

109TH CONGRESS
1ST SESSION

H. R. 4384

To improve the energy efficiency of the United States.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 17, 2005

Mr. SHAYS (for himself and Mr. HINCHEY) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Ways and Means, Resources, and Transportation and Infrastructure, 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

A BILL

To improve the energy efficiency of the United States.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Energy For Our Future Act”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SAVE OIL

Sec. 101. Help consumers buy more fuel efficient cars.

Sec. 102. Energy efficient motor vehicles manufacturing credit.

- Sec. 103. Transit-oriented development corridors.
- Sec. 104. Automobile Fuel Economy Standards.
- Sec. 105. Inclusion of sports utility vehicles in limitation on depreciation of certain luxury automobiles.
- Sec. 106. Fuel efficiency standards for replacement tires.

TITLE II—REDUCE HEAT AND ELECTRIC BILLS

- Sec. 201. Weatherization assistance.
- Sec. 202. Energy Star programs.
- Sec. 203. Renewable electricity production credit.
- Sec. 204. Efficiency resource standard.
- Sec. 205. Federal renewable portfolio standard.
- Sec. 206. Net metering.

TITLE III—SAVE TAX PAYERS MONEY

- Sec. 301. Repeal of certain provisions of the Energy Policy Act of 2005.
- Sec. 302. Repeal of certain tax provisions of the Energy Policy Act of 2005.

TITLE IV—STATE AND LOCAL AUTHORITY

- Sec. 401. State consumer product energy efficiency standards.
- Sec. 402. Appeals from consistency determinations under Coastal Zone Management Act of 1972.
- Sec. 403. Siting of interstate electric transmission facilities.
- Sec. 404. New natural gas storage facilities.
- Sec. 405. Process coordination; hearings; rules of procedure.
- Sec. 406. Repeal of preemption of State law relating to automobile fuel economy standards.

1 **TITLE I—SAVE OIL**

2 **SEC. 101. HELP CONSUMERS BUY MORE FUEL EFFICIENT**

3 **CARS.**

4 (a) REPEAL OF LIMIT ON NUMBER OF CARS ELIGI-

5 BLE FOR CREDIT.—Section 30B of the Internal Revenue

6 Code of 1986 (relating to alternative motor vehicle credit)

7 is amended by striking subsection (f).

8 (b) EMISSIONS STANDARDS.—Clause (iv) of section

9 30B(c)(3)(A) of such Code is amended to read as follows:

10 “(iv) for 2004 and later model vehi-

11 cles, has received a certificate that such ve-

12 hicle meets or exceeds the Bin 5 Tier II

1 emission standard established in regula-
 2 tions prescribed by the Administrator of
 3 the Environmental Protection Agency
 4 under section 202(i) of the Clean Air Act
 5 for that make and model year vehicle,”.

6 (c) EFFECTIVE DATE.—The amendments made by
 7 this section shall take effect as if included in the amend-
 8 ments made by section 1341(a) of the Energy Tax Incen-
 9 tives Act of 2005.

10 **SEC. 102. ENERGY EFFICIENT MOTOR VEHICLES MANUFAC-**
 11 **TURING CREDIT.**

12 (a) IN GENERAL.—Subpart B of part IV of sub-
 13 chapter A of chapter 1 of the Internal Revenue Code of
 14 1986 (relating to foreign tax credit, etc.) is amended by
 15 adding at the end the following new section:

16 **“SEC. 30D. ENERGY EFFICIENT MOTOR VEHICLES MANU-**
 17 **FACTURING CREDIT.**

18 “(a) CREDIT ALLOWED.—In the case of an eligible
 19 taxpayer, subject to a credit allocation under subsection
 20 (e) to such eligible taxpayer, there shall be allowed as a
 21 credit against the tax imposed by this chapter for the tax-
 22 able year to an amount equal to the sum of—

23 “(1) the initial investment credit determined
 24 under subsection (b) for the taxable year,

1 “(2) the fuel economy achievement credit deter-
2 mined under subsection (c) for such taxable year,
3 and

4 “(3) the eligible components R&D credit deter-
5 mined under subsection (d) for such taxable year.

6 “(b) INITIAL INVESTMENT CREDIT.—For purposes
7 of this section, the initial investment credit is equal to 20
8 percent of the qualified investment of an eligible taxpayer
9 with respect to energy efficient motor vehicles during the
10 taxable year beginning in 2006.

11 “(c) FUEL ECONOMY ACHIEVEMENT CREDIT.—For
12 purposes of this section—

13 “(1) IN GENERAL.—In the case of an eligible
14 taxpayer who meets the requirements of paragraph
15 (2) for a model year ending in a taxable year speci-
16 fied in the table contained in paragraph (3), the fuel
17 economy achievement credit for such taxable year is
18 equal to 30 percent of the sum of—

19 “(A) at the election of the eligible tax-
20 payer, such qualified investment for any pre-
21 ceding taxable year beginning after 2005 if
22 such taxable year has not previously been taken
23 into account under this subsection by such tax-
24 payer, plus

1 “(B) at the election of the eligible tax-
 2 payer, the qualified investment with respect to
 3 energy efficient motor vehicles of the eligible
 4 taxpayer for the taxable year beginning in
 5 2015.

6 “(2) DEMONSTRATED COMBINED FLEET ECON-
 7 OMY IMPROVEMENTS.—The requirements of this
 8 paragraph are met for any model year ending in a
 9 taxable year if the eligible taxpayer can demonstrate
 10 to the satisfaction of the Secretary that the percent-
 11 age by which the taxpayer’s overall combined fuel
 12 economy standard for the taxpayer’s vehicle fleet for
 13 such model year exceeds such standard for such tax-
 14 payer’s 2005 model year as reported to the National
 15 Highway Traffic Safety Administration under sec-
 16 tion 32907 of title 49, United States Code, is not
 17 less than the percentage determined for such model
 18 year under paragraph (3).

19 “(3) PERCENTAGE INCREASE.—The percentage
 20 determined under this paragraph for any taxable
 21 year is equal to—

“Model year ending in taxable year	Percentage increase
2008	5
2009	10
2010	15
2011	20
2012	27.5
2013	35

“Model year ending in taxable year	Percentage increase
2014	42.5
2015	50.

1 “(d) ELIGIBLE COMPONENTS R&D CREDIT.—For
2 purposes of this section, the eligible R&D credit for any
3 taxable year is equal to 30 percent of the research and
4 development costs paid or incurred by an eligible taxpayer
5 for such taxable year with respect to eligible components
6 used or to be used in the manufacture of energy efficient
7 motor vehicles.

8 “(e) LIMITATION.—

9 “(1) INITIAL INVESTMENT CREDIT AND FUEL
10 ECONOMY ACHIEVEMENT CREDIT.—Subject to para-
11 graph (2), the aggregate amount of initial invest-
12 ment credits and fuel economy achievement credits
13 allowed under subsection (a) for any taxable year be-
14 ginning in a calendar year after 2005 shall be allo-
15 cated by the Secretary among all eligible tax-
16 payers—

17 “(A) based on each eligible taxpayer’s per-
18 centage of the total qualified investment of all
19 such taxpayers, and

20 “(B) such that such aggregate amount
21 does not exceed—

22 “(i) \$1,000,000,000, plus

1 “(ii) any amount of credit unallocated
2 during any preceding calendar year.

3 “(2) ELIGIBLE COMPONENTS R&D CREDIT.—Of
4 the dollar amount available for allocation under
5 paragraph (1) for any taxable year, 10 percent of
6 such amount shall be allocated in the same manner
7 by the Secretary among all eligible taxpayers with
8 respect to the eligible components R&D credit.

9 “(f) QUALIFIED INVESTMENT.—For purposes of this
10 section—

11 “(1) IN GENERAL.—The qualified investment
12 for any taxable year is equal to the incremental costs
13 incurred during such taxable year—

14 “(A) to re-equip or expand any manufac-
15 turing facility of the eligible taxpayer to
16 produce energy efficient motor vehicles or to
17 produce eligible components, and

18 “(B) for engineering integration of such
19 vehicles and components as described in sub-
20 section (h).

21 “(2) ATTRIBUTION RULES.—In the event a fa-
22 cility of the eligible taxpayer produces both energy
23 efficient motor vehicles and conventional motor vehi-
24 cles, or eligible and non-eligible components, only the
25 qualified investment attributable to production of en-

1 energy efficient motor vehicles and the research and
 2 development costs attributable to eligible components
 3 shall be taken into account.

