20 may be banked for use in a year subsequent to the  
21 year of issuance.

22 “(d) DISTRIBUTION OF ALLOWANCES.—

23 “(1) SUBMISSION OF PLAN BY PRESIDENT.—

24 “(A) IN GENERAL.—Within one year of the  
25 enactment of this title, the President, in con-

1           sultation with the Administrator and other ap-  
2           propriate department and agency heads, shall  
3           develop and submit to the Congress a plan—

4                   “(i) to distribute the allowances issued  
5                   under this section through auctions, and,  
6                   at the discretion of the President and sub-  
7                   ject to subparagraph (B)(iii), through allo-  
8                   cations without charge to entities not cov-  
9                   ered by the cap or covered entities;

10                   “(ii) to deposit the proceeds of such  
11                   auctions in the Climate Reinvestment  
12                   Fund established by subsection (h); and

13                   “(iii) to ensure that such allowances  
14                   are distributed, and such proceeds are  
15                   used, in a manner consistent with the goals  
16                   described in subsection (e).

17           “(B) CONTENTS.—The plan submitted  
18           under subparagraph (A) shall—

19                   “(i) identify the department or agency  
20                   responsible for implementing each action  
21                   required;

22                   “(ii) ensure that allowances are dis-  
23                   tributed not later than January 1, 2010,  
24                   for calendar year 2010; and

1                   “(iii) in no case allow any distribution  
2                   of allowances without charge to result in  
3                   the creation of windfall profits for covered  
4                   entities.

5                   “(2) PLAN IMPLEMENTATION.—The Adminis-  
6                   trator and the head of each department or agency  
7                   identified in paragraph (1)(B)(i) shall give the Con-  
8                   gress a period of one year to review and act upon  
9                   the plan submitted under paragraph (1). If during  
10                  such period no statute is enacted for the express  
11                  purpose of codifying such plan or an alternative to  
12                  such plan, the Administrator and the head of each  
13                  such department or agency shall implement the ac-  
14                  tions identified in the plan.

15                  “(e) GOALS.—The goals described in this subsection  
16                  are the following:

17                         “(1) Maximizing public benefit and promoting  
18                         economic growth.

19                         “(2) Mitigating the effect of any energy cost in-  
20                         creases to consumers, particularly low-income con-  
21                         sumers.

22                         “(3) Providing equitable transition assistance to  
23                         any workers and regions affected by a transition  
24                         away from high carbon-emitting energy sources.

1           “(4) Encouraging research, development, and  
2           commercial deployment of innovative technologies for  
3           avoiding, reducing, or sequestering greenhouse gas  
4           emissions.

5           “(5) Encouraging reduced carbon emissions  
6           from, and enhanced sequestration of, carbon in the  
7           forest and agricultural sectors.

8           “(6) Recognizing and rewarding early reduc-  
9           tions of greenhouse gases.

10          “(7) Supporting activities, including providing  
11          support for State activities, to protect against and  
12          mitigate the impacts of climate change, including de-  
13          pletion of snowpack and water supplies, droughts,  
14          wildfires, enhanced coastal erosion, sea level rise,  
15          higher storm surges, more intense precipitation  
16          events and hurricanes, spread of disease, damage to  
17          fish and wildlife habitat, commercial harms (such as  
18          damage to the maple syrup and fishing industries),  
19          and agricultural and forestry losses due to drought,  
20          disease, and insect infestations.

21          “(f) MONITORING.—The Administrator shall ensure  
22          that greenhouse gas emissions and the use of allowances  
23          issued under this section are accurately tracked, reported,  
24          and verified, to ensure that the cap-and-trade system es-

1 tablished pursuant to this section is robust and enforce-  
2 able.

3 “(g) ENFORCEMENT.—

4 “(1) IN GENERAL.—In the case of excess green-  
5 house gas emissions under this section by an entity  
6 during any calendar year, the regulations promul-  
7 gated under section 703(a) shall require the entity—

8 “(A) to submit allowances for such emis-  
9 sions during the following calendar year; and

10 “(B) to pay a civil penalty in an amount  
11 determined under paragraph (2).

12 “(2) AMOUNT OF CIVIL PENALTY.—For each  
13 quantity of excess greenhouse gas emissions consti-  
14 tuting one carbon dioxide equivalent, the amount of  
15 a civil penalty under this subsection shall be twice  
16 the market price for an allowance at the end of the  
17 calendar year in which the excess emissions oc-  
18 curred. The Administrator shall establish the meth-  
19 od of determining such market price.

