

110TH CONGRESS  
1ST SESSION

# S. 1554

To comprehensively address challenges relating to energy independence, air pollution, and climate change facing the United States.

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IN THE SENATE OF THE UNITED STATES

JUNE 6, 2007

Ms. COLLINS (for herself and Mr. LIEBERMAN) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To comprehensively address challenges relating to energy independence, air pollution, and climate change facing 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 Independence, Clean Air, and Climate Security  
6       Act of 2007”.

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

Sec. 1. Short title; table of contents.

## TITLE I—ENERGY INDEPENDENCE THROUGH TRANSPORTATION FUEL EFFICIENCY

### Subtitle A—Automobile Fuel Economy Standards

- Sec. 101. Short title.
- Sec. 102. Average fuel economy standards for passenger automobiles and light trucks.
- Sec. 103. Passenger car program reform.
- Sec. 104. Work trucks.
- Sec. 105. Light trucks.
- Sec. 106. Ensuring safety of passenger automobiles and light trucks.
- Sec. 107. Onboard fuel economy indicators and devices.
- Sec. 108. Secretary of Transportation to certify benefits.
- Sec. 109. Credit trading program.
- Sec. 110. Report to Congress.
- Sec. 111. Labels for fuel economy and greenhouse gas emissions.

### Subtitle B—Improving Fuel Efficiency

- Sec. 121. Helping consumers to purchase more fuel-efficient automobiles.
- Sec. 122. Transit-oriented development corridors.
- Sec. 123. Energy-efficient motor vehicle manufacturing credit.
- Sec. 124. Fuel efficiency standards for replacement tires.
- Sec. 125. Fuel economy for heavy duty trucks.
- Sec. 126. Idling reduction tax credit.
- Sec. 127. Repeal of preemption of State law relating to automobile fuel economy standards.
- Sec. 128. Federal fleet requirements.

## TITLE II—ENERGY INDEPENDENCE THROUGH RENEWABLE FUELS

### Subtitle A—Advanced Clean Fuels

- Sec. 201. Definitions.
- Sec. 202. Advanced clean fuel program.
- Sec. 203. Voluntary renewable fuels labeling program.
- Sec. 204. Water quality protection.

### Subtitle B—Assistance and Research

- Sec. 211. Small ethanol producer credit expansion for producers of sucrose and ethanol.
- Sec. 212. Research and development in support of low-carbon fuels.

## TITLE III—CLEAN POWER ACT

- Sec. 301. Short title.
- Sec. 302. Electric energy generation emission reductions.
- Sec. 303. Savings clause.
- Sec. 304. Acid precipitation research program.
- Sec. 305. Authorization of appropriations for deposition monitoring.
- Sec. 306. Technical amendments.

## TITLE IV—REDUCING HEATING AND ELECTRIC BILLS

- Sec. 401. Weatherization assistance.

Sec. 402. Energy Star programs.  
 Sec. 403. Renewable electricity production credit.  
 Sec. 404. Efficiency resource standard.  
 Sec. 405. Federal renewable portfolio standard.

TITLE V—SAVING TAXPAYERS MONEY THROUGH ELIMINATION  
OF TAX BREAKS

Sec. 501. Repeal of certain tax provisions for oil industry.

TITLE VI—CLIMATE CHANGE RESEARCH

Sec. 601. Short title.  
 Sec. 602. Abrupt climate change research program.  
 Sec. 603. Authorization of appropriations.

**1 TITLE I—ENERGY INDEPEND-**  
**2 ENCE THROUGH TRANSPORT-**  
**3 TATION FUEL EFFICIENCY**  
**4 Subtitle A—Automobile Fuel**  
**5 Economy Standards**

**6 SEC. 101. SHORT TITLE.**

**7** This subtitle may be cited as the “Fuel Economy Im-  
**8** provement Act”.

**9 SEC. 102. AVERAGE FUEL ECONOMY STANDARDS FOR PAS-**  
**10 Senger Automobiles and Light Trucks.**

**11** (a) INCREASED STANDARDS.—Section 32902 of title  
**12** 49, United States Code, is amended—

**13** (1) in subsection (a)—

**14** (A) by striking “NON-PASSENGER AUTO-  
**15** MOBILES.—” and inserting “PRESCRIPTION OF  
**16** STANDARDS BY REGULATION.—”; and

**17** (B) by striking “(except passenger auto-  
**18** mobiles)” and inserting “(except passenger  
**19** automobiles and light trucks)”; and

1           (2) by amending subsection (b) to read as fol-  
2       lows:

3       “(b) STANDARDS FOR PASSENGER AUTOMOBILES  
4   AND LIGHT TRUCKS.—

5           “(1) IN GENERAL.—The Secretary of Transpor-  
6       tation, in consultation with the Administrator of the  
7       Environmental Protection Agency, shall prescribe  
8       average fuel economy standards for passenger auto-  
9       mobiles and light trucks manufactured by a manu-  
10      facturer in each model year beginning with model  
11      year 2010 in order to achieve a combined average  
12      fuel economy standard for passenger automobiles  
13      and light trucks—

14           “(A) of at least 35 miles per gallon begin-  
15      ning in model year 2019 (or such other number  
16      of miles per gallon as the Secretary may pre-  
17      scribe under subsection (c)); and

18           “(B) of at least 45 miles per gallon begin-  
19      ning in model year 2030 (or such other number  
20      of miles per gallon as the Secretary may pre-  
21      scribe under subsection (c)).

22           “(2) ELIMINATION OF SUV LOOPHOLE.—Begin-  
23      ning not later than model year 2013, the regulations  
24      prescribed under this section may not make any dis-

1        tinction between passenger automobiles and light  
2        trucks.

3            “(3)    PROGRESS    TOWARD    STANDARD    RE-  
4        QUIRED.—In prescribing average fuel economy  
5        standards under paragraph (1), the Secretary shall  
6        prescribe appropriate annual fuel economy standard  
7        increases for passenger automobiles and light trucks  
8        that—

9            “(A) increase the applicable average fuel  
10        economy standard ratably beginning with model  
11        year 2010 and ending with model year 2019;

12           “(B) require that each manufacturer  
13        achieve—

14           “(i) a fuel economy standard for pas-  
15        senger automobiles manufactured by that  
16        manufacturer of at least 29.5 miles per  
17        gallon not later than model year 2010; and

18           “(ii) a fuel economy standard for light  
19        trucks manufactured by that manufacturer  
20        of at least 23.5 miles per gallon not later  
21        than model year 2010.

22           “(4)    FUEL    ECONOMY    BASELINE    FOR    PAS-  
23        SENDER AUTOMOBILES.—Notwithstanding the max-  
24        imum feasible average fuel economy level established  
25        by regulations prescribed under subsection (c), the

1 minimum fleet wide average fuel economy standard  
 2 for passenger automobiles manufactured by a manu-  
 3 facturer in a model year for that manufacturer's do-  
 4 mestic fleet and foreign fleet, as calculated under  
 5 section 32904 as in effect before the date of the en-  
 6 actment of the Fuel Economy Improvement Act,  
 7 shall be the greater of—

8 “(A) 27.5 miles per gallon; or

9 “(B) 92 percent of the average fuel econ-  
 10 omy projected by the Secretary for the com-  
 11 bined domestic and foreign fleets manufactured  
 12 by all manufacturers in that model year.

13 “(5) DEADLINE FOR REGULATIONS.—The Sec-  
 14 retary shall promulgate the regulations required by  
 15 paragraphs (1) and (2) in final form not later than  
 16 18 months after the date of the enactment of the  
 17 Fuel Economy Improvement Act.”.

18 **SEC. 103. PASSENGER CAR PROGRAM REFORM.**

19 Section 32902(c) of title 49, United States Code, is  
 20 amended to read as follows:

21 “(c) AMENDING PASSENGER AUTOMOBILE STAND-  
 22 ARDS.—Not later than 18 months before the beginning of  
 23 each model year, the Secretary of Transportation may pre-  
 24 scribe regulations amending a standard prescribed under  
 25 subsection (b) for a model year to a level that the Sec-

1 retary determines to be the maximum feasible average fuel  
 2 economy level for that model year. Section 553 of title 5  
 3 shall apply to a proceeding to amend any standard pre-  
 4 scribed under subsection (b). Any interested person may  
 5 make an oral presentation and a transcript shall be taken  
 6 of that presentation. The Secretary may prescribe sepa-  
 7 rate standards for different classes of passenger auto-  
 8 mobiles.”.

9 **SEC. 104. WORK TRUCKS.**

10 (a) **DEFINITION OF WORK TRUCK.**—Section  
 11 32901(a) of title 49, United States Code, is amended by  
 12 adding at the end the following:

13 “(18) ‘work truck’ means an automobile that  
 14 the Secretary determines by regulation—

15 “(A) is rated at between 8,500 and 10,000  
 16 pounds gross vehicle weight; and

17 “(B) is not a medium-duty passenger vehi-  
 18 cle (as defined in section 86.1803–01 of title  
 19 40, Code of Federal Regulations).”.

20 (b) **RULEMAKING.**—The Secretary of Transpor-  
 21 tation—

22 (1) shall issue proposed regulations imple-  
 23 menting the amendment made by subsection (a) not  
 24 later than 1 year after the date of the enactment of  
 25 this Act; and

1           (2) shall issue final regulations implementing  
 2           the amendment made by subsection (a) not later  
 3           than 18 months after the date of the enactment of  
 4           this Act.

5           (c) FUEL ECONOMY STANDARDS FOR WORK  
 6 TRUCKS.—Section 32902 of title 49, United States Code,  
 7 is amended—

8           (1) by redesignating subsections (f), (g), (h),  
 9           (i), and (j) as subsections (g), (h), (i), (j), and (k),  
 10           respectively;

11           (2) by inserting after subsection (e) the fol-  
 12           lowing:

13           “(f) WORK TRUCKS.—The Secretary of Transpor-  
 14           tation, in consultation with the Administrator of the Envi-  
 15           ronmental Protection Agency, shall prescribe standards to  
 16           achieve the maximum feasible fuel economy for work  
 17           trucks manufactured by a manufacturer in each model  
 18           year beginning with model year 2013.”;

19           (3) in subsection (i), as redesignated, by strik-  
 20           ing “and (g) of this section” and inserting “(f), and  
 21           (h)”; and

22           (4) in subsection (k), as redesignated, by strik-  
 23           ing “or (g) of this section” and inserting “(f), or  
 24           (h)”.



1 **SEC. 105. LIGHT TRUCKS.**

2 (a) DEFINITION.—

3 (1) IN GENERAL.—Section 32901(a) of title 49,  
4 United States Code, is amended—

5 (A) by redesignating paragraphs (12),  
6 (13), (14), (15), and (16) as paragraphs (13)  
7 (14), (15), (16), and (17), respectively; and

8 (B) by inserting after paragraph (11) the  
9 following:

10 “(12) ‘light truck’ means an automobile that  
11 the Secretary determines by regulation—

12 “(A) is manufactured primarily for trans-  
13 porting not more than 10 individuals;

14 “(B) is rated at not more than 10,000  
15 pounds gross vehicle weight;

16 “(C) is not a passenger automobile; and

17 “(D) is not a work truck.”.

18 (2) RULEMAKING.—The Secretary of Transpor-  
19 tation—

20 (A) shall issue proposed regulations imple-  
21 menting the amendment made by paragraph (1)  
22 not later than 1 year after the date of the en-  
23 actment of this Act; and

24 (B) shall issue final regulations imple-  
25 menting the amendment not later than 18

1 months after the date of the enactment of this  
2 Act.

3 (3) EFFECTIVE DATE.—Regulations prescribed  
4 under paragraph (1) shall apply beginning with  
5 model year 2010.

6 (b) APPLICABILITY OF EXISTING STANDARDS.—This  
7 section does not affect the application of section 32902  
8 of title 49, United States Code, to passenger automobiles  
9 or non-passenger automobiles manufactured before model  
10 year 2010.

11 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
12 are authorized to be appropriated to the Secretary of  
13 Transportation \$25,000,000 for each of the fiscal years  
14 2009 through 2021 to carry out the provisions of chapter  
15 329 of title 49, United States Code, as amended by this  
16 Act.

17 **SEC. 106. ENSURING SAFETY OF PASSENGER AUTOMOBILES**  
18 **AND LIGHT TRUCKS.**

19 (a) IN GENERAL.—The Secretary of Transportation  
20 shall exercise the authority given the Secretary under Fed-  
21 eral law to ensure that—

22 (1) passenger automobiles and light trucks (as  
23 such terms are defined in section 32901 of title 49,  
24 United States Code) are safe;

1           (2) progress is made in improving the overall  
2       safety of passenger automobiles and light trucks;  
3       and

4           (3) progress is made in maximizing United  
5       States employment.

6       (b) VEHICLE SAFETY.—Subchapter II of chapter 301  
7       of title 49, United States Code, is amended by adding at  
8       the end the following:

9       **“§ 30129. Vehicle compatibility and aggressivity re-**  
10       **duction standard**

11       “(a) STANDARDS.—The Secretary of Transportation  
12       shall issue a motor vehicle safety standard to reduce vehi-  
13       cle incompatibility and aggressivity between passenger ve-  
14       hicles and non-passenger vehicles. The standard shall ad-  
15       dress characteristics necessary to ensure better manage-  
16       ment of crash forces in multiple vehicle frontal and side  
17       impact crashes between different types, sizes, and weights  
18       of vehicles with a gross vehicle weight of 10,000 pounds  
19       or less in order to decrease occupant deaths and injuries.

20       “(b) CONSUMER INFORMATION.—The Secretary shall  
21       develop and implement a public information side and fron-  
22       tal compatibility crash test program with vehicle ratings  
23       based on risks to occupants, risks to other motorists, and  
24       combined risks by vehicle make and model.”.

25       (c) RULEMAKING.—

1 (1) IN GENERAL.—The Secretary of Transpor-  
 2 tation shall issue—

3 (A) a notice of a proposed rulemaking to  
 4 implement section 30129 of title 49, United  
 5 States Code, not later than January 1, 2010;  
 6 and

7 (B) a final rule to implement such section  
 8 not later than December 31, 2011.

9 (2) EFFECTIVE DATE.—Any requirement im-  
 10 posed under the final rule issued under paragraph  
 11 (1)(B) shall become fully effective not later than  
 12 September 1, 2013.

13 (d) CONFORMING AMENDMENT.—The chapter anal-  
 14 ysis for chapter 301 of title 49, United States Code, is  
 15 amended by inserting after the item relating to section  
 16 30128 the following:

“30129. Vehicle compatibility and aggressivity reduction standard.”.

17 **SEC. 107. ONBOARD FUEL ECONOMY INDICATORS AND DE-**  
 18 **VICES.**

19 (a) IN GENERAL.—Chapter 329 of title 49, United  
 20 States Code, is amended by adding at the end the fol-  
 21 lowing:

22 **“§ 32920. Fuel economy indicators and devices**

23 “(a) IN GENERAL.—The Secretary of Transpor-  
 24 tation, in consultation with the Administrator of the Envi-  
 25 ronmental Protection Agency, shall prescribe a fuel econ-

1 any standard for passenger automobiles and light trucks  
 2 manufactured by a manufacturer in each model year be-  
 3 ginning with model year 2014 that requires each such  
 4 automobile and light truck to be equipped with—

5           “(1) an onboard electronic instrument that pro-  
 6 vides real-time and cumulative fuel economy data;

7           “(2) an onboard electronic instrument that sig-  
 8 nals a driver when inadequate tire pressure may be  
 9 affecting fuel economy; and

10           “(3) a device that will allow drivers to place the  
 11 automobile or light truck in a mode that will auto-  
 12 matically produce greater fuel economy.

13           “(b) EXCEPTION.—Subsection (a) shall not apply to  
 14 any vehicle that is not subject to an average fuel economy  
 15 standard under section 32902(b).

16           “(c) ENFORCEMENT.—Subchapter IV of chapter 301  
 17 shall apply to a fuel economy standard prescribed under  
 18 subsection (a) to the same extent and in the same manner  
 19 as if that standard were a motor vehicle safety standard  
 20 under chapter 301.”.

21           (b) CONFORMING AMENDMENT.—The chapter anal-  
 22 ysis for chapter 329 of title 49, United States Code, is  
 23 amended by inserting after the item relating to section  
 24 32919 the following:

“32920. Fuel economy indicators and devices.”.

1 **SEC. 108. SECRETARY OF TRANSPORTATION TO CERTIFY**  
2 **BENEFITS.**

3 Beginning with model year 2010, the Secretary of  
4 Transportation, in consultation with the Administrator of  
5 the Environmental Protection Agency, shall annually de-  
6 termine and certify to Congress the reduction in United  
7 States consumption of gasoline and petroleum distillates  
8 used for vehicle fuel and the reduction in greenhouse gas  
9 emissions during the most recent year that are attrib-  
10 utable to the implementation of the average fuel economy  
11 standards imposed under section 32902 of title 49, United  
12 States Code, as a result of the amendments made by this  
13 Act.