4 “(g) ENERGY EFFICIENT MOTOR VEHICLES AND EL-
 5 IGIBLE COMPONENTS.—For purposes of this section—

6 “(1) ENERGY EFFICIENT MOTOR VEHICLE.—

7 The term ‘energy efficient motor vehicle’ means—

8 “(A) any new advanced lean burn tech-
 9 nology motor vehicle (as defined in section
 10 30B(c)(3) determined without regard to sub-
 11 paragraph (A)(iv)(II) thereof or the weight lim-
 12 itation under subparagraph (A)(iv)(I) thereof),

13 “(B) any new qualified hybrid motor vehi-
 14 cle (as defined in section 30B(d)(3)(A) deter-
 15 mined without regard to subparagraph
 16 (A)(ii)(II) thereof, the weight limitation under
 17 subparagraph (A)(ii)(I) thereof, and subpara-
 18 graph (A)(iv) thereof), or

19 “(C) any other new technology motor vehi-
 20 cle identified by the Secretary as offering a sub-
 21 stantial increase in fuel economy.

22 “(2) ELIGIBLE COMPONENTS.—The term ‘eligi-
 23 ble component’ means any component inherent to
 24 any energy efficient motor vehicle, including—

1 “(A) with respect to any gasoline-electric
2 new qualified hybrid motor vehicle—

3 “(i) electric motor or generator,

4 “(ii) power split device,

5 “(iii) power control unit,

6 “(iv) power controls,

7 “(v) integrated starter generator, or

8 “(vi) battery,

9 “(B) with respect to any new advanced
10 lean burn technology motor vehicle—

11 “(i) diesel engine,

12 “(ii) turbocharger,

13 “(iii) fuel injection system, or

14 “(iv) after-treatment system, such as
15 a particle filter or NOx absorber, and

16 “(C) with respect to any energy efficient
17 motor vehicle, any other component approved
18 by the Secretary.

19 “(h) ENGINEERING INTEGRATION COSTS.—For pur-
20 poses of subsection (f)(1)(B), costs for engineering inte-
21 gration are costs incurred prior to the market introduction
22 of energy efficient vehicles for engineering tasks related
23 to—

24 “(1) incorporating eligible components into the
25 design of energy efficient motor vehicles, and

1 “(2) designing new tooling and equipment for
2 production facilities which produce eligible compo-
3 nents or energy efficient motor vehicles.

4 “(i) ELIGIBLE TAXPAYER.—For purposes of this sec-
5 tion, the term ‘eligible taxpayer’ means, with respect to
6 any taxable year, any taxpayer if more than 25 percent
7 of the taxpayer’s gross receipts for the taxable year is de-
8 rived from the manufacture of motor vehicles or any com-
9 ponent parts of such vehicles.

10 “(j) LIMITATION BASED ON AMOUNT OF TAX.—The
11 credit allowed under subsection (a) for the taxable year
12 shall not exceed the excess of—

13 “(1) the sum of—

14 “(A) the regular tax liability (as defined in
15 section 26(b)) for such taxable year, plus

16 “(B) the tax imposed by section 55 for
17 such taxable year, over

18 “(2) the sum of the credits allowable under sub-
19 part A and sections 27, 30, 30B, and 30C for the
20 taxable year.

21 “(k) REDUCTION IN BASIS.—For purposes of this
22 subtitle, if a credit is allowed under this section for any
23 expenditure with respect to any property, the increase in
24 the basis of such property which would (but for this para-

1 graph) result from such expenditure shall be reduced by
2 the amount of the credit so allowed.

3 “(l) NO DOUBLE BENEFIT.—

4 “(1) COORDINATION WITH OTHER DEDUCTIONS
5 AND CREDITS.—The amount of any deduction or
6 other credit allowable under this chapter for any
7 cost taken into account in determining the amount
8 of the credit under subsection (a) shall be reduced
9 by the amount of such credit attributable to such
10 cost.

11 “(2) RESEARCH AND DEVELOPMENT COSTS.—

12 “(A) IN GENERAL.—Except as provided in
13 subparagraph (B), any amount described in
14 subsection (d) taken into account in deter-
15 mining the amount of the credit under sub-
16 section (a) for any taxable year shall not be
17 taken into account for purposes of determining
18 the credit under section 41 for such taxable
19 year.

20 “(B) COSTS TAKEN INTO ACCOUNT IN DE-
21 TERMINING BASE PERIOD RESEARCH EX-
22 PENSES.—Any amounts described in subsection
23 (d) taken into account in determining the
24 amount of the credit under subsection (a) for
25 any taxable year which are qualified research

1 expenses (within the meaning of section 41(b))
 2 shall be taken into account in determining base
 3 period research expenses for purposes of apply-
 4 ing section 41 to subsequent taxable years.

5 “(m) BUSINESS CARRYOVERS ALLOWED.—If the
 6 credit allowable under subsection (a) for a taxable year
 7 exceeds the limitation under subsection (j) for such tax-
 8 able year, such excess (to the extent of the credit allowable
 9 with respect to property subject to the allowance for depre-
 10 ciation) shall be allowed as a credit carryback and
 11 carryforward under rules similar to the rules of section
 12 39.

13 “(n) DEFINITIONS AND SPECIAL RULES.—For pur-
 14 poses of this section—

15 “(1) DEFINITIONS.—Any term which is used in
 16 this section and in chapter 329 of title 49, United
 17 States Code, shall have the meaning given such term
 18 by such chapter.

19 “(2) SPECIAL RULES.—Rules similar to the
 20 rules of paragraphs (4) and (5) of section 179A(e)
 21 and paragraphs (1) and (2) of section 41(f) shall
 22 apply.

23 “(o) ELECTION NOT TO TAKE CREDIT.—No credit
 24 shall be allowed under subsection (a) for any property if

1 the taxpayer elects not to have this section apply to such
2 property.

3 “(p) REGULATIONS.—The Secretary shall prescribe
4 such regulations as necessary to carry out the provisions
5 of this section.

6 “(q) TERMINATION.—This section shall not apply to
7 any qualified investment made after December 31, 2015.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) Section 1016(a) of such Code is amended
10 by striking “and” at the end of paragraph (36), by
11 striking the period at the end of paragraph (37) and
12 inserting “, and”, and by adding at the end the fol-
13 lowing new paragraph:

14 “(38) to the extent provided in section
15 30D(k).”.

16 (2) Section 6501(m) of such Code is amended
17 by inserting “30D(o),” after “30C(e)(5),”.

18 (3) The table of sections for subpart B of part
19 IV of subchapter A of chapter 1 of such Code is
20 amended by inserting after the item relating to sec-
21 tion 30C the following new item:

“Sec. 30D. Energy efficient motor vehicles manufacturing credit.”.

22 (c) EFFECTIVE DATE.—The amendments made by
23 this subsection shall apply to amounts incurred in taxable
24 years beginning after December 31, 2005.

1 **SEC. 103. TRANSIT-ORIENTED DEVELOPMENT CORRIDORS.**

2 (a) DEFINITIONS.—In this section, the following defi-
3 nitions apply:

4 (1) DEFINITIONS FROM TITLE 49, UNITED
5 STATES CODE.—The terms “capital project”, “local
6 governmental authority”, “mass transportation”,
7 and “urbanized area” have the meanings such terms
8 have under section 5302 of title 49, United States
9 Code.

10 (2) STATE.—The term “State” means a State
11 of the United States, the District of Columbia, Puer-
12 to Rico, the Northern Mariana Islands, Guam,
13 American Samoa, and the United States Virgin Is-
14 lands.

15 (3) TRANSIT-ORIENTED DEVELOPMENT COR-
16 RIDOR.—The term “transit-oriented development
17 corridor” means rights-of-way for fixed-guideway
18 mass transportation facilities, including commercial
19 development that is connected with any such facility
20 physically and functionally.

21 (b) IN GENERAL.—In consultation with State trans-
22 portation departments and metropolitan planning organi-
23 zations, the Secretary of Transportation shall designate,
24 in urbanized areas, at least 20 transit-oriented develop-
25 ment corridors by 2015 and 50 transit-oriented develop-
26 ment corridors by 2025.

1 (c) TRANSIT GRANTS.—The Secretary of Transpor-
2 tation shall award grants to a State or local governmental
3 authority to construct or improve transit facilities, bicycle
4 transportation facilities, and pedestrian walkways in a
5 transit-oriented development corridor, including capital
6 projects.