20 “(3) NO DEMAND REQUIRED.—A civil penalty  
21 under this subsection shall be due and payable to  
22 the Administrator without demand.

23 “(h) CLIMATE REINVESTMENT FUND.—

24 “(1) ESTABLISHMENT.—There is established in  
25 the Treasury of the United States a fund to be

1 known as the ‘Climate Reinvestment Fund’ (in this  
2 subsection referred to as the ‘Fund’). The Fund  
3 shall consist of such amounts as may be appro-  
4 priated pursuant to paragraph (2) to the Fund.  
5 Such amounts shall remain available until expended.

6 “(2) AUTHORIZATION OF APPROPRIATIONS.—  
7 For each fiscal year, there is authorized to be appro-  
8 priated to the Fund an amount equal to the sum  
9 of—

10 “(A) the amount collected through auc-  
11 tions of allowances issued under this section;  
12 and

13 “(B) the amount of civil penalties assessed  
14 under subsection (g).

15 “(3) USE OF FUNDS.—Amounts in the Fund  
16 and available pursuant to an appropriations Act  
17 shall be expended by the President to further the  
18 goals described in subsection (e).

19 “(4) INVESTMENT.—The Secretary of the  
20 Treasury shall invest such amounts of the Fund as  
21 such Secretary determines are not required to meet  
22 current withdrawals from the Fund.

23 “(i) ADDITIONAL LEAD TIME.—If the Administrator  
24 finds that providing one or two years of additional lead-  
25 time for emissions reductions beyond the 2009, 2010, and

1 2011 deadlines specified in section 701(1), 701(2) or  
2 706(a) would substantially reduce compliance costs, the  
3 Administrator may extend, by rule, any of the compliance  
4 deadlines for emissions reductions that fall in 2009, 2010,  
5 or 2011 by one or two additional years. If the Adminis-  
6 trator promulgates such an extension, the same extension  
7 may also apply to the deadline for allowance distribution  
8 specified in section 704(d)(1)(B)(ii). Any such extension  
9 shall not affect the 2020 cap on emissions specified in sec-  
10 tion 701(2).

11 “(j) DEFINITION.—In this section, the term ‘covered  
12 entity’ means an entity covered by the cap under sub-  
13 section (a)(1).

14 **“SEC. 705. ADDITIONAL AUTHORITY TO REGULATE GREEN-  
15 HOUSE GAS EMISSIONS.**

16 “(a) ADDITIONAL REGULATIONS.—The regulations  
17 promulgated under section 703(a) may include additional  
18 regulations to reduce emissions of greenhouse gases from  
19 any source or sector, irrespective of whether the source  
20 or sector is described in section 704(b)(1). Regulations  
21 under this section may include emissions performance  
22 standards, efficiency performance standards, best manage-  
23 ment practices, technology-based requirements, and other  
24 forms of requirements.



1       “(b) RELATION TO OTHER AUTHORITY.—The au-  
2 thorizations under this title are in addition to the Admin-  
3 istrator’s authority to regulate greenhouse gas emissions  
4 pursuant to other provisions of law in effect on the date  
5 of the enactment of the Safe Climate Act of 2007.

6       **“SEC. 706. GREENHOUSE GAS EMISSIONS STANDARDS FOR**  
7                                   **MOTOR VEHICLES.**

8       “(a) IN GENERAL.—The regulations promulgated  
9 under section 703(a) shall include regulations under sec-  
10 tion 202 setting standards for greenhouse gas emissions  
11 from motor vehicles. These standards shall reduce such  
12 emissions at least as quickly and at least as much (on an  
13 average vehicle basis) as the standards adopted by the  
14 California Air Resources Board at its September 23–24,  
15 2004 hearing (California Code of Regulations, title 13,  
16 sec. 1961.1).

17       “(b) REVISION OF STANDARDS.—Not later than Jan-  
18 uary 1, 2014, and every 5 years thereafter, the Adminis-  
19 trator shall promulgate regulations revising such stand-  
20 ards to further reduce greenhouse gas emissions from  
21 motor vehicles, taking into account the reductions needed  
22 to achieve the emission reduction targets promulgated  
23 pursuant to section 701, as well as the technological feasi-  
24 bility of achieving tighter standards of various  
25 stringencies.

1 **“SEC. 707. SAVINGS CLAUSE.**

2 “Nothing in this title shall be interpreted to preempt  
3 or limit State actions to address climate change.