14 **SEC. 109. CREDIT TRADING PROGRAM.**

15 Section 32903 of title 49, United States Code, is  
16 amended—

17 (1) by striking “passenger” each place it ap-  
18 pears;

19 (2) by striking “section 32902(b)–(d) of this  
20 title” each place it appears and inserting “sub-  
21 section (a), (c), or (d) of section 32902”;

22 (3) in subsection (a)(2), by striking “clause (1)  
23 of this subsection” and inserting “paragraph (1)”;  
24 and

25 (4) by amending subsection (e) to read as fol-  
26 lows:

1       “(e) CREDIT TRADING AMONG MANUFACTURERS.—  
 2   The Secretary of Transportation may establish, by regula-  
 3   tion, a corporate average fuel economy credit trading pro-  
 4   gram to allow manufacturers whose automobiles exceed  
 5   the average fuel economy standards prescribed under sec-  
 6   tion 32902 to earn credits to be sold to manufacturers  
 7   whose automobiles fail to achieve the prescribed stand-  
 8   ards.”.

9   **SEC. 110. REPORT TO CONGRESS.**

10       Not later than December 31, 2014, the Secretary of  
 11   Transportation shall submit to Congress a report on the  
 12   progress made by the automobile manufacturing industry  
 13   towards meeting the 35 miles per gallon average fuel econ-  
 14   omy standard required under section 32902(b)(1) of title  
 15   49, United States Code.

16   **SEC. 111. LABELS FOR FUEL ECONOMY AND GREENHOUSE**  
 17                           **GAS EMISSIONS.**

18       Section 32908 of title 49, United States Code, is  
 19   amended—

20               (1) in subsection (a)(1), by striking “of this  
 21       title” and inserting “and a light truck manufactured  
 22       by a manufacturer in a model year after model year  
 23       2010; and”;

24               (2) in subsection (b)—

25                       (A) in paragraph (1)—

1 (i) by striking “(1)” and inserting the  
2 following:

3 “(1) IN GENERAL.—”;

4 (ii) by moving subparagraphs (A)  
5 through (F) 2 ems to the right;

6 (iii) by redesignating subparagraph  
7 (F) as subparagraph (H); and

8 (iv) by inserting after subparagraph  
9 (E) the following:

10 “(F) a label (or a logo imprinted on a label re-  
11 quired under this paragraph) that—

12 “(i) reflects the performance of an auto-  
13 mobile based upon criteria developed by the Ad-  
14 ministrator to reflect the fuel economy and  
15 greenhouse gas and other emissions con-  
16 sequences of operating the automobile over its  
17 likely useful life;

18 “(ii) permits consumers to compare per-  
19 formance results under clause (i) among all  
20 passenger automobiles and light duty trucks;  
21 and

22 “(iii) is designed to encourage the manu-  
23 facture and sale of passenger automobiles and  
24 light trucks that meet or exceed applicable fuel  
25 economy standards under section 32902.



1 “(G) a fuelstar under paragraph (5).”;

2 (B) in paragraph (2)—

3 (i) by striking “(2)” and inserting the  
4 following:

5 “(2) REQUIREMENTS FOR COMPLIANCE.—”;

6 and

7 (ii) by moving the text 2 ems to the  
8 right;

9 (C) in paragraph (3)—

10 (i) by striking “(3)” and inserting the  
11 following:

12 “(3) DEDICATED AUTOMOBILES.—”; and

13 (ii) by moving the text 2 ems to the  
14 right; and

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

16 “(4) GREEN LABEL PROGRAM.—

17 “(A) MARKETING ANALYSIS.—Not later  
18 than 2 years after the date of the enactment of  
19 the Fuel Economy Improvement Act, the Ad-  
20 ministrator shall complete a study of social  
21 marketing strategies with the goal of maxi-  
22 mizing consumer understanding of point-of-sale  
23 labels or logos described in paragraph (1)(F).

24 “(B) ELIGIBILITY.—Not later than 3 years  
25 after the date described in subparagraph (A),

the Administrator shall issue requirements for the label or logo required under paragraph (1)(F) to ensure that a passenger automobile or light truck is not eligible for the label or logo unless it—

“(i) meets or exceeds the applicable fuel economy standard; or

“(ii) will have the lowest greenhouse gas emissions over the useful life of the vehicle of all vehicles in the vehicle class to which it belongs in that model year.

“(C) CRITERIA.—In developing criteria for the label or logo described in paragraph (1)(F), the Administrator shall consider—

“(i) the recyclability of the automobile;

“(ii) any other pollutants or harmful byproducts related to the automobile, which may include those generated during manufacture of the automobile, those issued during use of the automobile, or those generated after the automobile ceases to be operated; and

“(iii) other appropriate factors

“(5) FUELSTAR PROGRAM.—

1           “(A) IN GENERAL.—The Secretary of  
2           Transportation shall establish a program, which  
3           shall be known as the ‘Fuelstar Program’,  
4           under which stars shall be imprinted on or at-  
5           tached to the label required under paragraph  
6           (1).

7           “(B) GREEN STARS.—Under the Fuelstar  
8           Program, a manufacturer may include on the  
9           label maintained on an automobile under para-  
10          graph (1)—

11                 “(i) 1 green star for any automobile  
12                 that meets the average fuel economy stand-  
13                 ard for the model year under section  
14                 32902; and

15                 “(ii) 1 additional green star for each  
16                 2 miles per gallon by which the automobile  
17                 exceeds such standard.

18           “(C) GOLD STARS.—Under the Fuelstar  
19           Program, a manufacturer may include a gold  
20           star on the label required under paragraph (1)  
21           on—

22                 “(i) a passenger automobile with a  
23                 fuel economy of at least 50 miles per gal-  
24                 lon; and

1 “(ii) a light truck with a fuel economy  
2 of at least 37 miles per gallon.”.

3 **Subtitle B—Improving Fuel**  
4 **Efficiency**

5 **SEC. 121. HELPING CONSUMERS TO PURCHASE MORE**  
6 **FUEL-EFFICIENT AUTOMOBILES.**

7 (a) REPEAL OF LIMIT ON NUMBER OF CARS ELIGI-  
8 BLE FOR CREDIT.—Section 30B of the Internal Revenue  
9 Code of 1986 (relating to alternative motor vehicle credit)  
10 is amended by striking subsection (f).

11 (b) EMISSIONS STANDARDS.—Clause (iv) of section  
12 30B(c)(3)(A) of such Code is amended to read as follows:

13 “(iv) for 2004 and later model vehi-  
14 cles, has received a certificate that such ve-  
15 hicle meets or exceeds the Bin 5 Tier II  
16 emission standard established in regula-  
17 tions prescribed by the Administrator of  
18 the Environmental Protection Agency  
19 under section 202(i) of the Clean Air Act  
20 for that make and model year vehicle,”.

21 (c) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to property placed in service after  
23 the date of the enactment of this Act.

1 **SEC. 122. 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.

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

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

1 **“SEC. 30D. ENERGY EFFICIENT MOTOR VEHICLES MANU-**  
 2 **FACTURING CREDIT.**

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

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

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

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

15 “(b) INITIAL INVESTMENT CREDIT.—For purposes  
 16 of this section, the initial investment credit is equal to 20  
 17 percent of the qualified investment of an eligible taxpayer  
 18 with respect to energy efficient motor vehicles during the  
 19 taxable year beginning in 2008.

20 “(c) FUEL ECONOMY ACHIEVEMENT CREDIT.—For  
 21 purposes of this section—

22 “(1) IN GENERAL.—In the case of an eligible  
 23 taxpayer who meets the requirements of paragraph  
 24 (2) for a model year ending in a taxable year speci-  
 25 fied in the table contained in paragraph (3), the fuel

1 economy achievement credit for such taxable year is  
2 equal to 30 percent of the sum of—

3 “(A) at the election of the eligible tax-  
4 payer, such qualified investment for any pre-  
5 ceding taxable year beginning after 2007 if  
6 such taxable year has not previously been taken  
7 into account under this subsection by such tax-  
8 payer, plus

9 “(B) at the election of the eligible tax-  
10 payer, the qualified investment with respect to  
11 energy efficient motor vehicles of the eligible  
12 taxpayer for the taxable year beginning in  
13 2017.

14 “(2) DEMONSTRATED COMBINED FLEET ECON-  
15 OMY IMPROVEMENTS.—The requirements of this  
16 paragraph are met for any model year ending in a  
17 taxable year if the eligible taxpayer can demonstrate  
18 to the satisfaction of the Secretary that the percent-  
19 age by which the taxpayer’s overall combined fuel  
20 economy standard for the taxpayer’s vehicle fleet for  
21 such model year exceeds such standard for such tax-  
22 payer’s 2007 model year as reported to the National  
23 Highway Traffic Safety Administration under sec-  
24 tion 32907 of title 49, United States Code, is not



1 less than the percentage determined for such model  
 2 year under paragraph (3).

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

<b>“Model year ending in taxable year:</b>	<b>Percentage increase:</b>
2010 .....	5
2011 .....	10
2012 .....	15
2013 .....	20
2014 .....	27.5
2015 .....	35
2016 .....	42.5
2017 .....	50.

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

13 “(e) LIMITATION.—

14 “(1) INITIAL INVESTMENT CREDIT AND FUEL  
 15 ECONOMY ACHIEVEMENT CREDIT.—Subject to para-  
 16 graph (2), the aggregate amount of initial invest-  
 17 ment credits and fuel economy achievement credits  
 18 allowed under subsection (a) for any taxable year be-  
 19 ginning in a calendar year after 2007 shall be allo-

1 cated by the Secretary among all eligible tax-  
 2 payers—

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

6 “(B) such that such aggregate amount  
 7 does not exceed—

8 “(i) \$1,000,000,000, plus

9 “(ii) any amount of credit unallocated  
 10 during any preceding calendar year.

11 “(2) ELIGIBLE COMPONENTS R&D CREDIT.—Of  
 12 the dollar amount available for allocation under  
 13 paragraph (1) for any taxable year, 10 percent of  
 14 such amount shall be allocated in the same manner  
 15 by the Secretary among all eligible taxpayers with  
 16 respect to the eligible components R&D credit.

17 “(f) QUALIFIED INVESTMENT.—For purposes of this  
 18 section—

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

22 “(A) to re-equip or expand any manufac-  
 23 turing facility of the eligible taxpayer to  
 24 produce energy efficient motor vehicles or to  
 25 produce eligible components, and

1           “(B) for engineering integration of such  
2           vehicles and components as described in sub-  
3           section (h).

4           “(2) ATTRIBUTION RULES.—In the event a fa-  
5           cility of the eligible taxpayer produces both energy  
6           efficient motor vehicles and conventional motor vehi-  
7           cles, or eligible and non-eligible components, only the  
8           qualified investment attributable to production of en-  
9           ergy efficient motor vehicles and the research and  
10          development costs attributable to eligible components  
11          shall be taken into account.

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

14               “(1) ENERGY EFFICIENT MOTOR VEHICLE.—  
15          The term ‘energy efficient motor vehicle’ means—

16                   “(A) any new advanced lean burn tech-  
17                   nology motor vehicle (as defined in section  
18                   30B(c)(3) determined without regard to sub-  
19                   paragraph (A)(iv)(II) thereof or the weight lim-  
20                   itation under subparagraph (A)(iv)(I) thereof),

21                   “(B) any new qualified hybrid motor vehi-  
22                   cle (as defined in section 30B(d)(3)(A) deter-  
23                   mined without regard to subparagraph  
24                   (A)(ii)(II) thereof, the weight limitation under

1 subparagraph (A)(ii)(I) thereof, and subpara-  
 2 graph (A)(iv) thereof), or

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

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

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

11 “(i) electric motor or generator,

12 “(ii) power split device,

13 “(iii) power control unit,

14 “(iv) power controls,

15 “(v) integrated starter generator, or

16 “(vi) battery,

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

19 “(i) diesel engine,

20 “(ii) turbocharger,

21 “(iii) fuel injection system, or

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

1                   “(C) with respect to any energy efficient  
2                   motor vehicle, any other component approved  
3                   by the Secretary.

4           “(h) ENGINEERING INTEGRATION COSTS.—For pur-  
5 poses of subsection (f)(1)(B), costs for engineering inte-  
6 gration are costs incurred prior to the market introduction  
7 of energy efficient vehicles for engineering tasks related  
8 to—

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

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

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

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

23                   “(1) the sum of—

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

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

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

6           “(k) REDUCTION IN BASIS.—For purposes of this  
7           subtitle, if a credit is allowed under this section for any  
8           expenditure with respect to any property, the increase in  
9           the basis of such property which would (but for this para-  
10          graph) result from such expenditure shall be reduced by  
11          the amount of the credit so allowed.

12          “(l) NO DOUBLE BENEFIT.—

13                 “(1) COORDINATION WITH OTHER DEDUCTIONS  
14                 AND CREDITS.—The amount of any deduction or  
15                 other credit allowable under this chapter for any  
16                 cost taken into account in determining the amount  
17                 of the credit under subsection (a) shall be reduced  
18                 by the amount of such credit attributable to such  
19                 cost.

20                 “(2) RESEARCH AND DEVELOPMENT COSTS.—

21                         “(A) IN GENERAL.—Except as provided in  
22                         subparagraph (B), any amount described in  
23                         subsection (d) taken into account in deter-  
24                         mining the amount of the credit under sub-  
25                         section (a) for any taxable year shall not be

1           taken into account for purposes of determining  
 2           the credit under section 41 for such taxable  
 3           year.

4                   “(B) COSTS TAKEN INTO ACCOUNT IN DE-  
 5           TERMINING BASE PERIOD RESEARCH EX-  
 6           PENSES.—Any amounts described in subsection  
 7           (d) taken into account in determining the  
 8           amount of the credit under subsection (a) for  
 9           any taxable year which are qualified research  
 10          expenses (within the meaning of section 41(b))  
 11          shall be taken into account in determining base  
 12          period research expenses for purposes of apply-  
 13          ing section 41 to subsequent taxable years.

14          “(m) BUSINESS CARRYOVERS ALLOWED.—If the  
 15          credit allowable under subsection (a) for a taxable year  
 16          exceeds the limitation under subsection (j) for such tax-  
 17          able year, such excess (to the extent of the credit allowable  
 18          with respect to property subject to the allowance for depre-  
 19          ciation) shall be allowed as a credit carryback and  
 20          carryforward under rules similar to the rules of section  
 21          39.

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

24                   “(1) DEFINITIONS.—Any term which is used in  
 25          this section and in chapter 329 of title 49, United

1 States Code, shall have the meaning given such term  
 2 by such chapter.

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

7 “(o) ELECTION NOT TO TAKE CREDIT.—No credit  
 8 shall be allowed under subsection (a) for any property if  
 9 the taxpayer elects not to have this section apply to such  
 10 property.

11 “(p) REGULATIONS.—The Secretary shall prescribe  
 12 such regulations as necessary to carry out the provisions  
 13 of this section.

14 “(q) TERMINATION.—This section shall not apply to  
 15 any qualified investment made after December 31, 2017.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 1016(a) of such Code is amended  
 18 by striking “and” at the end of paragraph (36), by  
 19 striking the period at the end of paragraph (37) and  
 20 inserting “, and”, and by adding at the end the fol-  
 21 lowing new paragraph:

22 “(38) to the extent provided in section  
 23 30D(k).”.

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



(c) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts incurred in taxable years beginning after December 31, 2007.

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

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

(1) Not later than March 31, 2008, the Secretary shall establish a national tire fuel economy program for tires designed for use on passenger cars and light trucks.

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1           “(A) Policies and procedures for testing and la-  
 2           beling tires for fuel economy to inform tire pur-  
 3           chasers of the fuel economy of tires.

4           “(B) Policies and procedures to promote the  
 5           purchase of energy-efficient replacement tires, in-  
 6           cluding policies and procedures related to the fol-  
 7           lowing:

8                   “(i) Development of incentives for the pur-  
 9                   chase of energy-efficient replacement tires.

10                   “(ii) Use of the Internet to promote the  
 11                   use of energy-efficient replacement tires.

12                   “(iii) Publication and distribution of fuel  
 13                   economy guide booklets.

14           “(C) Regulations that require tire retailers to  
 15           provide tire purchasers with fuel economy informa-  
 16           tion on tires, promulgated by the Secretary.

17           “(D) Regulations that establish minimum fuel  
 18           economy standards for tires, promulgated by the  
 19           Secretary.

20           “(3) The minimum fuel economy standards for tires  
 21           shall, established pursuant to paragraph (2)(D)—

22                   “(A) ensure that the average fuel economy of  
 23                   replacement tires is equal to or better than the aver-  
 24                   age fuel economy of tires sold as original equipment;

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

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 regulations, policies, procedures, and stand-  
14          ards developed under paragraphs (2) and (3) shall apply  
15          to all tire types and models that are covered by section  
16          575.104 of title 49, Code of Federal Regulations (com-  
17          monly known as the ‘Uniform Tire Quality Grading  
18          Standards’), or any successor regulation.

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

1       “(6) Nothing in this section shall be construed to pre-  
 2       empt any provision of State law relating to higher fuel  
 3       economy standards applicable to replacement tires de-  
 4       signed for use on passenger cars and light trucks.

5       “(7) Nothing in this section shall apply to the fol-  
 6       lowing:

7               “(A) A tire or group of tires with the same  
 8               product identification number, plant, and year, for  
 9               which the volume of tires produced or imported is  
 10              less than 15,000 annually.

11              “(B) A deep tread, winter-type snow tire,  
 12              space-saver tire, or temporary use spare tire.

13              “(C) A tire with a normal rim diameter of 12  
 14              inches or less.

15              “(D) A motorcycle tire.