7 (d) RESEARCH AND DEVELOPMENT.—In order to
8 support effective deployment of grants and incentives
9 under this section, the Secretary of Transportation shall
10 establish a transit-oriented development corridors research
11 and development program for the conduct of research on
12 best practices and performance criteria for transit-ori-
13 ented development corridors.

14 (e) AUTHORIZATION OF APPROPRIATIONS.—There
15 are authorized to be appropriated to carry out this section
16 \$500,000,000 for each of fiscal years 2007 through 2016,
17 of which \$2,000,000 per fiscal year is authorized for the
18 research and development program under subsection (d).

19 (f) LABOR STANDARDS.—The Secretary of Transpor-
20 tation shall not provide a grant under this section unless
21 the Secretary receives reasonable assurances from a State
22 that laborers and mechanics employed by contractors or
23 subcontractors in the performance of construction or mod-
24 ernization on the a transit project will be paid wages not
25 less than those prevailing on similar construction or mod-

ernization in the locality as determined by the Secretary of Labor under the Act of March 3, 1931 (known as the Davis-Bacon Act) (40 U.S.C. 276a et seq.).

SEC. 104. AUTOMOBILE FUEL ECONOMY STANDARDS.

(a) PHASED INCREASES IN FUEL ECONOMY STANDARDS.—

(1) PASSENGER AUTOMOBILES.—

(A) MINIMUM STANDARDS.—Section 32902(b) of title 49, United States Code, is amended to read as follows:

“(b) PASSENGER AUTOMOBILES.—Except as otherwise provided under this section, the average fuel economy standard for passenger automobiles manufactured by a manufacturer in a model year—

“(1) after model year 1984 and before model year 2008 shall be 25 miles per gallon;

“(2) after model year 2007 and before model year 2011 shall be 28 miles per gallon;

“(3) after model year 2010 and before model year 2014 shall be 32 miles per gallon;

“(4) after model year 2013 and before model year 2017 shall be 36 miles per gallon; and

“(5) after model year 2016 shall be 40 miles per gallon.”.

1 (B) HIGHER STANDARDS SET BY REGULA-
 2 TION.—Section 32902(c) of title 49, United
 3 States Code, is amended—

4 (i) by striking paragraph (2); and

5 (ii) in paragraph (1)—

6 (I) by striking “Subject to para-
 7 graph (2) of this subsection, the” and
 8 inserting “The”;

9 (II) by striking “amending the
 10 standard” and inserting “increasing
 11 the standard otherwise applicable”;
 12 and

13 (III) by striking “Section 553”
 14 and inserting the following: “(2) Sec-
 15 tion 553”.

16 (b) INCREASED INCLUSIVENESS OF DEFINITIONS OF
 17 AUTOMOBILE AND PASSENGER AUTOMOBILE.—

18 (1) AUTOMOBILE.—

19 (A) IN GENERAL.—Section 32901(a)(3) of
 20 title 49, United States Code, is amended—

21 (i) by striking “6,000 pounds” each
 22 place it appears and inserting “12,000
 23 pounds”; and

24 (ii) in subparagraph (B)—

1 (I) by striking “10,000 pounds”
2 and inserting “14,000 pounds”; and
3 (II) in clause (ii), by striking “an
4 average fuel economy standard” and
5 all that follows through “conservation
6 or”.

7 (B) SPECIAL RULE.—Section 32908(a)(1)
8 of such title is amended by striking “8,500
9 pounds” and inserting “14,000 pounds”.

10 (2) PASSENGER AUTOMOBILE.—Section
11 32901(a)(16) of title 49, United States Code, is
12 amended to read as follows:

13 “(16) ‘passenger automobile’ means an auto-
14 mobile having a gross vehicle weight of 10,000
15 pounds or less that is designed to be used principally
16 for the transportation of persons;”.

17 (3) APPLICABILITY.—The amendments made
18 by this section shall apply with respect to auto-
19 mobiles manufactured for model years beginning
20 after the date of enactment of this Act.

21 (c) CIVIL PENALTIES.—

22 (1) INCREASED PENALTY FOR VIOLATIONS OF
23 FUEL ECONOMY STANDARDS.—Section 32912(b) of
24 title 49, United States Code, is amended—

1 (A) by inserting “(1)” before “Except as
2 provided”;

3 (B) by striking “\$5” and inserting “the
4 dollar amount applicable under paragraph (2)”;

5 (C) by redesignating paragraphs (1), (2),
6 and (3) as subparagraphs (A), (B), and (C), re-
7 spectively; and

8 (D) by adding at the end the following:

9 “(2)(A) The dollar amount referred to in para-
10 graph (1) is \$10, as increased from time to time
11 under subparagraph (B);

12 “(B) Effective on October 1 of each year, the
13 dollar amount applicable under subparagraph (A)
14 shall be increased by the percentage (rounded to the
15 nearest $\frac{1}{10}$ of 1 percent) by which the price index
16 for July of such year exceeds the price index for
17 July of the preceding year. The amount calculated
18 under the preceding sentence shall be rounded to the
19 nearest \$0.10.

20 “(C) In this paragraph, the term ‘price index’
21 means the Consumer Price Index for all-urban con-
22 sumers published monthly by the Department of
23 Labor.”.

1 (2) CONFORMING AMENDMENT.—Section
 2 32912(c)(1) of title 49, United States Code, is
 3 amended—

4 (A) by striking subparagraph (B); and
 5 (B) by redesignating subparagraphs (C)
 6 and (D) as subparagraphs (B) and (C), respec-
 7 tively.

8 (3) APPLICABILITY.—The amendments made
 9 by subsection (a) shall apply with respect to auto-
 10 mobiles manufactured for model years beginning
 11 after the date of enactment of this Act.

12 **SEC. 105. INCLUSION OF SPORTS UTILITY VEHICLES IN**
 13 **LIMITATION ON DEPRECIATION OF CERTAIN**
 14 **LUXURY AUTOMOBILES.**

15 (a) IN GENERAL.—Subparagraph (A) of section
 16 280F(d)(5) of the Internal Revenue Code of 1986 (defin-
 17 ing passenger automobile) is amended by striking clause
 18 (ii) and all that follows and inserting the following new
 19 clause:

20 “(ii)(I) except as provided in sub-
 21 clause (II) or (III), which is rated at 6,000
 22 pounds unloaded gross vehicle weight or
 23 less,

1 “(II) in the case of a truck or van,
2 which is rated at 6,000 pounds gross vehi-
3 cle weight or less, or

4 “(III) in the case of a sports utility
5 vehicle not described in subclause (I),
6 which is rated at more than 6,000 pounds
7 but not more than 14,000 pounds gross ve-
8 hicle weight.”.

9 (b) DEFINITION.—Paragraph (5) of section 280F(d)
10 of such Code is amended by adding at the end the fol-
11 lowing new subparagraph:

12 “(C) SPORTS UTILITY VEHICLES.—The
13 term ‘sports utility vehicle’ does not include any
14 vehicle which—

15 “(i) does not have the primary load
16 carrying device or container attached,

17 “(ii) has a seating capacity of more
18 than 12 individuals,

19 “(iii) is designed for more than 9 indi-
20 viduals in seating rearward of the driver’s
21 seat,

22 “(iv) is equipped with an open cargo
23 area, or a covered box not readily acces-
24 sible from the passenger compartment, of
25 at least 72.0 inches in interior length, or

1 “(v) has an integral enclosure, fully
2 enclosing the driver compartment and load
3 carrying device, does not have seating rear-
4 ward of the driver’s seat, and has no body
5 section protruding more than 30 inches
6 ahead of the leading edge of the wind-
7 shield.”.

8 (c) CONFORMING AMENDMENT.—Section 179(b) of
9 such Code (relating to limitations) is amended by striking
10 paragraph (6).

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to property placed in service after
13 the date of the enactment of this Act.

14 **SEC. 106. FUEL EFFICIENCY STANDARDS FOR REPLACE-**
15 **MENT TIRES.**

16 (a) STANDARDS FOR TIRES MANUFACTURED FOR
17 INTERSTATE COMMERCE.—Section 30123 of title 49,
18 United States Code, is amended—

19 (1) in subsection (b), by inserting after the first
20 sentence the following: “The grading system shall
21 include standards for rating the fuel efficiency of
22 tires designed for use on passenger cars and light
23 trucks.”; and

24 (2) by adding at the end of the following:

1 “(d) NATIONAL TIRE FUEL EFFICIENCY PRO-
2 GRAM.—(1) The Secretary shall develop and carry out a
3 national tire efficiency program for tires designed for use
4 on passenger cars and light trucks.