4 **“SEC. 708. DEFINITIONS.**

5 “In this title:

6 “(1) CARBON DIOXIDE EQUIVALENT.—The  
7 term ‘carbon dioxide equivalent’ means the quantity  
8 of greenhouse gas that makes the same contribution  
9 to global warming as 1 metric ton of carbon dioxide,  
10 as determined by the Administrator, taking into ac-  
11 count the global warming potentials published by the  
12 Intergovernmental Panel on Climate Change.

13 “(2) GREENHOUSE GAS.—The term ‘greenhouse  
14 gas’ means—

15 “(A) carbon dioxide;

16 “(B) methane;

17 “(C) nitrous oxide;

18 “(D) hydrofluorocarbons;

19 “(E) perfluorocarbons;

20 “(F) sulfur hexafluoride; or

21 “(G) any other anthropogenically-emitted  
22 gas that is determined by the Administrator,  
23 after notice and comment, to contribute to glob-  
24 al warming to a non-negligible degree.

25 “(3) UNITED STATES GREENHOUSE GAS EMIS-  
26 SIONS.—The term ‘United States greenhouse gas

1 emissions’ means the total quantity of greenhouse  
2 gas emissions calculated by the Administrator on an  
3 annual basis and reported to the United Nations  
4 Framework Convention on Climate Change Secre-  
5 tariat.”.

6 **SEC. 4. NATIONAL RENEWABLE ENERGY STANDARD.**

7 Title VI of the Public Utility Regulatory Policies Act  
8 of 1978 (16 U.S.C. 824a–4 et seq.) is amended by adding  
9 at the end the following:

10 **“SEC. 610. NATIONAL RENEWABLE ENERGY STANDARD.**

11 “(a) IN GENERAL.—The Secretary shall promulgate  
12 regulations requiring that—

13 “(1) beginning in calendar year 2010, the per-  
14 centage of electric energy generated from renewable  
15 sources that is sold at the retail level in the United  
16 States shall increase each year; and

17 “(2) in calendar year 2020 and each subse-  
18 quent calendar year, such percentage shall be not  
19 less than 20 percent of the total electricity sold at  
20 the retail level in the United States.

21 “(b) CONSULTATION.—The Secretary shall carry out  
22 this section in consultation with the Administrator of the  
23 Environmental Protection Agency.

1       “(c) SUBSEQUENT INCREASES.—Upon petition or  
2 upon the Secretary’s own initiative, the Secretary may in-  
3 crease the percentage required by subsection (a)(2).

4       “(d) RULE OF CONSTRUCTION.—Nothing in this sec-  
5 tion shall be construed to preempt or limit State actions  
6 to enhance renewable energy generation or energy effi-  
7 ciency.”.

8       **SEC. 5. NATIONAL ENERGY EFFICIENCY STANDARD.**

9       Title VI of the Public Utility Regulatory Policies Act  
10 of 1978 (16 U.S.C. 824a–4 et seq.), as amended by sec-  
11 tion 4 of this Act, is amended by adding at the end the  
12 following:

13       **“SEC. 611. NATIONAL ENERGY EFFICIENCY STANDARD.**

14       “(a) IN GENERAL.—The Secretary shall promulgate  
15 regulations in accordance with this section setting end-  
16 user savings targets for retail electric-energy and natural  
17 gas suppliers.

18       “(b) CONSULTATION.—The Secretary shall carry out  
19 this section in consultation with the Administrator of the  
20 Environmental Protection Agency.

21       “(c) REQUIREMENTS.—With respect to targets under  
22 subsection (a):

23               “(1) The targets shall require each supplier to  
24       secure annual savings of a set percentage of the sup-  
25       plier’s most recent year’s sales to retail customers.

1           “(2) The savings shall be achieved through end-  
2           use efficiency improvements at customer facilities.

3           “(3) The targets shall increase gradually from  
4           0.25 percent of sales in 2010 to 1 percent of sales  
5           in 2012 and each year thereafter through 2020.

6           “(4) The targets are cumulative. Each year’s  
7           savings shall be achieved in addition to the previous  
8           years’ savings.

9           “(d) REQUIRED PERCENTAGES AFTER 2020.—The  
10          Secretary may, upon petition or upon the Secretary’s own  
11          initiative, increase the required percentage of end-user  
12          savings for years after 2020.

13          “(e) MARKET-BASED TRADING SYSTEM.—The Sec-  
14          retary shall allow suppliers to achieve the targets under  
15          subsection (a) through a market-based trading system.

16          “(f) RULE OF CONSTRUCTION.—Nothing in this sec-  
17          tion shall be construed to preempt or limit State actions  
18          to enhance renewable energy generation or energy effi-  
19          ciency.”.

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