16              “(E) A tire manufactured specifically for use in  
 17              an off-road motorized recreational vehicle.

18       “(8) In this subsection, the term ‘fuel economy’, with  
 19       respect to a tire, means the extent to which the tire con-  
 20       tributes to the fuel efficiency of the motor vehicle on which  
 21       the tire is mounted.”.

22       (b)       CONFORMING       AMENDMENT.—Section  
 23       30103(b)(1) of title 49, United States Code, is amended  
 24       by striking “When” and inserting “Except as provided in  
 25       section 30123(d) of this title, when”.

1 **SEC. 125. FUEL ECONOMY FOR HEAVY DUTY TRUCKS.**

2 Part C of subtitle VI of title 49, United States Code,  
3 is amended by inserting after chapter 329 the following:

4 **“CHAPTER 330—HEAVY DUTY MOTOR**  
5 **VEHICLE FUEL ECONOMY STANDARDS**

“CHAPTER 330—HEAVY DUTY MOTOR VEHICLE FUEL ECONOMY  
STANDARDS

“Sec.

“33001. Purpose and policy.

“33002. Definition.

“33003. Testing and assessment.

“33004. Standards.

“33005. Authorization of appropriations.

6 **“§ 33001. Purpose and policy**

7 “The purpose of this chapter is to reduce petroleum  
8 consumption by heavy duty motor vehicles.

9 **“§ 33002. Definition**

10 “In this chapter, the term ‘heavy duty motor vehi-  
11 cle’—

12 “(1) means a vehicle having a gross vehicle  
13 weight rating of at least 10,000 pounds that is driv-  
14 en or drawn by mechanical power and manufactured  
15 primarily for use on public streets, roads, and high-  
16 ways; and

17 “(2) does not include a vehicle operated only on  
18 a rail line.

19 **“§ 33003. Testing and assessment**

20 “(a) IN GENERAL.—The Administrator of the Envi-  
21 ronmental Protection Agency (referred to in this section

1 as the ‘Administrator’) shall develop and coordinate a na-  
2 tional testing and assessment program to—

3 “(1) calculate the fuel economy of heavy duty  
4 motor vehicles; and

5 “(2) assess the fuel economy that heavy duty  
6 motor vehicles could attain through available tech-  
7 nology.

8 “(b) TESTING.—Not later than 18 months after the  
9 date of the enactment of this chapter, the Administrator  
10 shall design and implement a national testing program to  
11 calculate the fuel economy of heavy duty motor vehicles  
12 that is modeled on the fuel economy program established  
13 under chapter 329.

14 “(c) ASSESSMENT.—The Administrator shall consult  
15 with the Secretary of Transportation regarding the assess-  
16 ment of available technologies to enhance the fuel economy  
17 of heavy duty motor vehicles to ensure that vehicle use  
18 and needs are appropriately considered.

19 “(d) REPORTS TO CONGRESS.—

20 “(1) INITIAL REPORT.—Not later than 2 years  
21 after the date of the enactment of this chapter, the  
22 Administrator shall submit a report to Congress re-  
23 garding the results of the assessment of available  
24 technologies to improve the fuel economy of heavy  
25 duty motor vehicles.

1           “(2) BIENNIAL REPORTS.—Not less frequently  
 2           than once every 2 years, the Administrator shall  
 3           submit a report to Congress that addresses the fuel  
 4           economy of heavy duty vehicles.

5   **“§ 33004. Standards**

6           “(a) IN GENERAL.—Not later than 18 months after  
 7           the completion of the testing and assessments under sec-  
 8           tion 33003 and not later than 18 months before the begin-  
 9           ning of a model year, the Secretary of Transportation  
 10          shall prescribe by regulation average fuel economy stand-  
 11          ards for heavy duty motor vehicles manufactured for such  
 12          model year. Each standard shall be the maximum feasible  
 13          average fuel economy level that the Secretary determines  
 14          that manufacturers can achieve for that model year. The  
 15          Secretary may prescribe separate standards for different  
 16          classes of heavy duty motor vehicles.

17          “(b) CONSIDERATIONS AND CONSULTATION.—In de-  
 18          termining maximum feasible average fuel economy, the  
 19          Secretary shall consider—

20                 “(1) relevant available heavy duty motor vehicle  
 21                 fuel consumption information;

22                 “(2) technological feasibility;

23                 “(3) economic practicability;

24                 “(4) the desirability of reducing United States  
 25                 dependence on oil;

1           “(5) the effects of average fuel economy stand-  
2           ards on vehicle safety;

3           “(6) the effects of average fuel economy stand-  
4           ards on levels of employment and competitiveness of  
5           the heavy duty motor vehicle manufacturing indus-  
6           try; and

7           “(7) the extent to which the standard will carry  
8           out the purpose described in section 33001.

9           “(c) COOPERATION.—The Secretary may advise, as-  
10          sist, and cooperate with departments, agencies, and in-  
11          strumentalities of the Federal Government, States, and  
12          other public and private agencies in developing fuel econ-  
13          omy standards for heavy duty motor vehicles.

14          “(d) 5-YEAR PLAN FOR TESTING STANDARDS.—

15               “(1) IN GENERAL.—The Secretary shall estab-  
16               lish, periodically review, and continually update a 5-  
17               year plan for testing fuel economy standards pre-  
18               scribed under this chapter for heavy duty motor ve-  
19               hicles.

20               “(2) PRIORITIES.—In establishing testing prior-  
21               ities, the Secretary shall consider appropriate factors  
22               that are consistent with the purpose described in  
23               section 33001 and the Secretary’s other duties and  
24               powers under this chapter.



1 **“§ 33005. Authorization of appropriations**

2 “There are authorized to be appropriated, for each  
3 of the fiscal years 2008 through 2013, such sums as may  
4 be necessary to carry out this chapter.”.

5 **SEC. 126. IDLING REDUCTION TAX CREDIT.**

6 (a) IN GENERAL.—Subpart D of part IV of sub-  
7 chapter A of chapter 1 of the Internal Revenue Code of  
8 1986 (relating to business-related credits) is amended by  
9 adding at the end the following new section:

10 **“SEC. 450. IDLING REDUCTION CREDIT.**

11 “(a) GENERAL RULE.—For purposes of section 38,  
12 the idling reduction tax credit determined under this sec-  
13 tion for the taxable year is an amount equal to 50 percent  
14 of the amount paid or incurred for the purchase and in-  
15 stallation of each qualifying idling reduction device or  
16 qualifying idle reduction infrastructure placed in service  
17 by the taxpayer during the taxable year.

18 “(b) LIMITATION.—The maximum amount allowed as  
19 a credit under subsection (a) shall not exceed \$3,500 per  
20 device or per infrastructure.

21 “(c) DEFINITIONS.—For purposes of subsection  
22 (a)—

23 “(1) QUALIFYING IDLING REDUCTION DE-  
24 VICE.—The term ‘qualifying idling reduction device’  
25 means any device or system of devices which—

1           “(A) is installed on a heavy-duty diesel-  
2           powered on-highway vehicle,

3           “(B) is designed to provide to such vehicle  
4           those services (such as heat, air conditioning, or  
5           electricity) that would otherwise require the op-  
6           eration of the main drive engine while the vehi-  
7           cle is temporarily parked or remains stationary  
8           using either—

9                   “(i) an all electric unit, such as a bat-  
10           tery powered unit or from grid-supplied  
11           electricity, or

12                   “(ii) a dual fuel unit powered by die-  
13           sel or other fuels, and capable of providing  
14           such services from grid-supplied electricity  
15           or on-truck batteries alone,

16           “(C) the original use of which commences  
17           with the taxpayer,

18           “(D) is acquired for use by the taxpayer  
19           and not for resale, and

20           “(E) is certified by the Secretary of En-  
21           ergy, in consultation with the Administrator of  
22           the Environmental Protection Agency and the  
23           Secretary of Transportation, to reduce long-du-  
24           ration idling of such vehicle at a motor vehicle

1 rest stop or other location where such vehicles  
2 are temporarily parked or remain stationary.

3 “(2) HEAVY-DUTY DIESEL-POWERED ON-HIGH-  
4 WAY VEHICLE.—The term ‘heavy-duty diesel-pow-  
5 ered on-highway vehicle’ means any vehicle, ma-  
6 chine, tractor, trailer, or semi-trailer propelled or  
7 drawn by mechanical power and used upon the high-  
8 ways in the transportation of passengers or prop-  
9 erty, or any combination thereof determined by the  
10 Federal Highway Administration.

11 “(3) LONG-DURATION IDLING.—The term ‘long-  
12 duration idling’ means the operation of a main drive  
13 engine, for a period greater than 15 consecutive  
14 minutes, where the main drive engine is not engaged  
15 in gear. Such term does not apply to routine stop-  
16 pages associated with traffic movement or conges-  
17 tion.

18 “(4) QUALIFYING IDLE REDUCTION INFRA-  
19 STRUCTURE.—The term ‘qualifying idle reduction  
20 infrastructure’ means either—

21 “(A) off-truck equipment to supply electric  
22 power, including electric receptacles, boxes, wir-  
23 ing, conduit, and other connections to one truck  
24 space, or

1           “(B) off-truck equipment that directly pro-  
 2           vides air conditioning, heating, electric power,  
 3           and other connections and services to one truck  
 4           space.

5           “(d) NO DOUBLE BENEFIT.—For purposes of this  
 6 section—

7           “(1) REDUCTION IN BASIS.—If a credit is de-  
 8           termined under this section with respect to any  
 9           property by reason of expenditures described in sub-  
 10          section (a), the basis of such property shall be re-  
 11          duced by the amount of the credit so determined.

12          “(2) OTHER DEDUCTIONS AND CREDITS.—No  
 13          deduction or credit shall be allowed under any other  
 14          provision of this chapter with respect to the amount  
 15          of the credit determined under this section.

16          “(e) ELECTION NOT TO CLAIM CREDIT.—This sec-  
 17          tion shall not apply to a taxpayer for any taxable year  
 18          if such taxpayer elects to have this section not apply for  
 19          such taxable year.”.

20          (b) CREDIT TO BE PART OF GENERAL BUSINESS  
 21          CREDIT.—Subsection (b) of section 38 of the Internal  
 22          Revenue Code of 1986 (relating to general business credit)  
 23          is amended by striking “plus” at the end of paragraph  
 24          (30), by striking the period at the end of paragraph (31)

1 and inserting “, plus” , and by adding at the end the fol-  
 2 lowing new paragraph:

3 “(32) the idling reduction tax credit determined  
 4 under section 45O(a).”.

5 (c) CONFORMING AMENDMENTS.—

6 (1) The table of sections for subpart D of part  
 7 IV of subchapter A of chapter 1 of the Internal Rev-  
 8 enue Code of 1986 is amended by inserting after the  
 9 item relating to section 45N the following new item:

“Sec. 45O. Idling reduction credit.”.

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

15 “(38) in the case of a facility with respect to  
 16 which a credit was allowed under section 45O, to the  
 17 extent provided in section 45O(d)(1).”.

18 (3) Section 6501(m) of such Code is amended  
 19 by inserting “45O(e),” after “45D(c)(4),”.

20 (d) EFFECTIVE DATE.—The amendments made by  
 21 this section shall apply to taxable years beginning after  
 22 December 31, 2006.

23 (e) DETERMINATION OF CERTIFICATION STANDARDS  
 24 BY SECRETARY OF ENERGY FOR CERTIFYING IDLING RE-  
 25 Duction DEVICES.—Not later than 6 months after the

1 date of the enactment of this Act and in order to reduce  
 2 air pollution and fuel consumption, the Secretary of En-  
 3 ergy, in consultation with the Administrator of the Envi-  
 4 ronmental Protection Agency and the Secretary of Trans-  
 5 portation, shall publish the standards under which the  
 6 Secretary, in consultation with the Administrator of the  
 7 Environmental Protection Agency and the Secretary of  
 8 Transportation, will, for purposes of section 45O of the  
 9 Internal Revenue Code of 1986 (as added by this section),  
 10 certify the idling reduction devices and idling reduction in-  
 11 frastructure which will reduce long-duration idling of vehi-  
 12 cles at motor vehicle rest stops or other locations where  
 13 such vehicles are temporarily parked or remain stationary  
 14 in order to reduce air pollution and fuel consumption.

15 **SEC. 127. REPEAL OF PREEMPTION OF STATE LAW RELAT-**  
 16 **ING TO AUTOMOBILE FUEL ECONOMY STAND-**  
 17 **ARDS.**

18 Section 32919 of title 49, United States Code, is re-  
 19 pealed.

20 **SEC. 128. FEDERAL FLEET REQUIREMENTS.**

21 (a) REGULATIONS.—

22 (1) IN GENERAL.—The Secretary of Energy  
 23 shall issue regulations for Federal fleets subject to  
 24 the Energy Policy Act of 1992 (42 U.S.C. 13201 et  
 25 seq.) requiring that not later than fiscal year 2016

each Federal agency achieve at least a 30 percent reduction in petroleum consumption, as calculated from the baseline established by the Secretary for fiscal year 2005.

(2) REQUIREMENT.—Beginning not later than fiscal year 2016, of the Federal vehicles required to be alternative fueled vehicles under title V of the Energy Policy Act of 1992 (42 U.S.C. 13251 et seq.), at least 30 percent shall be hybrid motor vehicles (including plug-in hybrid motor vehicles) or new advanced lean burn technology motor vehicles (as defined in section 30B(c)(3) of the Internal Revenue Code of 1986).

(b) INCLUSION OF ELECTRIC DRIVE IN ENERGY POLICY ACT OF 1992.—Section 508(a) of the Energy Policy Act of 1992 (42 U.S.C. 13258(a)) is amended—

(1) by striking “The Secretary” and inserting the following:

“(1) ALLOCATION.—The Secretary”; and

(2) by adding at the end the following:

“(2) ELECTRIC VEHICLES.—Not later than January 31, 2009, the Secretary shall—

“(A) allocate credit in an amount to be determined by the Secretary for—

“(i) acquisition of—

1 “(I) a light-duty hybrid motor ve-  
 2 hicle;

3 “(II) a plug-in hybrid motor vehi-  
 4 cle;

5 “(III) a fuel cell electric vehicle;

6 “(IV) a medium- or heavy-duty  
 7 hybrid motor vehicle;

8 “(V) a neighborhood electric ve-  
 9 hicle; or

10 “(VI) a medium- or heavy-duty  
 11 dedicated vehicle; and

12 “(ii) investment in qualified alter-  
 13 native fuel infrastructure or nonroad  
 14 equipment, as determined by the Sec-  
 15 retary; and

16 “(B) allocate more than 1, but not more  
 17 than 5, credits for investment in an emerging  
 18 technology relating to any vehicle described in  
 19 subparagraph (A) to encourage—

20 “(i) a reduction in petroleum demand;

21 “(ii) technological advancement; and

22 “(iii) environmental safety.”.

23 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
 24 are authorized to be appropriated to carry out this section,



1 and the amendments made by subsection (b), \$10,000,000  
 2 for the period of fiscal years 2008 through 2013.

3 **TITLE II—ENERGY INDEPEND-**  
 4 **ENCE THROUGH RENEWABLE**  
 5 **FUELS**

6 **Subtitle A—Advanced Clean Fuels**

7 **SEC. 201. DEFINITIONS.**

8 Section 211(o)(1) of the Clean Air Act (42 U.S.C.  
 9 7545(o)(1)) is amended—

10 (1) by redesignating subparagraphs (A) through  
 11 (D) as subparagraphs (C), (P), (L), and (M), re-  
 12 spectively;

13 (2) by inserting before subparagraph (C) (as re-  
 14 designated by paragraph (1)) the following:

15 “(A) ACADEMY.—The term ‘Academy’  
 16 means the National Academy of Sciences.

17 “(B) ADVERSE LIFECYCLE IMPACT.—The  
 18 term ‘adverse lifecycle impact’ means, with re-  
 19 spect to increases in the volume of renewable  
 20 fuel sold or dispensed to consumers in the  
 21 United States for a calendar year, that the in-  
 22 creases, as determined by the Administrator,  
 23 would reasonably be anticipated—

24 “(i) to result in an inconsistency or  
 25 material interference with the implementa-

tion of or compliance with any Federal environmental law (including a regulation);

“(ii) to result in a material increase in—

“(I) air pollution, including global warming pollution;

“(II) water pollution; or

“(III) human exposure to pesticides;

“(iii) to result in a substantial increase in deforestation on a global or national scale;

“(iv) to result in a substantial adverse effect on land conservation and wildlife habitat;

“(v) to result in any other substantial adverse effect on the environment;

“(vi) to result in a substantial adverse effect on food or feed production or prices, as determined in consultation with the Secretary of Agriculture;

“(vii) to result in a substantial adverse effect on long-term agricultural productivity, including effects on soils and

1 water resources, as determined in consulta-  
 2 tion with the Secretary of Agriculture; or  
 3 “(viii) not to increase the supply of  
 4 clean, domestic energy;”;

5 (3) in subparagraph (C) (as redesignated by  
 6 paragraph (1)), by striking clause (viii) and insert-  
 7 ing the following:

8 “(viii) separated food waste, yard  
 9 waste, and lawn debris recovered from mu-  
 10 nicipal solid waste.”;

11 (4) by inserting after subparagraph (C) (as re-  
 12 designated by paragraph (1)) the following:

13 “(D) CONVENTIONAL TRANSPORTATION  
 14 FUEL.—The term ‘conventional transportation  
 15 fuel’ means any fossil-fuel-based transportation  
 16 fuel used in the United States as of the date of  
 17 enactment of the Energy Independence, Clean  
 18 Air, and Climate Security Act of 2007.