5 “(2) The program shall include the following:

6 “(A) Policies and procedures for testing and la-
7 beling tires for fuel economy to enable tire buyers to
8 make informed purchasing decisions about the fuel
9 economy of tires.

10 “(B) Policies and procedures to promote the
11 purchase of energy-efficient replacement tires, in-
12 cluding purchase incentives, website listings on the
13 Internet, printed fuel economy guide booklets, and
14 mandatory requirements for tire retailers to provide
15 tire buyers with fuel-efficiency information on tires.

16 “(C) Minimum fuel economy standards for
17 tires, promulgated by the Secretary.

18 “(3) The minimum fuel economy standards for tires
19 shall—

20 “(A) ensure that, in conjunction with the re-
21 quirements of paragraph (2)(B), the average fuel
22 economy of replacement tires is equal to or better
23 than the average fuel economy of tires sold as origi-
24 nal equipment;

1 “(B) secure the maximum technically feasible
2 and cost-effective fuel savings; and

3 “(C) not adversely affect tire safety;

4 “(D) not adversely affect the average tire life of
5 replacement tires;

6 “(E) incorporate the results from—

7 “(i) laboratory testing; and

8 “(ii) to the extent appropriate and avail-
9 able, on-road fleet testing programs conducted
10 by manufacturers; and

11 “(F) not adversely affect efforts to manage
12 scrap tires.

13 “(4) The policies, procedures, and standards devel-
14 oped under paragraph (2) shall apply to all tire types an
15 models that are covered by the Uniform Tire Quality
16 Grading Standards in section 575.104 of title 49, Code
17 of Federal Regulations (or any successor regulation).

18 “(5) Not less than every 3 years, the Secretary shall
19 review the minimum fuel economy standards in effect for
20 tires under this subsection and revise the standards as
21 necessary to ensure compliance with requirements under
22 paragraph (3). The Secretary may not reduce the average
23 fuel economy standards applicable to replacement tires.

24 “(6) Nothing in this section shall be construed to pre-
25 empt any provisions of State law relating to higher fuel

1 economy standards applicable to replacement tires de-
 2 signed for use on passenger cars and light trucks. Nothing
 3 in this chapter shall apply to—

4 “(A) a tire or group of tires with the same
 5 product identification number, plant, and year, for
 6 which the volume of tires produced or imported is
 7 less than 15,000 annually;

8 “(B) a deep tread, winter-type snow tire, space-
 9 saver tire, or temporary use spare tire;

10 “(C) a tire with a normal rim diameter of 12
 11 inches or less;

12 “(D) a motorcycle tire; or

13 “(E) a tire manufactured specifically for use in
 14 an off-road motorized recreational vehicle.

15 “(7) In this subsection, the term ‘fuel economy’, with
 16 respect to tires, means the extent to which the tire con-
 17 tribute to the fuel economy of the motor vehicles on which
 18 the tire are mounted.”.

19 (b) CONFORMING AMENDMENT.—Section
 20 30103(b)(1) of title 49, United States Code, is amended
 21 by striking “When” and inserting “Except as provided in
 22 section 30123(d) of this title, when”.

23 (c) IMPLEMENTATION.—The Secretary of Transpor-
 24 tation shall ensure that the national tire fuel efficiency
 25 program required under subsection (d) of section 30123

1 of title 49, United States Code, (as added by subsection
 2 (a)(2)), is administered so as to apply the policies, proce-
 3 dures, and standards developed under paragraph (2) of
 4 such subsection beginning not later than March 31, 2008.

5 **TITLE II—REDUCE HEAT AND** 6 **ELECTRIC BILLS**

7 **SEC. 201. WEATHERIZATION ASSISTANCE.**

8 Section 422 of the Energy Conservation and Produc-
 9 tion Act (42 U.S.C. 6872) is amended—

10 (1) by striking “\$500,000,000” and inserting
 11 “\$1,000,000,000”;

12 (2) by striking “\$600,000,000” and inserting
 13 “\$1,200,000,000”; and

14 (3) by striking “\$700,000,000” and inserting
 15 “\$1,400,000,000”.

16 **SEC. 202. ENERGY STAR PROGRAMS.**

17 There are authorized to be appropriated for carrying
 18 out the Energy Star program under section 324A of the
 19 Energy Policy and Conservation Act—

20 (1) to the Administrator of the Environmental
 21 Protection Agency \$100,000,000 for each fiscal
 22 year; and

23 (2) to the Secretary of Energy \$12,000,000 for
 24 each fiscal year.

1 **SEC. 203. RENEWABLE ELECTRICITY PRODUCTION CREDIT.**

2 (a) EXTENSION.—Section 45(d) of the Internal Rev-
3 enue Code of 1986 (relating to qualified facilities) is
4 amended—

5 (1) by striking “January 1, 2008” each place
6 it appears in paragraphs (1), (2), (3), (5), (6), and
7 (7) and inserting “January 1, 2012”, and

8 (2) by striking “January 1, 2006” in paragraph
9 (4) and inserting “January 1, 2012 (January 1,
10 2010, in the case of a facility using solar energy)”.
11

12 (b) REPEAL OF MUNICIPAL SOLID WASTE AS QUALI-
13 FIED RESOURCE.—Paragraph (1) of section 45(c) of such
14 Code is amended by striking subparagraph (G).

15 (c) EXTENSION OF CREDIT FOR RESIDENTIAL EN-
16 ERGY EFFICIENT PROPERTY.—Subsection (g) of section
17 25D of such Code (relating to termination) is amended
18 by striking “December 31, 2007” and inserting “Decem-
ber 31, 2012”.

19 **SEC. 204. EFFICIENCY RESOURCE STANDARD.**

20 (a) AMENDMENT.—Title VII of the Public Utility
21 Regulatory Policies Act of 1978 is amended by adding the
22 following new section at the end thereof:

23 **“SEC. 610. EFFICIENCY RESOURCE STANDARD FOR RETAIL**
24 **ELECTRICITY AND NATURAL GAS SUPPLIERS.**

25 “(a) RESOURCE STANDARD.—Each retail electricity
26 and natural gas supplier shall undertake energy savings

1 measures in each calendar year from 2006 through 2015
2 that produce electricity demand savings and electricity and
3 natural gas usage savings, as a percentage of the sup-
4 plier’s base amount as shown in the following table. These
5 targets represent savings realized from measures installed
6 in the current year, plus cumulative savings realized from
7 measures installed in all previous years. Each retail elec-
8 tricity and natural gas supplier subject to this subsection
9 may use any electricity or natural gas savings measures
10 available to it to achieve compliance with the performance
11 standard established under this section, so long as the
12 electricity and natural gas savings achieved by such meas-
13 ures can be calculated and verified pursuant to the rules
14 promulgated under subsection (b).

“Year	Reductions in peak electricity demand	Reductions in electricity and natural gas usage
2006	0.25%	0.25%
2007	0.75%	0.75%
2008	1.75%	1.5%
2009	2.75%	2.25%
2010 and thereafter	3.75%	3.0%

15 “(b) DETERMINATION OF COMPLIANCE.—The Sec-
16 retary shall promulgate rules not later than one year after
17 the enactment of this section regarding the means to be
18 used to calculate and verify compliance with the perform-
19 ance standard established under subsection (a). Each re-

1 tail electric and natural gas supplier subject to this section
2 shall calculate its compliance with such standard in ac-
3 cordance with such rules. The rules shall include each of
4 the following:

5 “(1) Procedures and standards for defining and
6 measuring electricity savings achieved or obtained by
7 electricity and natural gas suppliers (hereinafter in
8 this section referred to as ‘electricity and natural
9 gas savings’) from customer facility end-uses that
10 occur in a calendar year from all measures in place
11 in that year (including measures implemented in
12 previous years that produce electricity and natural
13 gas savings in such calendar year).

14 “(2) Procedures and standards for verification
15 of electricity and natural gas savings reported by the
16 retail electricity and natural gas supplier.

17 “(3) Requirements for the contents and format
18 of a bi-annual report from each retail electricity and
19 natural gas supplier demonstrating its compliance
20 with the requirements of subsection (a). The bi-an-
21 nual report must include sufficient detail regarding
22 the calculation of electricity and natural gas savings
23 to enable the regulatory authority to verify and en-
24 force compliance with the requirements of this sec-
25 tion and the regulations under this section.