19 “(E) ECOSYSTEM CONVERSION.—The term  
 20 ‘ecosystem conversion’ means an alteration of  
 21 an ecologically significant native habitat (in-  
 22 cluding modification of hydrology and dominant  
 23 vegetative and other species) to an extent at  
 24 which the native habitat no longer supports

1 most dominant native species or ecological proc-  
2 esses.

3 “(F) FIREWISE ZONE.—The term ‘firewise  
4 zone’ means the immediate vicinity of a build-  
5 ing or other area regularly occupied by individ-  
6 uals, or any public infrastructure, that is at  
7 risk of wildfire.

8 “(G) FUEL EMISSION BASELINE.—The  
9 term ‘fuel emission baseline’ means the average  
10 lifecycle greenhouse gas emissions per unit of  
11 energy of the fossil fuel component of conven-  
12 tional transportation fuels in commerce in the  
13 United States in calendar year 2008, as deter-  
14 mined by the Administrator under paragraph  
15 (11).

16 “(H) FUEL PROVIDER.—

17 “(i) IN GENERAL.—The term ‘fuel  
18 provider’ means an obligated party (as de-  
19 scribed in section 80.1106 of title 40, Code  
20 of Federal Regulations (or a successor reg-  
21 ulation)).

22 “(ii) INCLUSIONS.—The term ‘fuel  
23 provider’ includes, as the Administrator  
24 determines to be appropriate, an individual  
25 or entity that produces, blends, or imports

1 gasoline or any other transportation fuel in  
2 commerce in, or into, the United States.

3 “(I) GREENHOUSE GAS.—The term ‘green-  
4 house gas’ means any of—

5 “(i) carbon dioxide;

6 “(ii) methane;

7 “(iii) nitrous oxide;

8 “(iv) hydrofluorocarbons;

9 “(v) perfluorocarbons; and

10 “(vi) sulfur hexafluoride.

11 “(J) LIFECYCLE GREENHOUSE GAS EMIS-  
12 SIONS.—The term ‘lifecycle greenhouse gas  
13 emissions’ means, with respect to a transpor-  
14 tation fuel, the aggregate quantity of green-  
15 house gases emitted, directly or indirectly, dur-  
16 ing production, feedstock production or extrac-  
17 tion, distribution, marketing, and use of the  
18 transportation fuel, or waste disposal relating  
19 to the transportation fuel, as determined by the  
20 Administrator under paragraph (11)(B).

21 “(K) NATIVE HABITAT.—

22 “(i) IN GENERAL.—The term ‘native  
23 habitat’ means dynamic groupings of na-  
24 tive plant and animal communities that—

1 “(I) occur together on a land-  
2 scape or in water; and

3 “(II) are connected through—

4 “(aa) similar ecological proc-  
5 esses;

6 “(bb) underlying environ-  
7 mental features, such as geology;  
8 or

9 “(cc) environmental gra-  
10 dients, such as elevation.

11 “(ii) EXCLUSION.—The term ‘native  
12 habitat’ does not include land that is or  
13 has been under agricultural production.”;

14 (5) in clause (i) of subparagraph (L) (as redes-  
15 igned by paragraph (1)), by striking “The term”  
16 and inserting “Except as otherwise provided in this  
17 subsection, the term”;

18 (6) by inserting after subparagraph (M) (as re-  
19 designated by paragraph (1)) the following:

20 “(N) TECHNICALLY INFEASIBLE.—The  
21 term ‘technically infeasible’, with respect to  
22 compliance with a standard or requirement  
23 under this subsection, means that adequate  
24 technology or infrastructure is not reasonably  
25 anticipated to exist within a sufficient time to

1 permit compliance with the standard or require-  
 2 ment.

3 “(O) TRANSPORTATION FUEL.—The term  
 4 ‘transportation fuel’ means fuel used to power  
 5 motor vehicles, nonroad engines, or aircraft.”.

6 **SEC. 202. ADVANCED CLEAN FUEL PROGRAM.**

7 (a) ADVANCED CLEAN FUEL PERFORMANCE STAND-  
 8 ARD.—Section 211(o) of the Clean Air Act (42 U.S.C.  
 9 7545(o)) is amended by adding at the end the following:

10 “(11) ADVANCED CLEAN FUEL PERFORMANCE  
 11 STANDARD.—

12 “(A) DEFINITIONS.—In this paragraph:

13 “(i) NATIONAL INTEREST LAND.—

14 The term ‘national interest land’ includes  
 15 land that is within the National Wildlife  
 16 Refuge System, the National Park System,  
 17 a National Monument, the National Wil-  
 18 derness Preservation System, the National  
 19 Landscape Conservation System, or the  
 20 National Forest System, that is Bureau of  
 21 Land Management land protected by stat-  
 22 ute, proclamation, or regulation from com-  
 23 mercial timber activities, or that is endan-  
 24 gered or threatened species habitat, an old-

1 growth forest, or an inventoried roadless  
2 area.

3 “(ii) PHASE II RENEWABLE FUEL.—  
4 The term ‘phase II renewable fuel’ means  
5 renewable fuel the lifecycle greenhouse gas  
6 emissions of which are 50 percent to 74  
7 percent lower than the fuel emission base-  
8 line.

9 “(iii) PHASE III RENEWABLE FUEL.—  
10 The term ‘phase III renewable fuel’ means  
11 renewable fuel the lifecycle greenhouse gas  
12 emissions of which are at least 75 percent  
13 lower than the fuel emission baseline.

14 “(iv) RENEWABLE BIOMASS.—

15 “(I) IN GENERAL.—The term ‘re-  
16 newable biomass’ means any organic  
17 matter that is available on a renew-  
18 able or recurring basis.

19 “(II) INCLUSIONS.—The term  
20 ‘renewable biomass’ includes—

21 “(aa) renewable plant mate-  
22 rial, including—

23 “(AA) feed grains;

24 “(BB) other agricul-  
25 tural commodities;



1 “(CC) other plants and  
 2 trees grown for energy pro-  
 3 duction; and

4 “(DD) algae; and

5 “(bb) waste material, includ-  
 6 ing—

7 “(AA) crop residue;

8 “(BB) other vegetative  
 9 waste material (including  
 10 wood waste and wood resi-  
 11 dues);

12 “(CC) animal waste  
 13 and byproducts (including  
 14 fats, oils, greases, and ma-  
 15 nure); and

16 “(DD) separated food  
 17 waste, yard waste, and lawn  
 18 debris recovered from mu-  
 19 nicipal solid waste.

20 “(III) EXCLUSIONS.—The term  
 21 ‘renewable biomass’ does not include  
 22 biomass derived from—

23 “(aa) land on which eco-  
 24 system conversion has occurred  
 25 after the date of enactment of

1 the Energy Independence, Clean  
2 Air, and Climate Security Act of  
3 2007, as determined by the Ad-  
4 ministrator;

5 “(bb) land enrolled in the  
6 conservation reserve program es-  
7 tablished under subchapter B of  
8 chapter 1 of subtitle D of title  
9 XII of the Food Security Act of  
10 1985 (16 U.S.C. 3831 et seq.) or  
11 the wetlands reserve program es-  
12 tablished under subchapter C of  
13 chapter 1 of subtitle D of title  
14 XII of the Food Security Act of  
15 1985 (16 U.S.C. 3837 et seq.),  
16 unless the biomass is produced in  
17 a manner consistent with all ap-  
18 plicable guidelines, and terms  
19 and conditions of any applicable  
20 contract, under the program;

21 “(cc) any national interest  
22 land (other than land in a  
23 firewise zone), except for harvest  
24 residue, mill waste, or pre-com-  
25 mercial thinnings derived from

1 national interest land assigned to  
2 timber production;

3 “(dd) recyclable  
4 postconsumer waste paper;

5 “(ee) painted, treated, or  
6 pressurized wood;

7 “(ff) wood contaminated  
8 with plastic or metals; or

9 “(gg) any material pro-  
10 duced, harvested, acquired, trans-  
11 ported, or processed pursuant to  
12 an exemption from otherwise ap-  
13 plicable Federal environmental  
14 laws (including regulations).

15 “(v) RENEWABLE FUEL.—

16 “(I) IN GENERAL.—The term ‘re-  
17 newable fuel’ means transportation  
18 fuel that is not an ether and that—

19 “(aa)(AA) is produced from  
20 renewable biomass; or

21 “(BB) is natural gas pro-  
22 duced from a biogas source, in-  
23 cluding a landfill, sewage waste  
24 treatment plant, feedlot, or other

1 place where decaying organic ma-  
2 terial is found;

3 “(bb) is used to replace or  
4 reduce the quantity of fossil fuel  
5 present in a fuel mixture used for  
6 transportation; and

7 “(cc) has lifecycle green-  
8 house gas emissions that are at  
9 least 20 percent lower than the  
10 fuel emission baseline.

11 “(II) INCLUSION.—The term ‘re-  
12 newable fuel’ includes fuel meeting the  
13 criteria in subclause (I) that is—

14 “(aa) cellulosic biomass eth-  
15 anol and waste derived ethanol;

16 “(bb) biodiesel (as defined in  
17 section 312(f) of the Energy Pol-  
18 icy Act of 1992 (42 U.S.C.  
19 13220(f))) and any blending  
20 components derived from renew-  
21 able fuel (provided that only the  
22 renewable fuel portion of any  
23 such blending component shall be  
24 considered part of the applicable  
25 volume under the renewable fuel

1 program established by this sub-  
2 section); or

3 “(cc) fuel produced from py-  
4 rolysis or thermal conversion of  
5 renewable biomass.

6 “(B) STANDARD.—

7 “(i) IN GENERAL.—Not later than  
8 January 1, 2010, the Administrator shall,  
9 by regulation—

10 “(I) establish a methodology for  
11 use in determining the lifecycle green-  
12 house gas emissions of transportation  
13 fuel in commerce, including—

14 “(aa) conventional transpor-  
15 tation fuel; and

16 “(bb) renewable fuel;

17 “(II) determine the fuel emission  
18 baseline;

19 “(III) establish a transportation  
20 fuel certification and marketing proc-  
21 ess—

22 “(aa) to certify fuels that  
23 qualify as renewable fuel under  
24 this paragraph;

1                   “(bb) to determine the  
2                   lifecycle greenhouse gas emis-  
3                   sions of conventional transpor-  
4                   tation fuels and renewable fuels  
5                   being sold or introduced into  
6                   commerce in the United States;  
7                   and

8                   “(cc) to label and market  
9                   conventional transportation fuel  
10                  and renewable fuel in a manner  
11                  that indicates—

12                  “(AA) the status of the  
13                  fuel as conventional trans-  
14                  portation fuel or renewable  
15                  fuel; and

16                  “(BB) the lifecycle  
17                  greenhouse gas emissions of  
18                  the fuel; and

19                  “(IV) in accordance with clause  
20                  (ii), establish a requirement applicable  
21                  to each fuel provider to reduce the av-  
22                  erage lifecycle greenhouse gas emis-  
23                  sions per unit of energy of the aggre-  
24                  gate quantity of transportation fuel  
25                  produced, blended, or imported by the

1 fuel provider to a level that is, to the  
2 maximum extent practicable—

3 “(aa) by not later than cal-  
4 endar year 2011, at least equal  
5 to or less than the fuel emission  
6 baseline;

7 “(bb) by not later than cal-  
8 endar year 2015, 5 percent less  
9 than the fuel emission baseline;  
10 and

11 “(cc) by not later than cal-  
12 endar year 2020, 10 percent less  
13 than the fuel emission baseline.

14 “(ii) MAXIMUM REDUCTIONS.—

15 “(I) IN GENERAL.—In deter-  
16 mining the maximum practicable level  
17 of reduction under clause (i)(IV), the  
18 Administrator shall—

19 “(aa) take into consideration  
20 the results of the applicable  
21 study carried out under para-  
22 graph (12); and

23 “(bb) determine whether a  
24 level of reduction—

1 “(AA) is technically in-  
2 feasible; or

3 “(BB) would result in 1  
4 or more adverse lifecycle im-  
5 pacts that cannot be ade-  
6 quately mitigated through  
7 regulatory or nonregulatory  
8 measures under subclause  
9 (II).

10 “(II) MITIGATION.—

11 “(aa) IN GENERAL.—For  
12 the purpose of making a deter-  
13 mination under subclause  
14 (I)(bb)(BB), the Administrator,  
15 in consultation with the heads of  
16 other appropriate Federal agen-  
17 cies, shall use the existing au-  
18 thorities of the Administrator to  
19 mitigate, to the maximum extent  
20 practicable, using regulatory or  
21 nonregulatory approaches as the  
22 Administrator determines to be  
23 appropriate, adverse lifecycle im-  
24 pacts in accordance with a sched-  
25 ule that ensures that mitigation



1 measures are in place by a date  
2 sufficient to avoid adverse  
3 lifecycle impacts.

4 “(bb) AIR QUALITY IM-  
5 PACTS.—For the purpose of this  
6 subclause, in the case of any air  
7 quality-related adverse lifecycle  
8 impact resulting from emissions  
9 from motor vehicles using renew-  
10 able fuel, the Administrator shall  
11 ensure, by regulation promul-  
12 gated under this title, that gaso-  
13 line containing renewable fuel  
14 does not result in—

15 “(AA) average per-gal-  
16 lon motor vehicle emissions  
17 (measured on a mass basis)  
18 of air pollutants in excess of  
19 those emissions attributable  
20 to gasoline sold or intro-  
21 duced into commerce in the  
22 United States in calendar  
23 year 2007; or

24 “(BB) a violation of  
25 any motor vehicle emission

1 or fuel content limitation  
2 under any other provision of  
3 this Act.

4 “(iii) CALENDAR YEAR 2025 AND  
5 THEREAFTER.—For calendar year 2025,  
6 and each fifth calendar year thereafter, the  
7 Administrator, in consultation with the  
8 Secretary of Agriculture and the Secretary  
9 of Energy, shall revise the applicable per-  
10 formance standard to require that each  
11 fuel provider shall additionally reduce, to  
12 the maximum extent practicable, the aver-  
13 age lifecycle greenhouse gas emissions per  
14 unit of energy of the aggregate quantity of  
15 transportation fuel introduced by the fuel  
16 provider into commerce in the United  
17 States.

18 “(iv) REVISION OF REGULATIONS.—In  
19 accordance with the purposes of the En-  
20 ergy Independence, Clean Air, and Climate  
21 Security Act of 2007 , the Administrator  
22 may, as appropriate, revise the regulations  
23 promulgated under clause (i) as necessary  
24 to reflect or respond to changes in the

1 transportation fuel market or other rel-  
2 evant circumstances.

3 “(v) METHOD OF CALCULATION.—In  
4 calculating the lifecycle greenhouse gas  
5 emissions of hydrogen or electricity (when  
6 used as a transportation fuel) pursuant to  
7 clause (i)(I), the Administrator shall—

8 “(I) include emissions resulting  
9 from the production of the hydrogen  
10 or electricity; and

11 “(II) consider to be equivalent to  
12 the energy delivered by 1 gallon of  
13 ethanol the energy delivered by—

14 “(aa) 6.4 kilowatt-hours of  
15 electricity;

16 “(bb) 132 standard cubic  
17 feet of hydrogen; or

18 “(cc) 1.25 gallons of liquid  
19 hydrogen.

20 “(C) ELECTION TO PARTICIPATE.—An  
21 electricity provider may elect to participate in  
22 the program under this section if the electricity  
23 provider—

1 “(i) provides and separately tracks  
 2 electricity for transportation through a  
 3 meter that—

4 “(I) measures the electricity used  
 5 for transportation separately from  
 6 electricity used for other purposes;  
 7 and

8 “(II) allows for load management  
 9 and time-of-use rates; and

10 “(ii) generates more than 15 percent  
 11 of the electricity sold by the electricity pro-  
 12 vider from renewable energy sources.

13 “(D) CREDITS.—

14 “(i) IN GENERAL.—The regulations  
 15 promulgated to carry out this paragraph  
 16 shall permit fuel providers to receive cred-  
 17 its for achieving, during a calendar year,  
 18 greater reductions in lifecycle greenhouse  
 19 gas emissions of the fuel produced, blend-  
 20 ed, or imported by the fuel provider than  
 21 are required under subparagraph  
 22 (B)(i)(IV).

23 “(ii) METHOD OF CALCULATION.—  
 24 The number of credits received by a fuel  
 25 provider as described clause (i) for a cal-

1           endar year shall be calculated by multi-  
2           plying—

3                   “(I) the aggregate quantity of  
4                   fuel produced, distributed, or im-  
5                   ported by the fuel provider in the cal-  
6                   endar year; and

7                   “(II) the difference between—

8                           “(aa) the lifecycle green-  
9                           house gas emissions of that  
10                          quantity of fuel; and

11                           “(bb) the maximum lifecycle  
12                          greenhouse gas emissions of that  
13                          quantity of fuel permitted for the  
14                          calendar year under subpara-  
15                          graph (B)(i)(VI).