1 “(c) CREDIT AND TRADING SYSTEM.—(1) After con-
2 sultation with the Administrator of the Environmental
3 Protection Agency, the Secretary shall promulgate rules
4 establishing a nationwide credit and credit trading system
5 for electricity and natural gas savings. Under such rules
6 the Secretary may certify as credits electricity or natural
7 savings achieved by a retail electricity or natural gas sup-
8 plier in a given year in excess of the quantity of electricity
9 or natural gas savings required that calendar year for such
10 supplier to meet the resource standard, as long as such
11 savings comply with the rules established under subsection
12 (b). The Secretary shall also certify as credits customer
13 energy savings created by retail electric or natural gas
14 suppliers or other entities, as long as such savings comply
15 with the rules established under subsection (b). An elec-
16 tricity savings credit shall equal one kilowatt hour; a nat-
17 ural gas savings credit shall constitute one therm.

18 “(2) The Secretary shall not award credits to any re-
19 tail electricity or natural gas supplier subject to State ad-
20 ministration and enforcement under subsection (d) unless
21 the Secretary has determined that such administration
22 and enforcement are at least equivalent to administration
23 and enforcement by the Secretary.

24 “(3) An electricity or natural gas savings credit is
25 not a property right. Nothing in this or any other provi-

1 sion of law shall be construed to limit the authority of
2 the United States to terminate or limit such credits.

3 “(4) A retail electric or natural gas supplier may sell
4 such credit to any other entity, and other entities may sell
5 such credits to retail electric or natural gas suppliers, in
6 accordance with the accounting and verification rules es-
7 tablished by the Secretary. Such credit may be used by
8 a purchasing retail electricity or natural gas supplier for
9 purposes of complying with the resource standards set
10 forth in subsection (a).

11 “(5) In order to receive an electricity or natural gas
12 savings credit, the recipient of an electricity savings credit
13 shall pay a fee, calculated by the Secretary, in an amount
14 that is equal to the administrative costs of issuing, record-
15 ing, monitoring the sale or exchange of, and tracking the
16 credit or does not exceed five percent of the dollar value
17 of the credit, whichever is lower. The Secretary shall re-
18 tain the fee and use it to pay these administrative costs.

19 “(6) A credit may be counted toward compliance with
20 subsection (a) only once. A retail electricity or natural gas
21 supplier may satisfy the requirements of subsection (a)
22 through the accumulation of

23 “(A) electricity or natural gas savings credits
24 obtained by purchase or exchange under paragraph
25 (7);

1 “(B) electricity or natural gas savings credits
2 borrowed against future years under paragraph (8);
3 or

4 “(C) any combination of credits under subpara-
5 graphs (A) and (B).

6 “(7) An electricity or natural gas savings credit may
7 be sold or exchanged by the entity to whom issued or by
8 any other entity that acquires the credit. An energy effi-
9 ciency credit for any year that is not used to satisfy the
10 minimum energy savings requirement of subsection (a) for
11 that year may be carried forward for use within the next
12 4 years.

13 “(8) During the first year covered by the standards,
14 a retail electricity or natural gas supplier that has reason
15 to believe that it will not have sufficient electricity savings
16 credits to comply with subsection (a) may

17 “(A) submit a plan to the Secretary dem-
18 onstrating that the retail electricity or natural gas
19 supplier will earn sufficient credits within the next
20 two calendar years which, when taken into account,
21 will enable the retail electricity or natural gas sup-
22 plier to meet the requirements of subsection (a) for
23 the calendar year involved; and

24 “(B) upon the approval of the plan by the Sec-
25 retary, apply credits that the plan demonstrates will

1 be earned within the next two calendar years to
2 meet the requirements of subsection (a) for the cal-
3 endar year involved.

4 “(9) Any retail electricity or natural gas supplier may
5 elect to comply with the requirements of this section in
6 any calendar year by paying a fee of 3 cents per kilowatt
7 hour, and 30 cents per therm, for any portion of the elec-
8 tricity or natural gas savings it would be obligated to
9 achieve in that year by not later than March 31 of the
10 following year. Funds produced from such fees shall be
11 deposited in an escrow account established by the Sec-
12 retary, and shall be distributed to the States for their use
13 in creating electricity or natural gas savings at customer
14 facilities.

15 “(d) ENFORCEMENT OF COMPLIANCE.—(1) If the
16 State regulatory authority with ratemaking jurisdiction
17 over a State-regulated retail electricity or natural gas sup-
18 plier notifies the Secretary that it will enforce compliance
19 by such supplier with the performance standards under
20 subsection (a) of this section, such State regulatory au-
21 thority shall have the authority to administer and enforce
22 such standards for such supplier under State law. If the
23 State regulatory authority does not so notify the Sec-
24 retary, the Secretary shall exercise such authority until re-
25 ceiving such notice from the State regulatory authority.

1 “(2) Not later than July 1 of the calendar years
2 2007, 2009, 2011, 2013, and 2015, each retail electricity
3 and natural gas supplier shall submit the compliance re-
4 port required under subsection (b) to:

5 “(A) the appropriate State regulatory authority,
6 if such authority has notified the Secretary under
7 subsection (d), or

8 “(B) the Secretary to determine and enforce
9 compliance with the standards.

10 “(3) In the case of any retail electricity or natural
11 gas supplier for which the Secretary is enforcing compli-
12 ance with the standards under this section, if such sup-
13 plier fails to comply with such standards for two consecu-
14 tive calendar years, the Secretary shall determine the
15 number of kilowatt hours of electricity savings, or therms
16 of natural gas savings, by which the supplier has fallen
17 short of the standards, and, by order, require such sup-
18 plier, after notice and opportunity for hearing, to deposit
19 in an escrow account to be designated by the Secretary
20 an amount equal to 3.5 cents per kilowatt hour for each
21 such kilowatt hour, and 35 cents per therm for each such
22 therm. The holder of such escrow account shall annually
23 distribute the total amount of such account to the States
24 to be used by the States for the purpose of achieving cus-
25 tomer electricity and natural gas savings. Any retail elec-

1 tricity or natural gas supplier required to make such a
2 payment may, within 60 calendar days after the issuance
3 of such order, bring an action in the United States Court
4 of Appeals for the District of Columbia for judicial review
5 of such order. Such court shall have jurisdiction to enter
6 a judgment affirming, modifying, or setting aside such
7 order or remanding such order in whole or in part to the
8 Secretary.

9 “(e) INFORMATION COLLECTION.—The Secretary
10 may collect the information necessary to verify and
11 audit—

12 “(1) the annual electric energy sales, natural
13 gas sales, electricity savings, and natural gas savings
14 of any entity applying for electricity or natural gas
15 savings credits under this section,

16 “(2) the validity of electricity or natural gas
17 savings credits submitted by a retail electricity or
18 natural gas supplier to the Secretary, and

19 “(3) the quantity of electricity and natural gas
20 sales of all retail electricity and natural gas sup-
21 pliers.

22 “(f) STATE LAW.—Nothing in this section shall su-
23 persede or otherwise affect any State or local law requiring
24 or otherwise relating to reductions in total annual elec-
25 tricity or natural gas energy consumption by or peak

1 power consumption by electric consumers to the extent
2 that such State or local law requires more stringent reduc-
3 tions than those required under this section. Any retail
4 electricity or natural gas supplier that achieves reductions
5 referred to in this section in accordance with State re-
6 quirements shall be entitled to full credit under this sec-
7 tion for such reductions to the extent that such reductions
8 meet the requirements of this section and the regulations
9 under this section (including verification and monitoring
10 requirements).

11 “(g) DEFINITIONS.—For purposes of this section:

12 “(1) The term ‘retail electricity or natural sup-
13 plier’ means a person that sells electric energy or
14 natural gas to consumers and sold not less than
15 1,000,000 megawatt-hours of electric energy or
16 20,000,000 therms of natural gas to consumers for
17 purposes other than resale during the preceding cal-
18 endar year; except that such term does not include
19 the United States, a State or any political subdivi-
20 sion of a State, or any agency, authority, or instru-
21 mentality of any one or more of the foregoing, or a
22 rural electric cooperative.

23 “(2) The term ‘retail electricity or natural gas
24 supplier’s base amount’ means the total amount of
25 electric energy or natural gas sold by the retail elec-

1 tricity or natural gas supplier to customers during
2 the most recent calendar year for which information
3 is available.

4 “(3) The term ‘electricity savings’ means reduc-
5 tions in end-use electricity consumption in customer
6 facilities relative to consumption at those same fa-
7 cilities in a base year as defined in rules issued by
8 the Secretary, or in the case of new facilities, rel-
9 ative to reference facilities defined in rules issued by
10 the Secretary, or distributed generation efficiency
11 measures, including fuel cells and combined heat
12 and power (CHP) technologies, that provide elec-
13 tricity only for onsite customer use.