16                   “(E) COMPLIANCE.—Each fuel provider  
17                   subject to this paragraph shall demonstrate  
18                   compliance with this paragraph, including, as  
19                   necessary, through the use of credits banked or  
20                   purchased.

21                   “(F) NO EFFECT ON STATE AUTHORITY  
22                   OR MORE STRINGENT REQUIREMENTS.—Noth-  
23                   ing in this subsection—

24                           “(i) affects the authority of a State to  
25                          establish, or to maintain in effect, any

1 transportation fuel performance standard  
 2 or other similar standard that is more  
 3 stringent than a standard established  
 4 under this paragraph; or

5 “(ii) supercedes or otherwise affects  
 6 any more stringent requirement under any  
 7 other provision of this Act.”.

8 (b) ADVANCED CLEAN FUEL VOLUME STANDARD.—  
 9 Section 211(o)(2) of the Clean Air Act (42 U.S.C.  
 10 7545(o)(2)) is amended—

11 (1) in subparagraph (B)—

12 (A) by striking the subparagraph designa-  
 13 tion and heading and all that follows through  
 14 “For the purpose” and inserting the following:

15 “(B) APPLICABLE VOLUME.—For the pur-  
 16 pose”; and

17 (B) by striking clauses (ii) through (iv);  
 18 and

19 (2) by adding at the end the following:

20 “(C) ADVANCED CLEAN FUEL VOLUME  
 21 STANDARD.—

22 “(i) DEFINITION OF RENEWABLE  
 23 FUEL.—In this subparagraph, the term  
 24 ‘renewable fuel’ has the meaning given the  
 25 term in paragraph (11).

1 “(ii) INCREASE IN RENEWABLE FUEL  
2 VOLUME.—

3 “(I) IN GENERAL.—Unless,  
4 based on the results of the study car-  
5 ried out under paragraph (12), the  
6 Administrator determines that the  
7 total applicable volume of renewable  
8 fuel specified in clause (iii) for a cal-  
9 endar year would be technically infea-  
10 sible, or would result in 1 or more ad-  
11 verse lifecycle impacts that cannot be  
12 adequately mitigated under subclause  
13 (V), the Administrator shall promul-  
14 gate regulations that require the ag-  
15 gregate quantity of transportation fuel  
16 sold or introduced into commerce in  
17 the United States to contain such vol-  
18 ume of renewable fuel as the Adminis-  
19 trator determines will result in the  
20 total minimum volume for the cal-  
21 endar year specified in clause (iii).

22 “(II) INCREASE.—If the Admin-  
23 istrator makes a determination under  
24 subclause (I), the Administrator may  
25 promulgate regulations that require

1 such increase in the aggregate quan-  
2 tity of transportation fuel sold or in-  
3 troduced into commerce in the United  
4 States as the Administrator deter-  
5 mines to be appropriate, with respect  
6 to the determination under subclause  
7 (I).

8 “(III) SCHEDULE OF REGULA-  
9 TIONS.—In implementing subclauses  
10 (I) and (II), the Administrator shall—

11 “(aa) not later than Janu-  
12 ary 1, 2010, promulgate regula-  
13 tions establishing any total appli-  
14 cable volume requirements for  
15 calendar years 2011 through  
16 2013; and

17 “(bb) not later than Janu-  
18 ary 1, 2013, and every 3 years  
19 thereafter, promulgate regula-  
20 tions establishing any total appli-  
21 cable volume requirements for  
22 the 3-calendar-year period begin-  
23 ning with the calendar year after  
24 the calendar year in which the  
25 regulations are promulgated.



1           “(IV) EFFECTIVE DATE.—The  
2 regulations promulgated under sub-  
3 clauses (I) and (II) shall take effect  
4 not sooner than 1 year after the date  
5 of promulgation of the regulations.

6           “(V) MITIGATION.—

7                 “(aa) IN GENERAL.—For  
8 purposes of this clause, the Ad-  
9 ministrator, in consultation with  
10 the heads of other appropriate  
11 Federal agencies, shall use the  
12 existing authorities of the Admin-  
13 istrator to mitigate, to the max-  
14 imum extent practicable, using  
15 regulatory or nonregulatory ap-  
16 proaches as the Administrator  
17 determines to be appropriate, ad-  
18 verse lifecycle impacts in accord-  
19 ance with a schedule that ensures  
20 that mitigation measures are in  
21 place by a date sufficient to avoid  
22 adverse lifecycle impacts.

23                 “(bb) AIR QUALITY IM-  
24 PACTS.—For the purpose of this  
25 subclause, in the case of any air

1 quality-related adverse lifecycle  
2 impact resulting from emissions  
3 from motor vehicles using renew-  
4 able fuel, the Administrator shall  
5 ensure, by regulation, that gaso-  
6 line containing renewable fuel  
7 does not result in—

8 “(AA) average per gal-  
9 lon motor vehicle emissions  
10 (measured on a mass basis)  
11 of air pollutants in excess of  
12 the quantity of those emis-  
13 sions attributable to gasoline  
14 sold or introduced into com-  
15 merce in the United States  
16 during calendar year 2007;  
17 or

18 “(BB) a violation of  
19 any motor vehicle emission  
20 or fuel content limitation  
21 under any other provision of  
22 this Act.

23 “(iii) TOTAL ADVANCED CLEAN FUEL  
24 VOLUME.—

1 “(I) CALENDAR YEARS 2011  
2 THROUGH 2025.—For the purpose of  
3 clause (ii), the total applicable vol-  
4 umes for any of calendar years 2011  
5 through 2025 (including the minimum  
6 additional volumes required under  
7 subparagraph (B)) shall be deter-  
8 mined in accordance with the fol-  
9 lowing table:

Calendar year	Total appli- cable vol- ume of re- newable fuel (in billions of gallons)	Total vol- ume of phase II re- newable fuel (in billions of gallons)	Total vol- ume of phase III renewable fuel (in bil- lions of gal- lons)
2011 .....	12.0	0	0
2012 .....	14.0	0.5	0.25
2013 .....	16.0	0.5	0.25
2014 .....	18.0	1.5	0.75
2015 .....	20.0	1.5	0.75
2016 .....	22.0	3.0	1.5
2017 .....	24.0	3.0	1.5
2018 .....	26.0	5.0	2.5
2019 .....	28.0	5.0	2.5
2020 .....	30.0	8.0	4.0
2021 .....	31.0	8.0	4.0
2022 .....	32.0	11.0	6.0
2023 .....	33.0	11.0	6.0
2024 .....	34.0	11.0	6.0
2025 .....	35.0	13.0	8.0.

10 “(II) CALENDAR YEAR 2026 AND  
11 THEREAFTER.—Subject to clause (iv),  
12 for the purposes of clause (ii), the  
13 total applicable volume for calendar

1 year 2026 and each calendar year  
2 thereafter shall be determined by the  
3 Administrator, in consultation with  
4 the Secretary of Agriculture and the  
5 Secretary of Energy, based on a re-  
6 view of the implementation of this  
7 subparagraph and subparagraph (B)  
8 during calendar years 2011 through  
9 2025, including a review of—

10 “(aa) the impact of renew-  
11 able fuel, phase II renewable fuel,  
12 and phase III renewable fuel on  
13 the environment of the United  
14 States and the world; and

15 “(bb) the impact of the use  
16 of renewable fuel, phase II re-  
17 newable fuel, and phase III re-  
18 newable fuel on other factors, in-  
19 cluding job creation, rural eco-  
20 nomic development, domestic en-  
21 ergy production, and the energy  
22 security of the United States.

23 “(III) REVISION OF REGULA-  
24 TIONS.—In accordance with the pur-  
25 poses of the Energy Independence,

1 Clean Air, and Climate Security Act  
 2 of 2007 , the Administrator may, as  
 3 appropriate, revise the regulations  
 4 promulgated pursuant to clause (i) as  
 5 the Administrator determines to be  
 6 necessary to reflect or respond to—

7 “(aa) changes in the trans-  
 8 portation fuel market; or

9 “(bb) other relevant cir-  
 10 cumstances.

11 “(iv) CALCULATION OF TOTAL AD-  
 12 VANCED CLEAN FUEL VOLUME.—For the  
 13 purpose of clause (iii)(II), the total appli-  
 14 cable volume for calendar year 2026 and  
 15 each calendar year thereafter shall be  
 16 equal to the product obtained by multi-  
 17 plying—

18 “(I) the number of gallons of  
 19 gasoline that the Administrator esti-  
 20 mates will be sold or introduced into  
 21 commerce in the calendar year; and

22 “(II) the ratio that, as applica-  
 23 ble—

24 “(aa) 35,000,000,000 gal-  
 25 lons of renewable fuel (including

1 up to 13,000,000,000 gallons of  
 2 phase II renewable fuel and up to  
 3 8,000,000,000 gallons of phase  
 4 III renewable fuel); bears to

5 “(bb) the number of gallons  
 6 of conventional transportation  
 7 fuel sold or introduced into com-  
 8 merce in calendar year 2025.

9 “(v) NO EFFECT ON MORE STRIN-  
 10 GENT REQUIREMENTS.—Nothing in this  
 11 subparagraph supercedes or otherwise af-  
 12 fects any more stringent requirement  
 13 under any other provision of this Act.”.

14 (c) STUDY.—Section 211(o) of the Clean Air Act (42  
 15 U.S.C. 7545(o)) (as amended by subsection (a)) is amend-  
 16 ed by adding at the end the following:

17 “(12) STUDY ON EFFECTS OF INCREASE IN RE-  
 18 NEWABLE FUEL VOLUME.—

19 “(A) IN GENERAL.—The Administrator  
 20 shall offer to enter into an agreement with the  
 21 Academy under which the Academy shall peri-  
 22 odically carry out, and submit to Congress and  
 23 the Administrator a report on the results of, a  
 24 study to determine whether the total applicable  
 25 volume of renewable fuel specified in paragraph

1 (2)(C)(iii) or the advanced clean fuel perform-  
2 ance standards specified in paragraph (11)(B)  
3 for any calendar year would reasonably be an-  
4 ticipated—

5 “(i) to result in 1 or more adverse  
6 lifecycle impacts; or

7 “(ii) to be technically infeasible.

8 “(B) SCHEDULE OF STUDIES.—In imple-  
9 menting subparagraph (A), the Administrator  
10 shall—

11 “(i) not later than 90 days after the  
12 date of enactment of this paragraph, offer  
13 to enter into an agreement with the Acad-  
14 emy under which the Academy shall con-  
15 duct the study described in subparagraph  
16 (A) with respect to calendar years 2011  
17 through 2013; and

18 “(ii) not later than 3 years after the  
19 deadline specified in clause (i), and every 3  
20 years thereafter, offer to enter into an  
21 agreement with the Academy under which  
22 the Academy shall conduct the study de-  
23 scribed in subparagraph (A) with respect  
24 to the 3-calendar-year period following the

1           most recent 3-calendar-year period studied  
 2           by the Academy under this paragraph.

3           “(C) INITIAL STUDY OF ANALYTICAL  
 4           METHODS.—The first study conducted under  
 5           this paragraph shall include an identification  
 6           and development of analytical methods for  
 7           use—

8                   “(i) in determining the lifecycle green-  
 9                   house gas emissions of conventional trans-  
 10                  portation fuel and renewable fuel; and

11                   “(ii) in assessing the impacts of in-  
 12                   creasing volumes of renewable fuel in the  
 13                  transportation fuel supply on—

14                   “(I) the environment of the  
 15                   United States and the world, taking  
 16                   into consideration potential additional  
 17                   warming of the oceans and surface of  
 18                   Earth as a result of changes in land  
 19                   use and cover; and

20                   “(II) food and feedstock supply  
 21                   and prices.”.

22           (d) OPT-IN AREAS UNDER REFORMULATED GASO-  
 23           LINE PROGRAM.—Section 211(k)(6)(B) of the Clean Air  
 24           Act (42 U.S.C. 7545(k)(6)(B)) is amended—



1 (1) in the subparagraph heading, by striking  
 2 “OZONE TRANSPORT REGION” and inserting “ADDI-  
 3 TIONAL OPT-IN AREAS”; and

4 (2) in clause (i)(I)—

5 (A) by striking “in the ozone transport re-  
 6 gion established by section 184(a)”; and

7 (B) by striking “(other than an area clas-  
 8 sified as a marginal, moderate, serious, or se-  
 9 vere ozone nonattainment area under subpart 2  
 10 of part D of title I)”.

11 **SEC. 203. VOLUNTARY RENEWABLE FUELS LABELING PRO-**  
 12 **GRAM.**

13 Section 211(o) of the Clean Air Act (42 U.S.C.  
 14 7545(o)) (as amended by section 202(c)) is amended by  
 15 adding at the end the following:

16 “(13) VOLUNTARY RENEWABLE FUELS LABEL-  
 17 ING PROGRAM.—

18 “(A) DEFINITIONS.—In this paragraph:

19 “(i) PROGRAM.—The term ‘Program’  
 20 means the Voluntary Renewable Fuels La-  
 21 beling Program established under subpara-  
 22 graph (B).

23 “(ii) RENEWABLE FUEL.—The term  
 24 ‘renewable fuel’ has the meaning given the  
 25 term in paragraph (11).

1                   “(iii) VOLUNTARY MANAGEMENT  
 2 PRACTICE.—The term ‘voluntary manage-  
 3 ment practice’ means a practice that pro-  
 4 tects the ecological values (including water,  
 5 soil, and biological diversity) of a landscape  
 6 used to produce renewable biomass.

7                   “(B) ESTABLISHMENT.—The Adminis-  
 8 trator shall establish a program, to be modeled  
 9 on the Energy Star Program, to promote con-  
 10 sumer awareness of renewable fuels that meet  
 11 the requirements of subparagraph (C).

12                   “(C) REQUIREMENTS.—The Program shall  
 13 provide authorization to applicable entities for  
 14 the use of a unique label for any renewable fuel  
 15 that—

16                   “(i) has a lifecycle greenhouse gas  
 17 emission rate that is at least 50 percent  
 18 lower than the fuel emission baseline; and

19                   “(ii) complies with applicable vol-  
 20 untary management practices established  
 21 under subparagraph (D)(i).

22                   “(D) VOLUNTARY MANAGEMENT PRAC-  
 23 TICES, TERMS, AND PROCEDURES.—In carrying  
 24 out the Program, the Administrator shall estab-  
 25 lish—

1 “(i) voluntary management practices  
2 for use in determining the eligibility of a  
3 renewable fuel for a unique renewable fuel  
4 label under the Program;

5 “(ii) terms governing the use of a  
6 unique renewable fuel label; and

7 “(iii) procedures for—

8 “(I) designating a renewable fuel  
9 to be eligible for a unique renewable  
10 fuel label;

11 “(II) verifying the values re-  
12 ported by producers of renewable fuel;  
13 and

14 “(III) monitoring compliance  
15 with the voluntary management prac-  
16 tices established under clause (i).

17 “(E) LABEL INFORMATION.—The label to  
18 be applied to each qualifying renewable fuel  
19 under the Program shall indicate the lifecycle  
20 greenhouse gas emission rate of the renewable  
21 fuel.

22 “(F) ADVISORY COMMITTEE.—

23 “(i) ESTABLISHMENT.—The Adminis-  
24 trator shall establish an independent advi-

sory committee to assist the Administrator  
in carrying out the Program.

“(ii) DUTIES.—Not less frequently  
than once every 2 years, the advisory com-  
mittee shall provide recommendations to  
the Administrator for updates and im-  
provements to the Program, including rec-  
ommendations relating to the voluntary  
management practices established under  
subparagraph (D)(i).”.

**SEC. 204. WATER QUALITY PROTECTION.**

Section 211(c)(1) of the Clean Air Act (42 U.S.C.  
7545(c)(1)) is amended—

(1) by striking “nonroad vehicle (A) if in the  
judgment of the Administrator” and inserting the  
following: “nonroad vehicle—

“(A) if, in the judgment of the Adminis-  
trator, any fuel or fuel additive or”;

(2) by striking “, or (B) if” and inserting the  
following: “; or

“(B) if”; and

(3) in subparagraph (A), by striking “air pollu-  
tion which” and inserting “air pollution or water  
pollution (including any degradation in the quality of  
groundwater) that”.

## **Subtitle B—Assistance and Research**

### **SEC. 211. SMALL ETHANOL PRODUCER CREDIT EXPANSION FOR PRODUCERS OF SUCROSE AND ETH- ANOL.**

(a) IN GENERAL.—Subparagraph (C) of section 40(b)(4) of the Internal Revenue Code of 1986 (relating to small ethanol producer credit) is amended by inserting “(30,000,000 gallons for any sucrose or cellulosic ethanol producer)” after “15,000,000 gallons”.

(b) SUCROSE OR CELLULOSIC ETHANOL PRODUCER.—Section 40(b)(4) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(E) SUCROSE OR CELLULOSIC ETHANOL  
PRODUCER.—

“(i) IN GENERAL.—For purposes of this paragraph, the term ‘sucrose or cellulosic ethanol producer’ means a producer of ethanol using sucrose feedstock or a producer of cellulosic biomass ethanol (as defined in section 168(l)(3)).

“(ii) SUCROSE FEEDSTOCK.—For purposes of clause (i), the term ‘sucrose feedstock’ means any raw sugar, refined sugar,

1 or sugar equivalents (including juice and  
 2 extract). Such term does not include any  
 3 molasses, beet thick juice, or other similar  
 4 products as determined by the Secretary.”.

5 (c) CONFORMING AMENDMENTS.—

6 (1) Section 40(g)(2) of the Internal Revenue  
 7 Code of 1986 is amended by striking “15,000,000  
 8 gallon limitation” and inserting “15,000,000 and  
 9 30,000,000 gallon limitations”.

10 (2) Section 40(g)(5)(B) of such Code is amend-  
 11 ed by striking “15,000,000 gallons” and inserting  
 12 “the gallon limitation under subsection (b)(4)(C)”.

13 (d) EFFECTIVE DATE.—The amendments made by  
 14 this section shall apply to taxable years beginning after  
 15 the date of the enactment of this Act.

16 **SEC. 212. RESEARCH AND DEVELOPMENT IN SUPPORT OF**  
 17 **LOW-CARBON FUELS.**

18 (a) DECLARATION OF POLICY.—Congress declares  
 19 that, in order to achieve maximum reductions in green-  
 20 house gas emissions, enhance national security, and en-  
 21 sure the protection of wildlife habitat, biodiversity, water  
 22 quality, air quality, and rural and regional economies  
 23 throughout the lifecycle of each low-carbon fuel, it is nec-  
 24 essary and desirable to undertake a combination of basic  
 25 and applied research, as well as technology development

1 and demonstration, involving the colleges and universities  
2 of the United States, in partnership with the Federal Gov-  
3 ernment, State governments, and the private sector.

4 (b) PURPOSE.—The purpose of this section is to pro-  
5 vide for research support to facilitate the development of  
6 sustainable markets and technologies to produce and use  
7 woody biomass and other low-carbon fuels for the produc-  
8 tion of thermal and electric energy, biofuels, and bioprod-  
9 ucts.

10 (c) GRANT PROGRAM.—The Administrator shall es-  
11 tablish a program to provide to eligible entities (as identi-  
12 fied by the Administrator) grants for use in—

13 (1) providing financial support for not more  
14 than 4 nor less than 6 demonstration facilities  
15 that—

16 (A) use woody biomass to deploy advanced  
17 technologies for production of thermal and elec-  
18 tric energy, biofuels, and bioproducts; and

19 (B) are targeted at regional feedstocks and  
20 markets;

21 (2) conducting targeted research for the devel-  
22 opment of cellulosic ethanol and other liquid fuels  
23 from woody or other biomass that may be used in  
24 transportation or stationary applications, such as in-

dustrial processes or industrial, commercial, and residential heating;

(3) conducting research into the best scientifically-based and periodically-updated methods of assessing and certifying the impacts of each low-carbon fuel with respect to—

(A) the reduction in lifecycle greenhouse gas emissions of each fuel as compared to—

(i) the fuel emission baseline; and

(ii) the greenhouse gas emissions of other sectors, such as the agricultural, industrial, and manufacturing sectors;

(B) the contribution of the fuel toward enhancing the energy security of the United States by displacing imported petroleum and petroleum products;

(C) any impacts of the fuel on wildlife habitat, biodiversity, water quality, and air quality; and

(D) any effect of the fuel with respect to rural and regional economies;

(4) conducting research to determine to what extent the use of low-carbon fuels in the transportation sector would impact greenhouse gas emissions



1 in other sectors, such as the agricultural, industrial,  
2 and manufacturing sectors;

3 (5) conducting research for the development of  
4 the supply infrastructure that may provide renew-  
5 able biomass feedstocks in a consistent, predictable,  
6 and environmentally-sustainable manner;

7 (6) conducting research for the development of  
8 supply infrastructure that may provide renewable  
9 low-carbon fuels in a consistent, predictable, and en-  
10 vironmentally-sustainable manner; and

11 (7) conducting policy research on the global  
12 movement of low-carbon fuels in a consistent, pre-  
13 dictable, and environmentally-sustainable manner.

14 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
15 are authorized to be appropriated to carry out this sec-  
16 tion—

17 (1) \$45,000,000 for fiscal year 2009;

18 (2) \$50,000,000 for fiscal year 2010;

19 (3) \$55,000,000 for fiscal year 2011;

20 (4) \$60,000,000 for fiscal year 2012; and

21 (5) \$65,000,000 for fiscal year 2013.

## 22 **TITLE III—CLEAN POWER ACT**

### 23 **SEC. 301. SHORT TITLE.**

24 This title may be cited as the “Clean Power Act of  
25 2007”.

1 **SEC. 302. ELECTRIC ENERGY GENERATION EMISSION RE-**  
 2 **DUCTIONS.**

3 (a) IN GENERAL.—The Clean Air Act (42 U.S.C.  
 4 7401 et seq.) is amended by adding at the end the fol-  
 5 lowing:

6 **“TITLE VII—ELECTRIC ENERGY**  
 7 **GENERATION EMISSION RE-**  
 8 **DUCTIONS**

“Sec. 701. Findings.

“Sec. 702. Purposes.

“Sec. 703. Definitions.

“Sec. 704. Emission limitations.

“Sec. 705. Emission allowances.

“Sec. 706. Permitting and trading of emission allowances.

“Sec. 707. Emission allowance allocation.

“Sec. 708. Mercury emission limitations.

“Sec. 709. Other hazardous air pollutants.

“Sec. 710. Effect of failure to promulgate regulations.

“Sec. 711. Prohibitions.

“Sec. 712. Modernization of electricity generating facilities.

“Sec. 713. Relationship to other law.

9 **“SEC. 701. FINDINGS.**

10 “Congress finds that—

11 “(1) public health and the environment con-  
 12 tinue to suffer as a result of pollution emitted by  
 13 powerplants across the United States, despite the  
 14 success of Public Law 101–549 (commonly known  
 15 as the ‘Clean Air Act Amendments of 1990’) (42  
 16 U.S.C. 7401 et seq.) in reducing emissions;

17 “(2) according to the most reliable scientific  
 18 knowledge, acid rain precursors must be significantly  
 19 reduced for the ecosystems of the Northeast and

1 Southeast to recover from the ecological harm  
2 caused by acid deposition;

3 “(3) because lakes and sediments across the  
4 United States are being contaminated by mercury  
5 emitted by powerplants, there is an increasing risk  
6 of mercury poisoning of aquatic habitats and fish-  
7 consuming human populations;

8 “(4)(A) electricity generation accounts for ap-  
9 proximately 40 percent of the total emissions in the  
10 United States of carbon dioxide, a major greenhouse  
11 gas causing global warming; and

12 “(B) the quantity of carbon dioxide in the at-  
13 mosphere is growing without constraint and well be-  
14 yond the international commitments of the United  
15 States;

16 “(5) the cumulative impact of powerplant emis-  
17 sions on public and environmental health must be  
18 addressed swiftly by reducing those harmful emis-  
19 sions to levels that are less threatening; and

20 “(6)(A) the atmosphere is a public resource;  
21 and

22 “(B) emission allowances, representing permis-  
23 sion to use that resource for disposal of air pollution  
24 from electricity generation, should be allocated to  
25 promote public purposes, including—

1           “(i) protecting electricity consumers from  
2           adverse economic impacts;

3           “(ii) providing transition assistance to ad-  
4           versely affected employees, communities, and  
5           industries; and

6           “(iii) promoting clean energy resources and  
7           energy efficiency.

8   **“SEC. 702. PURPOSES.**

9           “The purposes of this title are—

10          “(1) to alleviate the environmental and public  
11          health damage caused by emissions of sulfur dioxide,  
12          nitrogen oxides, carbon dioxide, and mercury result-  
13          ing from the combustion of fossil fuels in the genera-  
14          tion of electric and thermal energy;

15          “(2) to reduce by 2012 the annual national  
16          emissions from electricity generating facilities to not  
17          more than—

18               “(A) 2,250,000 tons of sulfur dioxide;

19               “(B) 1,510,000 tons of nitrogen oxides;

20               and

21               “(C) 2,050,000,000 tons of carbon dioxide;

22          “(3) to reduce by 2011 the annual national  
23          emissions of mercury from electricity generating fa-  
24          cilities to not more than 5 tons;

1 “(4) to effectuate the reductions described in  
2 paragraphs (2) and (3) by—

3 “(A) requiring electricity generating facili-  
4 ties to comply with specified emission limita-  
5 tions by specified deadlines; and

6 “(B) allowing electricity generating facili-  
7 ties to meet the emission limitations (other than  
8 the emission limitation for mercury) through an  
9 alternative method of compliance consisting of  
10 an emission allowance and transfer system; and

11 “(5) to encourage energy conservation, use of  
12 renewable and clean alternative technologies, and  
13 pollution prevention as long-range strategies, con-  
14 sistent with this title, for reducing air pollution and  
15 other adverse impacts of energy generation and use.

16 **“SEC. 703. DEFINITIONS.**

17 “In this title:

18 “(1) COVERED POLLUTANT.—The term ‘cov-  
19 ered pollutant’ means—

20 “(A) sulfur dioxide;

21 “(B) any nitrogen oxide;

22 “(C) carbon dioxide; and

23 “(D) mercury.

24 “(2) ELECTRICITY GENERATING FACILITY.—

25 The term ‘electricity generating facility’ means an

1 electric or thermal electricity generating unit, a com-  
2 bination of such units, or a combination of 1 or  
3 more such units and 1 or more combustion devices,  
4 that—

5 “(A) has a nameplate capacity of 15  
6 megawatts or more (or the equivalent in ther-  
7 mal energy generation, determined in accord-  
8 ance with a methodology developed by the Ad-  
9 ministrator);

10 “(B) generates electric energy, for sale,  
11 through combustion of fossil fuel; and

12 “(C) emits a covered pollutant into the at-  
13 mosphere.

14 “(3) ELECTRICITY INTENSIVE PRODUCT.—The  
15 term ‘electricity intensive product’ means a product  
16 with respect to which the cost of electricity con-  
17 sumed in the production of the product represents  
18 more than 5 percent of the value of the product.

19 “(4) EMISSION ALLOWANCE.—The term ‘emis-  
20 sion allowance’ means a limited authorization to  
21 emit in accordance with this title—

22 “(A) 1 ton of sulfur dioxide;

23 “(B) 1 ton of nitrogen oxides; or

24 “(C) 1 ton of carbon dioxide.

1           “(5) ENERGY EFFICIENCY PROJECT.—The term  
2           ‘energy efficiency project’ means any specific action  
3           (other than ownership or operation of an energy effi-  
4           cient building) commenced after the date of enact-  
5           ment of this title—

6                   “(A) at a facility (other than an electricity  
7                   generating facility), that verifiably reduces the  
8                   annual electricity or natural gas consumption  
9                   per unit output of the facility, as compared  
10                  with the annual electricity or natural gas con-  
11                  sumption per unit output that would be ex-  
12                  pected in the absence of an allocation of emis-  
13                  sion allowances (as determined by the Adminis-  
14                  trator); or

15                   “(B) by an entity that is primarily engaged  
16                   in the transmission and distribution of elec-  
17                   tricity, that significantly improves the efficiency  
18                   of that type of entity, as compared with stand-  
19                   ards for efficiency developed by the Adminis-  
20                   trator, in consultation with the Secretary of En-  
21                   ergy, after the date of enactment of this title.

22           “(6) ENERGY EFFICIENT BUILDING.—The term  
23           ‘energy efficient building’ means a residential build-  
24           ing or commercial building completed after the date  
25           of enactment of this title for which the projected

lifetime consumption of electricity or natural gas for heating, cooling, and ventilation is at least 30 percent less than the lifetime consumption of a typical new residential building or commercial building, as determined by the Administrator (in consultation with the Secretary of Energy)—

“(A) on a State or regional basis; and

“(B) taking into consideration—

“(i) applicable building codes; and

“(ii) consumption levels achieved in practice by new residential buildings or commercial buildings in the absence of an allocation of emission allowances.

“(7) ENERGY EFFICIENT PRODUCT.—The term ‘energy efficient product’ means a product manufactured after the date of enactment of this title that has an expected lifetime electricity or natural gas consumption that—

“(A) is less than the average lifetime electricity or natural gas consumption for that type of product; and

“(B) does not exceed the lesser of—

“(i) the maximum energy consumption that qualifies for the applicable Energy Star label for that type of product; or



1 “(ii) the average energy consumption  
 2 of the most efficient 25 percent of that  
 3 type of product manufactured in the same  
 4 year.

5 “(8) LIFETIME.—The term ‘lifetime’ means—

6 “(A) in the case of a residential building  
 7 that is an energy efficient building, 30 years;

8 “(B) in the case of a commercial building  
 9 that is an energy efficient building, 15 years;  
 10 and

11 “(C) in the case of an energy efficient  
 12 product, a period determined by the Adminis-  
 13 trator to be the average life of that type of en-  
 14 ergy efficient product.

15 “(9) MERCURY.—The term ‘mercury’ includes  
 16 any mercury compound.

17 “(10) NEW CLEAN FOSSIL FUEL-FIRED ELEC-  
 18 TRICITY GENERATING UNIT.—The term ‘new clean  
 19 fossil fuel-fired electricity generating unit’ means a  
 20 unit that—

21 “(A) has been in operation for 10 years or  
 22 less; and

23 “(B) is—

24 “(i) a natural gas fired generator  
 25 that—

1 “(I) has an energy conversion ef-  
 2 ficiency of at least 55 percent; and

3 “(II) uses best available control  
 4 technology (as defined in section 169);

5 “(ii) a generator that—

6 “(I) uses integrated gasification  
 7 combined cycle technology;

8 “(II) uses best available control  
 9 technology (as defined in section 169);  
 10 and

11 “(III) has an energy conversion  
 12 efficiency of at least 45 percent; or

13 “(iii) a fuel cell operating on fuel de-  
 14 rived from a nonrenewable source of en-  
 15 ergy.

16 “(11) NONWESTERN REGION.—The term ‘non-  
 17 western region’ means the area of the States that is  
 18 not included in the western region.

19 “(12) RENEWABLE ELECTRICITY GENERATING  
 20 UNIT.—The term ‘renewable electricity generating  
 21 unit’ means a unit that—

22 “(A) has been in operation for 10 years or  
 23 less; and

24 “(B) generates electric energy by means  
 25 of—

1 “(i) wind;

2 “(ii) biomass;

3 “(iii) landfill gas;

4 “(iv) a geothermal, solar thermal, or  
5 photovoltaic source; or

6 “(v) a fuel cell operating on fuel de-  
7 rived from a renewable source of energy.

8 “(13) SMALL BUSINESS CONCERN.—The term  
9 ‘small business concern’ has the meaning given the  
10 term in section 3 of the Small Business Act (15  
11 U.S.C. 632).

12 “(14) SMALL ELECTRICITY GENERATING FACIL-  
13 ITY.—The term ‘small electricity generating facility’  
14 means an electric or thermal electricity generating  
15 unit, or combination of units, that—

16 “(A) has a nameplate capacity of less than  
17 15 megawatts (or the equivalent in thermal en-  
18 ergy generation, determined in accordance with  
19 a methodology developed by the Administrator);

20 “(B) generates electric energy, for sale,  
21 through combustion of fossil fuel; and

22 “(C) emits a covered pollutant into the at-  
23 mosphere.

24 “(15) WESTERN REGION.—The term ‘western  
25 region’ means the area comprising the States of Ari-

1       zona, California, Colorado, Idaho, Montana, Nevada,  
 2       New Mexico, Oregon, Utah, Washington, and Wyo-  
 3       ming.

4   **“SEC. 704. EMISSION LIMITATIONS.**

5       “(a) IN GENERAL.—Subject to subsections (b) and  
 6       (c), the Administrator shall promulgate regulations to en-  
 7       sure that, during 2012 and each year thereafter (in the  
 8       case of each covered pollutant other than carbon dioxide),  
 9       and during 2022 and each year thereafter (in the case  
 10      of carbon dioxide), the total annual emissions of covered  
 11      pollutants from all electricity generating facilities located  
 12      in all States does not exceed—

13               “(1) in the case of sulfur dioxide—

14                       “(A) 275,000 tons in the western region;

15                       or

16                       “(B) 1,975,000 tons in the nonwestern re-  
 17                       gion;

18               “(2) in the case of nitrogen oxides, 1,510,000  
 19      tons;

20               “(3) in the case of carbon dioxide,  
 21      2,050,000,000 tons; or

22               “(4) in the case of mercury, 5 tons.

23       “(b) EXCESS EMISSIONS BASED ON UNUSED AL-  
 24      LOWANCES.—The regulations promulgated under sub-  
 25      section (a) shall authorize emissions of covered pollutants

1 in excess of the national emission limitations established  
 2 under that subsection for a year to the extent that the  
 3 number of tons of the excess emissions is less than or  
 4 equal to the number of emission allowances that are—

5           “(1) used in the year; but

6           “(2) allocated for any previous year under sec-  
 7       tion 707.

8       “(c) REDUCTIONS.—For 2012 (or 2022, in the case  
 9 of carbon dioxide) and each year thereafter, the quantity  
 10 of emissions specified for each covered pollutant in sub-  
 11 section (a) shall be reduced by the sum of—

12           “(1) the number of tons of the covered pollut-  
 13       ant that were emitted by small electricity generating  
 14       facilities in the second preceding year; and

15           “(2) any number of tons of reductions in emis-  
 16       sions of the covered pollutant required under section  
 17       705(h).