14 “(4) The term ‘natural gas savings’ means re-
15 ductions in end-use natural gas consumption in cus-
16 tomer facilities relative to consumption at those
17 same facilities in a base year as defined in rules
18 issued by the Secretary, or in the case of new facili-
19 ties, relative to reference facilities defined in rules
20 issued by the Secretary.”.

21 (b) TABLE OF CONTENTS.—The table of contents for
22 title VII of the Public Utility Regulatory Policies Act of
23 1978 is amended by adding the following new item at the
24 end thereof:

“Sec. 610. Efficiency resource standard for retail electricity and natural gas
suppliers.”.

1 **SEC. 205. FEDERAL RENEWABLE PORTFOLIO STANDARD.**

2 (a) IN GENERAL.—Title VI of the Public Utility Reg-
 3 ulatory Policies Act of 1978 is amended by adding at the
 4 end the following:

5 **“SEC. 611. FEDERAL RENEWABLE PORTFOLIO STANDARD.**

6 “(a) MINIMUM RENEWABLE GENERATION REQUIRE-
 7 MENT.—For each calendar year beginning in calendar
 8 year 2007, each retail electric supplier shall submit to the
 9 Secretary, not later than April 1 of the following calendar
 10 year, renewable energy credits in an amount equal to the
 11 required annual percentage specified in subsection (b).

12 “(b) REQUIRED ANNUAL PERCENTAGE.—For cal-
 13 endar years 2007 through 2025, the required annual per-
 14 centage of the retail electric supplier’s base amount that
 15 shall be generated from renewable energy resources, or
 16 otherwise credited towards such percentage requirement
 17 pursuant to subsection (c), shall be the percentage speci-
 18 fied in the following table:

“Calendar Years	Required annual percentage
2007 through 2008	1
2009 through 2010	2.2
2010 through 2011	3.4
2012 through 2013	4.6
2014 through 2015	5.8
2016 through 2017	7.0
2018 through 2019	8.5
2020 through 2021	10.0
2022 through 2023	12.0
2024 through 2025	14.0
2026 through 2027	16.0
2028 through 2029	18.0
2030 through 2031	20.0.

1 “(c) SUBMISSION OF CREDITS.—(1) A retail electric
2 supplier may satisfy the requirements of subsection (a)
3 through the submission of renewable energy credits—

4 “(A) issued to the retail electric supplier under
5 subsection (d);

6 “(B) obtained by purchase or exchange under
7 subsection (e); or

8 “(C) borrowed under subsection (f).

9 “(2) A renewable energy credit may be counted to-
10 ward compliance with subsection (a) only once.

11 “(d) ISSUANCE OF CREDITS.—(1) The Secretary
12 shall establish by rule, not later than 1 year after the date
13 of enactment of this section, a program to issue and mon-
14 itor the sale or exchange of, and track, renewable energy
15 credits.

16 “(2) Under the program established by the Secretary,
17 an entity that generates electric energy through the use
18 of a renewable energy resource may apply to the Secretary
19 for the issuance of renewable energy credits. The applica-
20 tion shall indicate—

21 “(A) the type of renewable energy resource used
22 to produce the electricity;

23 “(B) the location where the electric energy was
24 produced; and

1 “(C) any other information the Secretary deter-
2 mines appropriate.

3 “(3)(A) Except as provided in subparagraphs (B),
4 (C), and (D), the Secretary shall issue to each entity that
5 generates electric energy one renewable energy credit for
6 each kilowatt hour of electric energy the entity generates
7 from the date of enactment of this section and in each
8 subsequent calendar year through the use of a renewable
9 energy resource at an eligible facility.

10 “(B) For incremental hydropower the renewable en-
11 ergy credits shall be calculated based on the expected in-
12 crease in average annual generation resulting from the ef-
13 ficiency improvements or capacity additions. The number
14 of credits shall be calculated using the same water flow
15 information used to determine a historic average annual
16 generation baseline for the hydroelectric facility and cer-
17 tified by the Secretary or the Federal Energy Regulatory
18 Commission. The calculation of the renewable energy cred-
19 its for incremental hydropower shall not be based on any
20 operational changes at the hydroelectric facility not di-
21 rectly associated with the efficiency improvements or ca-
22 pacity additions.

23 “(C) The Secretary shall issue two renewable energy
24 credits for each kilowatt hour of electric energy generated
25 and supplied to the grid in that calendar year through the

1 use of a renewable energy resource at an eligible facility
2 located on Indian land. For purposes of this paragraph,
3 renewable energy generated by biomass cofired with other
4 fuels is eligible for two credits only if the biomass was
5 grown on such land.

6 “(D) For electric energy resources produced from a
7 generation offset, the Secretary shall issue two renewable
8 energy credits for each kilowatt hour generated.

9 “(F) To be eligible for a renewable energy credit, the
10 unit of electric energy generated through the use of a re-
11 newable energy resource may be sold or may be used by
12 the generator. If both a renewable energy resource and
13 a non-renewable energy resource are used to generate the
14 electric energy, the Secretary shall issue renewable energy
15 credits based on the proportion of the renewable energy
16 resources used. The Secretary shall identify renewable en-
17 ergy credits by type and date of generation.

18 “(4) When a generator sells electric energy generated
19 through the use of a renewable energy resource to a retail
20 electric supplier under a contract subject to section 210
21 of this Act, the retail electric supplier is treated as the
22 generator of the electric energy for the purposes of this
23 section or the duration of the contract.

24 “(5) The Secretary shall issue renewable energy cred-
25 its for existing facility offsets to be applied against a retail

1 electric supplier's required annual percentage. Such cred-
2 its are not tradeable and may be used only in the calendar
3 year generation actually occurs.

4 “(e) CREDIT TRADING.—A renewable energy credit,
5 may be sold or exchanged by the entity to whom issued
6 or by any other entity who acquires the renewable energy
7 credit. A renewable energy credit for any year that is not
8 used to satisfy the minimum renewable generation require-
9 ment of subsection (a) for that year may be carried for-
10 ward for use within the next 4 years.

11 “(f) CREDIT BORROWING.—At any time before the
12 end of calendar year 2006, a retail electric supplier that
13 has reason to believe it will not have sufficient renewable
14 energy credits to comply with subsection (a) may—

15 “(1) submit a plan to the Secretary dem-
16 onstrating that the retail electric supplier will earn
17 sufficient credits within the next 3 calendar years
18 which, when taken into account, will enable the re-
19 tail electric supplier to meet the requirements of
20 subsection (a) for calendar year 2007 and the subse-
21 quent calendar years involved; and

22 “(2) upon the approval of the plan by the Sec-
23 retary, apply renewable energy credits that the plan
24 demonstrates will be earned within the next 3 cal-

1 endar years to meet the requirements of subsection
2 (a) for each calendar year involved.

3 The retail electric supplier must repay all of the borrowed
4 renewable energy credits by submitting an equivalent
5 number of renewable energy credits, in addition to those
6 otherwise required under subsection (a), by calendar year
7 2008 or any earlier deadlines specified in the approved
8 plan. Failure to repay the borrowed renewable energy
9 credits shall subject the retail electric supplier to civil pen-
10 alties under subsection (h) for violation of the require-
11 ments of subsection (a) for each calendar year involved.

12 “(g) CREDIT COST CAP.—The Secretary shall offer
13 renewable energy credits for sale at the lesser of 3 cents
14 per kilowatt-hour or 200 percent of the average market
15 value of renewable credits for the applicable compliance
16 period. On January 1 of each year following calendar year
17 2006, the Secretary shall adjust for inflation the price
18 charged per credit for such calendar year, based on the
19 Gross Domestic Product Implicit Price Deflator.

20 “(h) ENFORCEMENT.—The Secretary may bring an
21 action in the appropriate United States district court to
22 impose a civil penalty on a retail electric supplier that does
23 not comply with subsection (a), unless the retail electric
24 supplier was unable to comply with subsection (a) for rea-
25 sons outside of the supplier’s reasonable control (including

1 weather-related damage, mechanical failure, lack of trans-
 2 mission capacity or availability, strikes, lockouts, actions
 3 of a governmental authority). A retail electric supplier who
 4 does not submit the required number of renewable energy
 5 credits under subsection (a) shall be subject to a civil pen-
 6 alty of not more than the greater of 3 cents or 200 percent
 7 of the average market value of credits for the compliance
 8 period for each renewable energy credit not submitted..