18 **“SEC. 705. EMISSION ALLOWANCES.**

19       “(a) CREATION AND ALLOCATION.—

20           “(1) IN GENERAL.—For 2012 (or 2022, in the  
 21 case of carbon dioxide) and each year thereafter,  
 22 subject to paragraph (2), there are created, and the  
 23 Administrator shall allocate in accordance with sec-  
 24 tion 707, emission allowances as follows:

25           “(A) In the case of sulfur dioxide—

1 “(i) 275,000 emission allowances for  
2 each year for use in the western region;  
3 and

4 “(ii) 1,975,000 emission allowances  
5 for each year for use in the nonwestern re-  
6 gion.

7 “(B) In the case of nitrogen oxides,  
8 1,510,000 emission allowances for each year.

9 “(C) In the case of carbon dioxide,  
10 2,050,000,000 emission allowances for each  
11 year.

12 “(2) REDUCTIONS.—For 2012 (or 2022, in the  
13 case of carbon dioxide) and each year thereafter, the  
14 number of emission allowances specified for each  
15 covered pollutant in paragraph (1) shall be reduced  
16 by a number equal to the sum of—

17 “(A) the number of tons of the covered  
18 pollutant that were emitted by small electricity  
19 generating facilities in the second preceding  
20 year; and

21 “(B) any number of tons of reductions in  
22 emissions of the covered pollutant required  
23 under subsection (h).

24 “(b) NATURE OF EMISSION ALLOWANCES.—

1           “(1) NOT A PROPERTY RIGHT.—An emission al-  
2           lowance allocated by the Administrator under sub-  
3           section (a) is not a property right.

4           “(2) NO LIMIT ON AUTHORITY TO TERMINATE  
5           OR LIMIT.—Nothing in this title or any other provi-  
6           sion of law limits the authority of the United States  
7           to terminate or limit an emission allowance.

8           “(3) TRACKING AND TRANSFER OF EMISSION  
9           ALLOWANCES.—

10           “(A) IN GENERAL.—Not later than 1 year  
11           after the date of enactment of this title, the Ad-  
12           ministrator shall promulgate regulations to es-  
13           tablish an emission allowance tracking and  
14           transfer system for emission allowances of sul-  
15           fur dioxide, nitrogen oxides, and carbon dioxide.

16           “(B) REQUIREMENTS.—The emission al-  
17           lowance tracking and transfer system estab-  
18           lished under subparagraph (A) shall—

19           “(i) incorporate the requirements of  
20           subsections (b) and (d) of section 412 (ex-  
21           cept that written certification by the trans-  
22           feree shall not be necessary to effect a  
23           transfer); and

24           “(ii) permit any entity—

1 “(I) to buy, sell, or hold an emis-  
 2 sion allowance; and

3 “(II) to permanently retire an  
 4 unused emission allowance.

5 “(C) PROCEEDS OF TRANSFERS.—Pro-  
 6 ceeds from the transfer of emission allowances  
 7 by any person to which the emission allowances  
 8 have been allocated—

9 “(i) shall not constitute funds of the  
 10 United States; and

11 “(ii) shall not be available to meet any  
 12 obligations of the United States.

13 “(c) IDENTIFICATION AND USE.—

14 “(1) IN GENERAL.—Each emission allowance  
 15 allocated by the Administrator shall bear a unique  
 16 serial number, including—

17 “(A) an identifier of the covered pollutant  
 18 to which the emission allowance pertains; and

19 “(B) the first year for which the allowance  
 20 may be used.

21 “(2) SULFUR DIOXIDE EMISSION ALLOW-  
 22 ANCES.—In the case of sulfur dioxide emission al-  
 23 lowances, the Administrator shall ensure that the  
 24 emission allowances allocated to electricity gener-  
 25 ating facilities in the western region are distinguish-



1       able from emission allowances allocated to electricity  
2       generating facilities in the nonwestern region.

3               “(3) YEAR OF USE.—Each emission allowance  
4       may be used in the year for which the emission al-  
5       lowance is allocated or in any subsequent year.

6       “(d) ANNUAL SUBMISSION OF EMISSION ALLOW-  
7       ANCES.—

8               “(1) IN GENERAL.—On or before April 1, 2013  
9       (or April 1, 2023, in the case of carbon dioxide), and  
10      April 1 of each year thereafter, the owner or oper-  
11      ator of each electricity generating facility shall sub-  
12      mit to the Administrator 1 emission allowance for  
13      the applicable covered pollutant (other than mer-  
14      cury) for each ton of sulfur dioxide, nitrogen oxides,  
15      or carbon dioxide emitted by the electricity gener-  
16      ating facility during the previous calendar year.

17              “(2) SPECIAL RULE FOR OZONE  
18      EXCEEDANCES.—

19              “(A) IDENTIFICATION OF FACILITIES CON-  
20      TRIBUTING TO NONATTAINMENT.—Not later  
21      than December 31, 2013, and the end of each  
22      3-year period thereafter, each State, consistent  
23      with the obligations of the State under section  
24      110(a)(2)(D), shall identify the electricity gen-  
25      erating facilities in the State and in other

1 States that are significantly contributing (as  
2 determined based on guidance issued by the Ad-  
3 ministrator) to nonattainment of the national  
4 ambient air quality standard for ozone in the  
5 State.

6 “(B) SUBMISSION OF ADDITIONAL ALLOW-  
7 ANCES.—In 2012 and each year thereafter, on  
8 petition from a State or a person demonstrating  
9 that the control measures in effect at an elec-  
10 tricity generating facility that is identified  
11 under subparagraph (A) as significantly con-  
12 tributing to nonattainment of the national am-  
13 bient air quality standard for ozone in a State  
14 during the previous year are inadequate to pre-  
15 vent the significant contribution described in  
16 subparagraph (A), the Administrator, if the Ad-  
17 ministrator determines that the electricity gen-  
18 erating facility is inadequately controlled for ni-  
19 trogen oxides, may require that the electricity  
20 generating facility submit 3 nitrogen oxide  
21 emission allowances for each ton of nitrogen ox-  
22 ides emitted by the electricity generating facility  
23 during any period of an exceedance of the na-  
24 tional ambient air quality standard for ozone in  
25 the State during the previous year.

1           “(3) REGIONAL LIMITATIONS FOR SULFUR DI-  
2       OXIDE.—The Administrator shall not allow—

3           “(A) the use of sulfur dioxide emission al-  
4       lowances allocated for the western region to  
5       meet the obligations under this subsection of  
6       electricity generating facilities in the non-  
7       western region; or

8           “(B) the use of sulfur dioxide emission al-  
9       lowances allocated for the nonwestern region to  
10      meet the obligations under this subsection of  
11      electricity generating facilities in the western  
12      region.

13       “(e) EMISSION VERIFICATION, MONITORING, AND  
14   RECORDKEEPING.—

15       “(1) IN GENERAL.—The Administrator shall  
16      ensure that Federal regulations, in combination with  
17      any applicable State regulations, are adequate to  
18      verify, monitor, and document emissions of covered  
19      pollutants from electricity generating facilities.

20       “(2) INVENTORY OF EMISSIONS FROM SMALL  
21      ELECTRICITY GENERATING FACILITIES.—On or be-  
22      fore July 1, 2008, the Administrator, in cooperation  
23      with State agencies, shall complete, and on an an-  
24      nual basis update, a comprehensive inventory of  
25      emissions of sulfur dioxide, nitrogen oxides, carbon

1 dioxide, and particulate matter from small electricity  
2 generating facilities.

3 “(3) MONITORING INFORMATION.—

4 “(A) IN GENERAL.—Not later than 180  
5 days after the date of enactment of this title,  
6 the Administrator shall promulgate regulations  
7 to require each electricity generating facility to  
8 submit to the Administrator—

9 “(i) not later than April 1 of each  
10 year, verifiable information on covered pol-  
11 lutants emitted by the electricity gener-  
12 ating facility in the previous year, ex-  
13 pressed in—

14 “(I) tons of covered pollutants;

15 and

16 “(II) tons of covered pollutants  
17 per megawatt hour of energy (or the  
18 equivalent thermal energy) generated;

19 and

20 “(ii) as part of the first submission  
21 under clause (i), verifiable information on  
22 covered pollutants emitted by the elec-  
23 tricity generating facility in 2002, 2003,  
24 and 2004, if the electricity generating fa-

1           cility was required to report that informa-  
2           tion in those years.

3           “(B) SOURCE OF INFORMATION.—Infor-  
4           mation submitted under subparagraph (A) shall  
5           be obtained using a continuous emission moni-  
6           toring system (as defined in section 402).

7           “(C) AVAILABILITY TO THE PUBLIC.—The  
8           information described in subparagraph (A) shall  
9           be made available to the public—

10           “(i) in the case of the first year in  
11           which the information is required to be  
12           submitted under that subparagraph, not  
13           later than 18 months after the date of en-  
14           actment of this title; and

15           “(ii) in the case of each year there-  
16           after, not later than April 1 of the year.

17           “(4) AMBIENT AIR QUALITY MONITORING FOR  
18           SULFUR DIOXIDE AND HAZARDOUS AIR POLLUT-  
19           ANTS.—

20           “(A) IN GENERAL.—Beginning January 1,  
21           2008, each coal-fired electricity generating facil-  
22           ity with an aggregate generating capacity of 50  
23           megawatts or more shall, in accordance with  
24           guidelines issued by the Administrator, com-  
25           mence ambient air quality monitoring within a

1 30-mile radius of the coal-fired electricity gen-  
2 erating facility for the purpose of measuring  
3 maximum concentrations of sulfur dioxide and  
4 hazardous air pollutants emitted by the coal-  
5 fired electricity generating facility.

6 “(B) LOCATION OF MONITORING  
7 POINTS.—Monitoring under subparagraph (A)  
8 shall include monitoring at not fewer than 2  
9 points—

10 “(i) that are at ground level and with-  
11 in 3 miles of the coal-fired electricity gen-  
12 erating facility;

13 “(ii) at which the concentration of  
14 pollutants being monitored is expected to  
15 be the greatest; and

16 “(iii) at which the monitoring shall be  
17 the most frequent.

18 “(C) FREQUENCY OF MONITORING OF SUL-  
19 FUR DIOXIDE.—Monitoring of sulfur dioxide  
20 under subparagraph (A) shall be carried out on  
21 a continuous basis and averaged over 5-minute  
22 periods.

23 “(D) AVAILABILITY TO THE PUBLIC.—The  
24 results of the monitoring under subparagraph  
25 (A) shall be made available to the public.

1 “(f) EXCESS EMISSION PENALTY.—

2 “(1) IN GENERAL.—Subject to paragraph (2),  
3 section 411 shall be applicable to an owner or oper-  
4 ator of an electricity generating facility.

5 “(2) CALCULATION OF PENALTY.—

6 “(A) IN GENERAL.—Except as provided in  
7 subparagraph (B), the penalty for failure to  
8 submit emission allowances for covered pollut-  
9 ants as required under subsection (d) shall be  
10 equal to 3 times the product obtained by multi-  
11 plying—

12 “(i) as applicable—

13 “(I) the number of tons emitted  
14 in excess of the emission limitation re-  
15 quirement applicable to the electricity  
16 generating facility; or

17 “(II) the number of emission al-  
18 lowances that the owner or operator  
19 failed to submit; and

20 “(ii) the average annual market price  
21 of emission allowances (as determined by  
22 the Administrator).

23 “(B) MERCURY.—In the case of mercury,  
24 the penalty shall be equal to 3 times the prod-  
25 uct obtained by multiplying—

1 “(i) the number of grams emitted in  
 2 excess of the emission limitation require-  
 3 ment for mercury applicable to the elec-  
 4 tricity generating facility; and

5 “(ii) the average cost of mercury con-  
 6 trols at electricity generating units that  
 7 have a nameplate capacity of 15  
 8 megawatts or more in all States (as deter-  
 9 mined by the Administrator).

10 “(g) SIGNIFICANT ADVERSE LOCAL IMPACTS.—

11 “(1) IN GENERAL.—If the Administrator deter-  
 12 mines that emissions of an electricity generating fa-  
 13 cility may reasonably be anticipated to cause or con-  
 14 tribute to a significant adverse impact on an area  
 15 (including endangerment of public health, contribu-  
 16 tion to acid deposition in a sensitive receptor area,  
 17 and other degradation of the environment), the Ad-  
 18 ministrator shall limit the emissions of the electricity  
 19 generating facility as necessary to avoid that impact.

20 “(2) VIOLATION.—Notwithstanding the avail-  
 21 ability of emission allowances, it shall be a violation  
 22 of this Act for any electricity generating facility to  
 23 exceed any limitation on emissions established under  
 24 paragraph (1).

25 “(h) ADDITIONAL REDUCTIONS.—



1           “(1) PROTECTION OF PUBLIC HEALTH OR WEL-  
2       FARE OR THE ENVIRONMENT.—If the Administrator  
3       determines that the emission levels necessary to  
4       achieve the national emission limitations established  
5       under section 704 are not reasonably anticipated to  
6       protect public health or welfare or the environment  
7       (including protection of children, pregnant women,  
8       minority or low-income communities, and other sen-  
9       sitive populations), the Administrator may require  
10      reductions in emissions from electricity generating  
11      facilities in addition to the reductions required under  
12      the other provisions of this title.

13           “(2) EMISSION ALLOWANCE TRADING.—

14           “(A) STUDIES.—

15           “(i) IN GENERAL.—In 2015 and at  
16       the end of each 3-year period thereafter,  
17       the Administrator shall complete a study  
18       of the impacts of the emission allowance  
19       trading authorized under this title.

20           “(ii) REQUIRED ASSESSMENT.—The  
21       study shall include an assessment of ambi-  
22       ent air quality in areas surrounding elec-  
23       tricity generating facilities that participate  
24       in emission allowance trading, including a  
25       comparison between—

1                   “(I) the ambient air quality in  
2                   those areas; and

3                   “(II) the national average ambi-  
4                   ent air quality.

5                   “(B) LIMITATION ON EMISSIONS.—If the  
6                   Administrator determines, based on the results  
7                   of a study under subparagraph (A), that ad-  
8                   verse local impacts result from emission allow-  
9                   ance trading, the Administrator may require re-  
10                  ductions in emissions from electricity gener-  
11                  ating facilities in addition to the reductions re-  
12                  quired under the other provisions of this title.

13                  “(i) USE OF CERTAIN OTHER EMISSION ALLOW-  
14                  ANCES.—

15                  “(1) IN GENERAL.—Subject to paragraph (2),  
16                  emission allowances or other emission trading in-  
17                  struments created under title I or IV for sulfur diox-  
18                  ide or nitrogen oxides shall not be valid for submis-  
19                  sion under subsection (d).

20                  “(2) EMISSION ALLOWANCES PLACED IN RE-  
21                  SERVE.—

22                  “(A) IN GENERAL.—Except as provided in  
23                  subparagraph (B), an emission allowance de-  
24                  scribed in paragraph (1) that was placed in re-  
25                  serve under section 404(a)(2) or 405 or

1 through regulations implementing controls on  
2 nitrogen oxides, because an affected unit emit-  
3 ted fewer tons of sulfur dioxide or nitrogen ox-  
4 ides than were permitted under an emission  
5 limitation imposed under title I or IV before the  
6 date of enactment of this title, shall be consid-  
7 ered to be equivalent to  $\frac{1}{4}$  of an emission al-  
8 lowance created by subsection (a) for sulfur di-  
9 oxide or nitrogen oxides, respectively.

10 “(B) EMISSION ALLOWANCES RESULTING  
11 FROM ACHIEVEMENT OF NEW SOURCE PER-  
12 FORMANCE STANDARDS.—If an emission allow-  
13 ance described in subparagraph (A) was created  
14 and placed in reserve during the period of 2001  
15 through 2009 by the owner or operator of an  
16 electricity generating facility through the appli-  
17 cation of pollution control technology that re-  
18 sulted in the achievement and maintenance by  
19 the electricity generating facility of the applica-  
20 ble standards of performance required of new  
21 sources under section 111, the emission allow-  
22 ance shall be valid for submission under sub-  
23 section (d).

1 **“SEC. 706. PERMITTING AND TRADING OF EMISSION AL-**  
2 **LOWANCES.**

3 “(a) IN GENERAL.—Not later than 1 year after the  
4 date of enactment of this title, the Administrator shall  
5 promulgate regulations to establish a permitting and emis-  
6 sion allowance trading compliance program to implement  
7 the limitations on emissions of covered pollutants from  
8 electricity generating facilities established under section  
9 704.

10 “(b) EMISSION ALLOWANCE TRADING WITH FACILI-  
11 TIES OTHER THAN ELECTRICITY GENERATING FACILI-  
12 TIES.—

13 “(1) IN GENERAL.—Subject to paragraph (2)  
14 and section 705(i), the regulations promulgated to  
15 establish the program under subsection (a) shall pro-  
16 hibit use of emission allowances generated from  
17 other emission control programs for the purpose of  
18 demonstrating compliance with the limitations on  
19 emissions of covered pollutants from electricity gen-  
20 erating facilities established under section 704.

21 “(2) EXCEPTION FOR CERTAIN CARBON DIOX-  
22 IDE EMISSION CONTROL PROGRAMS.—The prohibi-  
23 tion described in paragraph (1) shall not apply in  
24 the case of carbon dioxide emission allowances gen-  
25 erated from an emission control program that limits

1 total carbon dioxide emissions from the entirety of  
2 any industrial sector.