9 “(i) INFORMATION COLLECTION.—The Secretary
 10 may collect the information necessary to verify and
 11 audit—

12 “(1) the annual electric energy generation and
 13 renewable energy generation of any entity applying
 14 for renewable energy credits under this section;

15 “(2) the validity of renewable energy credits
 16 submitted by a retail electric supplier to the Sec-
 17 retary; and

18 “(3) the quantity of electricity sales of all retail
 19 electric suppliers.

20 “(j) ENVIRONMENTAL SAVINGS CLAUSE.—Incre-
 21 mental hydropower shall be subject to all applicable envi-
 22 ronmental laws and licensing and regulatory requirements.

23 “(k) EXISTING PROGRAMS.—This section does not
 24 preclude a State from imposing additional renewable en-

1 ergy requirements in that State, including specifying eligi-
2 ble technologies under such State requirements.

3 “(l) DEFINITIONS.—For purposes of this section:

4 “(1) BIOMASS.—The term ‘biomass’ means any
5 organic material that is available on a renewable or
6 recurring basis, including dedicated energy crops,
7 trees grown for energy production, wood waste and
8 wood residues, plants (including aquatic plants,
9 grasses, and agricultural crops), residues, fibers,
10 animal wastes and other organic waste materials
11 (but not including unsegregated municipal solid
12 waste (garbage)), and fats and oils, except that with
13 respect to material removed from National Forest
14 System lands the term includes only organic mate-
15 rial from—

16 “(A) thinnings from trees that are less
17 than 12 inches in diameter;

18 “(B) slash;

19 “(C) brush; and

20 “(D) mill residues.

21 “(2) ELIGIBLE FACILITY.—The term ‘eligible
22 facility’ means—

23 “(A) a facility for the generation of electric
24 energy from a renewable energy resource that is

1 placed in service on or after the date of enact-
2 ment of this section; or

3 “(B) a repowering or cofiring increment
4 that is placed in service on or after the date of
5 enactment of this section at a facility for the
6 generation of electric energy from a renewable
7 energy resource that was placed in service be-
8 fore that date.

9 “(3) ELIGIBLE RENEWABLE ENERGY RE-
10 SOURCE.—The term ‘renewable energy resource’
11 means solar, wind, ocean, or geothermal energy, bio-
12 mass (excluding solid waste and paper that is com-
13 monly recycled), landfill gas, a generation offset, or
14 incremental hydropower.

15 “(4) GENERATION OFFSET.—The term ‘genera-
16 tion offset’ means reduced electricity usage metered
17 at a site where a customer consumes energy from a
18 renewable energy technology.

19 “(5) EXISTING FACILITY OFFSET.—The term
20 ‘existing facility offset’ means renewable energy gen-
21 erated from an existing facility, not classified as an
22 eligible facility, that is owned or under contract, di-
23 rectly or indirectly, to a retail electric supplier on
24 the date of enactment of this section.

1 “(6) INCREMENTAL HYDROPOWER.—The term
2 ‘incremental hydropower’ means additional genera-
3 tion that is achieved from increased efficiency or ad-
4 ditions of capacity on or after the date of enactment
5 of this section or the effective date of the applicable
6 State renewable portfolio standard program, at a hy-
7 droelectric facility that was placed in service before
8 that date.

9 “(7) INDIAN LAND.—The term ‘Indian land’
10 means—

11 “(A) any land within the limits of any In-
12 dian reservation, pueblo, or rancheria;

13 “(B) any land not within the limits of any
14 Indian reservation, pueblo, or rancheria title to
15 which was on the date of enactment of this
16 paragraph either held by the United States for
17 the benefit of any Indian tribe or individual or
18 held by any Indian tribe or individual subject to
19 restriction by the United States against alien-
20 ation;

21 “(C) any dependent Indian community;
22 and

23 “(D) any land conveyed to any Alaska Na-
24 tive corporation under the Alaska Native
25 Claims Settlement Act.

1 “(8) INDIAN TRIBE.—The term ‘Indian tribe’
2 means any Indian tribe, band, nation, or other orga-
3 nized group or community, including any Alaskan
4 Native village or regional or village corporation as
5 defined in or established pursuant to the Alaska Na-
6 tive Claims Settlement Act (43 U.S.C. 1601 et seq.),
7 which is recognized as eligible for the special pro-
8 grams and services provided by the United States to
9 Indians because of their status as Indians.

10 “(9) RENEWABLE ENERGY.—The term ‘renew-
11 able energy’ means electric energy generated by a re-
12 newable energy resource.

13 “(10) RENEWABLE ENERGY RESOURCE.—The
14 term ‘renewable energy resource’ means solar, wind,
15 ocean, geothermal energy, biomass (not including
16 municipal solid waste), landfill gas, a generation off-
17 set, or incremental hydropower.

18 “(11) REPOWERING OR COFIRING INCRE-
19 MENT.—The term ‘repowering or cofiring increment’
20 means—

21 “(A) the additional generation from a
22 modification that is placed in service on or after
23 the date of enactment of this section to expand
24 electricity production at a facility used to gen-
25 erate electric energy from a renewable energy

1 resource or to cofire biomass that was placed in
2 service before the date of enactment of this sec-
3 tion, or

4 “(B) the additional generation above the
5 average generation in the 3 years preceding the
6 date of enactment of this section to expand
7 electricity production at a facility used to gen-
8 erate electric energy from a renewable energy
9 resource or to cofire biomass that was placed in
10 service before the date of enactment of this sec-
11 tion.

12 “(12) RETAIL ELECTRIC SUPPLIER.—The term
13 ‘retail electric supplier’ means a person that sells
14 electric energy to electric consumers and sold not
15 less than 1,000,000 megawatt-hours of electric en-
16 ergy to electric consumers for purposes other than
17 resale during the preceding calendar year; except
18 that such term does not include the United States,
19 a State or any political subdivision of a State, or any
20 agency, authority, or instrumentality of any one or
21 more of the foregoing.

22 “(13) RETAIL ELECTRIC SUPPLIER’S BASE
23 AMOUNT.—The term ‘retail electric supplier’s base
24 amount’ means means the total amount of electric
25 energy sold by the retail electric supplier to electric

1 customers during the most recent calendar year for
 2 which information is available, excluding electric en-
 3 ergy generated by—

4 “(A) an eligible renewable energy resource;

5 or

6 “(B) a hydroelectric facility.

7 “(m) SUNSET.—This section expires December 31,
 8 2030.”.

9 (b) TABLE OF CONTENTS.—The table of contents for
 10 such title is amended by adding the following new item
 11 at the end:

“Sec. 611. Federal renewable portfolio standard.”.

12 **SEC. 206. NET METERING.**

13 (a) ADOPTION OF STANDARD.—Section 111(d)(11)
 14 of the Public Utility Regulatory Policies Act of 1978 (16
 15 U.S.C. 2621(d)) is amended to read as follows:

16 “(11) NET METERING.—(A) Each electric util-
 17 ity shall make available upon request net metering
 18 service to any electric consumer that the electric
 19 utility serves.

20 “(B) For purposes of implementing this para-
 21 graph, any reference contained in this section to the
 22 date of enactment of the Public Utility Regulatory
 23 Policies Act of 1978 shall be deemed to be a ref-
 24 erence to the date of enactment of this paragraph.

1 “(C) Notwithstanding subsections (b) and (c) of
2 section 112, each State regulatory authority may
3 consider and make a determination concerning
4 whether it is appropriate in the public interest to not
5 implement the standard set out in subparagraph (A)
6 not later than 1 year after the date of enactment of
7 this paragraph.

8 “(D) Nothing in this section shall preclude a
9 State from establishing additional incentives or to
10 encourage on-site generating facilities and net me-
11 tering in addition to that required under this sec-
12 tion.

13 “(E) The Department shall report within 11
14 months of enactment and annually thereafter on the
15 public benefit provided by adoption of net metering
16 and interconnection standards, and the status of
17 state adoption of such.”.

18 (b) SPECIAL RULES FOR NET METERING.—Section
19 115 of the Public Utility Regulatory Policies Act of 1978
20 (16 U.S.C. 2625) is amended by adding at the end the
21 following:

22 “(i) NET METERING.—In undertaking the consider-
23 ation and making the determination under section 111
24 with respect to the standard concerning net metering es-
25 tablished by section 111(d)(11), the term net metering

1 service shall mean a service provided in accordance with
2 the following standards:

3 “(1) An electric utility—

4 “(A) shall charge the owner or operator of
5 an on-site generating facility rates and charges
6 that are identical to those that would be
7 charged other electric consumers of the electric
8 utility in the same rate class; and

9 “(B) shall not charge the owner or oper-
10 ator of an on-site generating facility any addi-
11 tional standby, capacity, interconnection, or
12 other rate or charge.

13 “(2) An electric utility that sells electric energy
14 to the owner or operator of an on-site generating fa-
15 cility shall measure the quantity of electric energy
16 produced by the on-site facility and the quantity of
17 electric energy consumed by the owner or operator
18 of an on-site generating facility during a billing pe-
19 riod with a single bi-directional meter or otherwise
20 in accordance with reasonable metering practices.

21 “(3) If the quantity of electric energy sold by
22 the electric utility to an on-site generating facility
23 exceeds the quantity of electric energy supplied by
24 the on-site generating facility to the electric utility
25 during the billing period, the electric utility may bill

1 the owner or operator for the net quantity of electric
2 energy sold, in accordance with reasonable metering
3 practices.

4 “(4) If the quantity of electric energy supplied
5 by the on-site generating facility to the electric util-
6 ity exceeds the quantity of electric energy sold by
7 the electric utility to the on-site generating facility
8 during the billing period—

9 “(A) the electric utility may bill the owner
10 or operator of the on-site generating facility for
11 the appropriate charges for the billing period in
12 accordance with paragraph; and

13 “(B) the owner or operator of the on-site
14 generating facility shall be credited for the ex-
15 cess kilowatt-hours generated during the billing
16 period, with the kilowatt-hour credit appearing
17 on the bill for the following billing period.

18 “(5) An eligible on-site generating facility and
19 net metering system used by an electric consumer
20 shall meet all applicable safety, performance, reli-
21 ability, and interconnection standards established by
22 the National Electrical Code, the Institute of Elec-
23 trical and Electronics Engineers, and Underwriters
24 Laboratories.

1 “(6) The Commission, after consultation with
2 State regulatory authorities and unregulated electric
3 utilities and after notice and opportunity for com-
4 ment, may adopt, by rule, additional control and
5 testing and interconnection requirements for on-site
6 generating facilities and net metering systems that
7 the Commission determines are necessary to protect
8 public safety and system reliability.

9 “(7) For purposes of this subsection:

10 “(A) The term ‘eligible on-site generating
11 facility’ means a facility on the site of a resi-
12 dential electric consumer with a maximum gen-
13 erating capacity of 10 kilowatts or less that is
14 fueled by solar energy, wind energy, or fuel
15 cells; or a facility on the site of a commercial
16 electric consumer with a maximum generating
17 capacity of 500 1000 kilowatts or less that is
18 fueled solely by a renewable energy resource,
19 landfill gas, or a high efficiency system.

20 “(B) The term ‘renewable energy resource’
21 means solar, wind, biomass, micro-freeflow
22 hydro, or geothermal energy.

23 “(C) The term ‘high efficiency system’
24 means fuel cells or combined heat and power.

1 “(D) The term ‘net metering service’
 2 means service to an electric consumer under
 3 which electric energy generated by that electric
 4 consumer from an eligible on-site generating fa-
 5 cility and delivered to the local distribution fa-
 6 cilities may be used to offset electric energy
 7 provided by the electric utility to the electric
 8 consumer during the applicable billing period.”.

9 **TITLE III—SAVE TAX PAYERS** 10 **MONEY**

11 **SEC. 301. REPEAL OF CERTAIN PROVISIONS OF THE EN-** 12 **ERGY POLICY ACT OF 2005.**

13 (a) REPEALS.—The following provisions of the En-
 14 ergy Policy Act of 2005, and the items relating thereto
 15 in the table of contents of that Act, are repealed:

16 (1) Section 342 (relating to program on oil and
 17 gas royalties in-kind).

18 (2) Section 343 (relating to marginal property
 19 production incentives).

20 (3) Section 344 (relating to incentives for nat-
 21 ural gas production from deep wells in the shallow
 22 waters of the Gulf of Mexico).

23 (4) Section 345 (relating to royalty relief for
 24 deep water production).

1 (5) Section 357 (relating to comprehensive in-
2 ventory of OCS oil and natural gas resources).

3 (6) Subtitle J of title IX (relating to ultra-deep-
4 water and unconventional natural gas and other pe-
5 troleum resources).

6 (b) REPEAL OF ALASKA OFFSHORE ROYALTY SUS-
7 PENSION.—Section 8(a)(3)(B) of the Outer Continental
8 Shelf Lands Act (43 U.S.C. 1337(a)(3)(B)) is amended
9 by striking “and in the Planning Areas offshore Alaska”.

10 **SEC. 302. REPEAL OF CERTAIN TAX PROVISIONS OF THE**
11 **ENERGY POLICY ACT OF 2005.**

12 (a) REPEAL.—The following provisions, and amend-
13 ments made by such provisions, of the Energy Policy Act
14 of 2005 are hereby repealed:

15 (1) Section 1306 (relating to credit for produc-
16 tion from advanced nuclear power facilities).

17 (2) Section 1307 (relating to credit for invest-
18 ment in clean coal facilities).

19 (3) Section 1308 (relating to electric trans-
20 mission property treated as 15-year property).

21 (4) Section 1309 (relating to expansion of am-
22 ortization for certain atmospheric pollution control
23 facilities).

24 (5) Section 1310 (relating to modifications to
25 special rules for nuclear decommissioning costs).

1 (6) Section 1321 (relating to extension of credit
2 for producing fuel from nonconventional source
3 (coke or coke gas).

4 (7) Section 1323 (relating to temporary expens-
5 ing for equipment used in refining of liquid fuels).

6 (8) Section 1325 (relating to natural gas dis-
7 tribution lines treated as 15-year property).

8 (9) Section 1326 (relating to natural gas gath-
9 ering lines treated as 7-year property).

10 (10) Section 1328 (relating to determination of
11 small refiner exception to oil depletion deduction).

12 (11) Section 1329 (relating to amortization of
13 geological and geophysical expenditures).

14 (b) ADMINISTRATION OF INTERNAL REVENUE CODE
15 OF 1986.—The Internal Revenue Code of 1986 shall be
16 applied and administered as if the provisions, and amend-
17 ments, specified in subsection (a) had never been enacted.

18 **TITLE IV—STATE AND LOCAL** 19 **AUTHORITY**

20 **SEC. 401. STATE CONSUMER PRODUCT ENERGY EFFI-** 21 **CIENCY STANDARDS.**

22 Section 327 of the Energy Policy and Conservation
23 Act (42 U.S.C. 6297) is amended by adding at the end
24 the following new subsection:

1 “(h) LIMITATION ON PREEMPTION.—Subsections (a),
 2 (b), and (c) shall not apply with respect to State regula-
 3 tion of energy consumption or water use of any covered
 4 product during any period of time—

5 “(1) after the expiration of 3 years after the re-
 6 quired date of issuance of a final rule determining
 7 whether Federal standards for such consumption or
 8 use will be established or revised, if such rule has
 9 not been issued; and

10 “(2) before the date on which such rule is
 11 issued.”.

12 **SEC. 402. APPEALS FROM CONSISTENCY DETERMINATIONS**
 13 **UNDER COASTAL ZONE MANAGEMENT ACT**
 14 **OF 1972.**

15 Section 319 of the Coastal Zone Management Act of
 16 1972 (16 U.S.C. 1465) is amended to read as if section
 17 381 of the Energy Policy Act of 2005 (119 Stat. 737)
 18 were not enacted.

19 **SEC. 403. SITING OF INTERSTATE ELECTRIC TRANSMISSION**
 20 **FACILITIES.**

21 Section 216 of the Federal Power Act (16 U.S.C.
 22 824p) is repealed.

23 **SEC. 404. NEW NATURAL GAS STORAGE FACILITIES.**

24 Subsection (f) of section 4 of the Natural Gas Act
 25 (15 U.S.C. 717c(f)) is repealed.

1 **SEC. 405. PROCESS COORDINATION; HEARINGS; RULES OF**
2 **PROCEDURE.**

3 The amendments to the Natural Gas Act made by
4 section 313 of the Energy Policy Act of 2005 are repealed,
5 and the Natural Gas Act shall be administered as if those
6 amendments were never enacted.

7 **SEC. 406. REPEAL OF PREEMPTION OF STATE LAW RELAT-**
8 **ING TO AUTOMOBILE FUEL ECONOMY STAND-**
9 **ARDS.**

10 Section 32919 of title 49, United States Code, is re-
11 pealed.

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