3 “(c) METHODOLOGY.—The program established  
4 under subsection (a) shall clearly identify the methodology  
5 for the allocation of emission allowances, including stand-  
6 ards for measuring annual electricity generation and en-  
7 ergy efficiency as the standards relate to emissions.

8 **“SEC. 707. EMISSION ALLOWANCE ALLOCATION.**

9 “(a) ALLOCATION TO ELECTRICITY CONSUMERS.—

10 “(1) IN GENERAL.—For 2012 (or 2022, in the  
11 case of carbon dioxide) and each year thereafter,  
12 after making allocations of emission allowances  
13 under subsections (b) through (g), the Administrator  
14 shall allocate the remaining emission allowances cre-  
15 ated by section 705(a) for the year for each covered  
16 pollutant other than mercury to households served  
17 by electricity.

18 “(2) ALLOCATION AMONG HOUSEHOLDS.—The  
19 allocation to each household shall reflect—

20 “(A) the number of persons residing in the  
21 household; and

22 “(B) the ratio that—

23 “(i) the quantity of the residential  
24 electricity consumption of the State in  
25 which the household is located; bears to

1                   “(ii) the quantity of the residential  
2                   electricity consumption of all States.

3                   “(3) REGULATIONS.—Not later than 1 year  
4                   after the date of enactment of this title, the Admin-  
5                   istrator shall promulgate regulations making appro-  
6                   priate arrangements for the allocation of emission  
7                   allowances to households under this subsection, in-  
8                   cluding as necessary the appointment of 1 or more  
9                   trustees—

10                   “(A) to receive the emission allowances for  
11                   the benefit of the households;

12                   “(B) to obtain fair market value for the  
13                   emission allowances; and

14                   “(C) to distribute the proceeds to the bene-  
15                   ficiaries.

16                   “(b) ALLOCATION FOR TRANSITION ASSISTANCE.—

17                   “(1) IN GENERAL.—For 2012 and each year  
18                   thereafter through 2021 (or, for 2022 and each year  
19                   thereafter through 2031, in the case of carbon diox-  
20                   ide), the Administrator shall allocate the percentage  
21                   specified in paragraph (2) of the emission allowances  
22                   created by section 705(a) for the year for each cov-  
23                   ered pollutant other than mercury in the following  
24                   manner:

1           “(A) 80 percent shall be allocated to pro-  
2           vide transition assistance to—

3                   “(i) dislocated workers (as defined in  
4                   section 101 of the Workforce Investment  
5                   Act of 1998 (29 U.S.C. 2801)) whose em-  
6                   ployment has been terminated or who have  
7                   been laid off as a result of the emission re-  
8                   ductions required by this title;

9                   “(ii) communities that have experi-  
10                  enced disproportionate adverse economic  
11                  impacts as a result of the emission reduc-  
12                  tions required by this title; and

13                  “(iii) small business concerns that  
14                  have experienced disproportionate adverse  
15                  economic impacts as a result of high elec-  
16                  tricity prices.

17           “(B) 20 percent shall be allocated to pro-  
18           ducers of electricity intensive products in a  
19           number equal to the product obtained by multi-  
20           plying—

21                   “(i) the ratio that—

22                           “(I) the quantity of each elec-  
23                           tricity intensive product produced by  
24                           each producer in the previous year;  
25                           bears to

1 “(II) the quantity of the elec-  
2 tricity intensive product produced by  
3 all producers in the previous year;

4 “(ii) the average quantity of electricity  
5 used in producing the electricity intensive  
6 product by producers that use the most en-  
7 ergy efficient process for producing the  
8 electricity intensive product; and

9 “(iii) with respect to the previous  
10 year, the national average quantity (ex-  
11 pressed in tons) of emissions of each such  
12 pollutant per megawatt hour of electricity  
13 generated by electricity generating facilities  
14 in all States.

15 “(2) SPECIFIED PERCENTAGES.—The percent-  
16 ages referred to in paragraph (1) are—

17 “(A) in the case of 2012 (or 2022, with re-  
18 spect to carbon dioxide), 6 percent;

19 “(B) in the case of 2013 (or 2023, with re-  
20 spect to carbon dioxide), 5.5 percent;

21 “(C) in the case of 2014 (or 2024, with re-  
22 spect to carbon dioxide), 5 percent;

23 “(D) in the case of 2015 (or 2025, with  
24 respect to carbon dioxide), 4.5 percent;



1           “(E) in the case of 2016 (or 2026, with re-  
2           spect to carbon dioxide), 4 percent;

3           “(F) in the case of 2017 (or 2027, with re-  
4           spect to carbon dioxide), 3.5 percent;

5           “(G) in the case of 2018 (or 2028, with re-  
6           spect to carbon dioxide), 3 percent;

7           “(H) in the case of 2019 (or 2029, with  
8           respect to carbon dioxide), 2.5 percent;

9           “(I) in the case of 2020 (or 2030, with re-  
10          spect to carbon dioxide), 2 percent; and

11          “(J) in the case of 2021 (or 2031, with re-  
12          spect to carbon dioxide), 1.5 percent.

13          “(3) REGULATIONS FOR ALLOCATION FOR  
14          TRANSITION ASSISTANCE TO DISLOCATED WORKERS  
15          AND COMMUNITIES.—

16                 “(A) IN GENERAL.—Not later than 1 year  
17                 after the date of enactment of this title, the Ad-  
18                 ministrator shall promulgate regulations mak-  
19                 ing appropriate arrangements for the distribu-  
20                 tion of emission allowances under paragraph  
21                 (1)(A), including as necessary the appointment  
22                 of 1 or more trustees—

23                         “(i) to receive the emission allowances  
24                         allocated under paragraph (1)(A) for the

1 benefit of the dislocated workers and com-  
 2 munities;

3 “(ii) to obtain fair market value for  
 4 the emission allowances; and

5 “(iii) to apply the proceeds to pro-  
 6 viding transition assistance to the dis-  
 7 located workers and communities.

8 “(B) FORM OF TRANSITION ASSISTANCE.—  
 9 Transition assistance under paragraph (1)(A)  
 10 may take the form of—

11 “(i) grants to employers, employer as-  
 12 sociations, and representatives of employ-  
 13 ees—

14 “(I) to provide training, adjust-  
 15 ment assistance, and employment  
 16 services to dislocated workers; and

17 “(II) to make income-mainte-  
 18 nance and needs-related payments to  
 19 dislocated workers; and

20 “(ii) grants to States and local gov-  
 21 ernments to assist communities in attract-  
 22 ing new employers or providing essential  
 23 local government services.

24 “(c) ALLOCATION TO RENEWABLE ELECTRICITY  
 25 GENERATING UNITS, EFFICIENCY PROJECTS, AND

1 CLEANER ENERGY SOURCES.—For 2012 (or 2022, in the  
 2 case of carbon dioxide) and each year thereafter, the Ad-  
 3 ministrator shall allocate not more than 20 percent of the  
 4 emission allowances created by section 705(a) for the year  
 5 for each covered pollutant other than mercury—

6 “(1) to owners and operators of renewable elec-  
 7 tricity generating units, in a number equal to the  
 8 product obtained by multiplying—

9 “(A) the number of megawatt hours of  
 10 electricity generated in the previous year by  
 11 each renewable electricity generating unit; and

12 “(B) with respect to the previous year, the  
 13 national average quantity (expressed in tons) of  
 14 emissions of each such pollutant per megawatt  
 15 hour of electricity generated by electricity gen-  
 16 erating facilities in all States;

17 “(2) to owners and operators of energy efficient  
 18 buildings, producers of energy efficient products,  
 19 and entities that carry out energy efficient projects,  
 20 in a number equal to the product obtained by multi-  
 21 plying—

22 “(A) the number of megawatt hours of  
 23 electricity or cubic feet of natural gas saved in  
 24 the previous year as a result of each energy ef-

1           efficient building, energy efficient product, or en-  
2           ergy efficiency project; and

3           “(B) with respect to the previous year, the  
4           national average quantity (expressed in tons) of  
5           emissions of each such pollutant per, as appro-  
6           priate—

7                   “(i) megawatt hour of electricity gen-  
8                   erated by electricity generating facilities in  
9                   all States; or

10                   “(ii) cubic foot of natural gas burned  
11                   for a purpose other than generation of  
12                   electricity in all States;

13           “(3) to owners and operators of new clean fossil  
14           fuel-fired electricity generating units, in a number  
15           equal to the product obtained by multiplying—

16                   “(A) the number of megawatt hours of  
17                   electricity generated in the previous year by  
18                   each new clean fossil fuel-fired electricity gener-  
19                   ating unit; and

20                   “(B) with respect to the previous year,  $\frac{1}{2}$   
21                   of the national average quantity (expressed in  
22                   tons) of emissions of each such pollutant per  
23                   megawatt hour of electricity generated by elec-  
24                   tricity generating facilities in all States; and

1           “(4) to owners and operators of combined heat  
2           and power electricity generating facilities, in a num-  
3           ber equal to the product obtained by multiplying—

4                   “(A) the number of British thermal units  
5                   of thermal energy produced and put to produc-  
6                   tive use in the previous year by each combined  
7                   heat and power electricity generating facility;  
8                   and

9                   “(B) with respect to the previous year, the  
10                  national average quantity (expressed in tons) of  
11                  emissions of each such pollutant per British  
12                  thermal unit of thermal energy generated by  
13                  electricity generating facilities in all States.

14           “(d) TRANSITION ASSISTANCE TO ELECTRICITY  
15           GENERATING FACILITIES.—

16                   “(1) IN GENERAL.—For 2012 and each year  
17                   thereafter through 2021 (or for 2022 and each year  
18                   thereafter through 2031, in the case of carbon diox-  
19                   ide), the Administrator shall allocate the percentage  
20                   specified in paragraph (2) of the emission allowances  
21                   created by section 705(a) for the year for each cov-  
22                   ered pollutant other than mercury to the owners or  
23                   operators of electricity generating facilities in the  
24                   ratio that—

1           “(A) the quantity of electricity generated  
2           by each electricity generating facility in 2003;  
3           bears to

4           “(B) the quantity of electricity generated  
5           by all electricity generating facilities in 2003.

6           “(2) SPECIFIED PERCENTAGES.—The percent-  
7           ages referred to in paragraph (1) are—

8           “(A) in the case of 2012 (or 2022, with re-  
9           spect to carbon dioxide), 10 percent;

10          “(B) in the case of 2013 (or 2023, with re-  
11          spect to carbon dioxide), 9 percent;

12          “(C) in the case of 2014 (or 2024, with re-  
13          spect to carbon dioxide), 8 percent;

14          “(D) in the case of 2015 (or 2025, with  
15          respect to carbon dioxide), 7 percent;

16          “(E) in the case of 2016 (or 2026, with re-  
17          spect to carbon dioxide), 6 percent;

18          “(F) in the case of 2017 (or 2027, with re-  
19          spect to carbon dioxide), 5 percent;

20          “(G) in the case of 2018 (or 2028, with re-  
21          spect to carbon dioxide), 4 percent;

22          “(H) in the case of 2019 (or 2029, with  
23          respect to carbon dioxide), 3 percent;

24          “(I) in the case of 2020 (or 2030, with re-  
25          spect to carbon dioxide), 2 percent; and

1                   “(J) in the case of 2021 (or 2031, with re-  
2                   spect to carbon dioxide), 1 percent.

3           “(e) ALLOCATION TO ENCOURAGE BIOLOGICAL CAR-  
4 BON SEQUESTRATION.—

5                   “(1) IN GENERAL.—For 2022 and each year  
6           thereafter, the Administrator shall allocate, on a  
7           competitive basis and in accordance with paragraphs  
8           (2) and (3), not more than 0.075 percent of the car-  
9           bon dioxide emission allowances created by section  
10          705(a) for the year for the purposes of—

11                   “(A) carrying out projects to reduce net  
12           carbon dioxide emissions through biological car-  
13           bon dioxide sequestration in the United States  
14           that—

15                   “(i) result in benefits to watersheds  
16           and fish and wildlife habitats; and

17                   “(ii) are conducted in accordance with  
18           project reporting, monitoring, and  
19           verification guidelines based on—

20                   “(I) measurement of increases in  
21           carbon storage in excess of the carbon  
22           storage that would have occurred in  
23           the absence of such a project;

24                   “(II) comprehensive carbon ac-  
25           counting that—

1                   “(aa) reflects net increases  
2                   in carbon reservoirs; and

3                   “(bb) takes into account any  
4                   carbon emissions resulting from  
5                   disturbance of carbon reservoirs  
6                   in existence as of the date of  
7                   commencement of the project;

8                   “(III) adjustments to account  
9                   for—

10                   “(aa) emissions of carbon  
11                   that may result at other locations  
12                   as a result of the impact of the  
13                   project on timber supplies; or

14                   “(bb) potential displacement  
15                   of carbon emissions to other land  
16                   owned by the entity that carries  
17                   out the project; and

18                   “(IV) adjustments to reflect the  
19                   expected carbon storage over various  
20                   time periods, taking into account the  
21                   likely duration of the storage of the  
22                   carbon stored in a carbon reservoir;  
23                   and

24                   “(B) conducting accurate inventories of  
25                   carbon sinks.



1           “(2) CARBON INVENTORY.—The Administrator,  
2           in consultation with the Secretary of Agriculture,  
3           shall allocate not more than  $\frac{1}{3}$  of the emission al-  
4           lowances described in paragraph (1) to not more  
5           than 5 State or multistate land or forest manage-  
6           ment agencies or nonprofit entities that—

7                   “(A) have a primary goal of land conserva-  
8                   tion; and

9                   “(B) submit to the Administrator pro-  
10                  posals for projects—

11                          “(i) to demonstrate and assess the po-  
12                          tential for the development and use of car-  
13                          bon inventorying and accounting systems;

14                          “(ii) to improve the standards relating  
15                          to, and the identification of, incremental  
16                          carbon sequestration in forests, agricul-  
17                          tural soil, grassland, or rangeland; or

18                          “(iii) to assist in development of a na-  
19                          tional biological carbon storage baseline or  
20                          inventory.

21           “(3) REVOLVING LOAN PROGRAM.—The Admin-  
22           istrator shall allocate not more than  $\frac{2}{3}$  of the emis-  
23           sion allowances described in paragraph (1) to States,  
24           based on proposals submitted by States to conduct  
25           programs under which each State shall—

“(A) use the value of the emission allowances to establish a State revolving loan fund to provide loans to owners of nonindustrial private forest land in the State to carry out forest and forest soil carbon sequestration activities that will achieve the purposes specified in paragraph (2)(B); and

“(B) for 2013 and each year thereafter, contribute to the program of the State an amount equal to 25 percent of the value of the emission allowances received under this paragraph for the year in cash, in-kind services, or technical assistance.

“(4) USE OF EMISSION ALLOWANCES.—An entity that receives an allocation of emission allowances under this subsection may use the proceeds from the sale or other transfer of the emission allowances only for the purpose of carrying out activities described in this subsection.

“(5) RECOMMENDATIONS CONCERNING CARBON DIOXIDE EMISSION ALLOWANCES.—

“(A) IN GENERAL.—Not later than 4 years after the date of enactment of this title, the Administrator, in consultation with the Secretary of Agriculture, shall submit to Congress rec-

ommendations for establishing a system under which entities that receive grants or loans under this section may be allocated carbon dioxide emission allowances created by section 705(a) for incremental carbon sequestration in forests, agricultural soils, rangeland, or grassland.

“(B) GUIDELINES.—The recommendations shall include recommendations for development, reporting, monitoring, and verification guidelines for quantifying net carbon sequestration from land use projects that address the elements specified in paragraph (1)(A).

“(f) ALLOCATION TO ENCOURAGE GEOLOGICAL CARBON SEQUESTRATION.—

“(1) IN GENERAL.—For 2022 and each year thereafter, the Administrator shall allocate not more than 1.5 percent of the carbon dioxide emission allowances created by section 705(a) to entities that carry out geological sequestration of carbon dioxide produced by an electric generating facility in accordance with requirements established by the Administrator—

“(A) to ensure the permanence of the sequestration; and

1           “(B) to ensure that the sequestration will  
2           not cause or contribute to significant adverse  
3           effects on the environment.

4           “(2) NUMBER OF EMISSION ALLOWANCES.—  
5           For 2022 and each year thereafter, the Adminis-  
6           trator shall allocate to each entity described in para-  
7           graph (1) a number of emission allowances that is  
8           equal to the number of tons of carbon dioxide pro-  
9           duced by the electric generating facility during the  
10          previous year that is geologically sequestered as de-  
11          scribed in paragraph (1).

12          “(3) USE OF EMISSION ALLOWANCES.—An enti-  
13          ty that receives an allocation of emission allowances  
14          under this subsection may use the proceeds from the  
15          sale or other transfer of the emission allowances only  
16          for the purpose of carrying out activities described  
17          in this subsection.

18          “(g) ALLOCATION FOR FISH AND WILDLIFE HABI-  
19          TAT.—

20          “(1) IN GENERAL.—For 2022 and each cal-  
21          endar year thereafter, the Administrator shall allo-  
22          cate at least 2 percent of the carbon dioxide emis-  
23          sion allowances created by section 705(a) for the  
24          year for the purpose of mitigating the impacts of cli-

1       mate change on fish and wildlife habitat in accord-  
2       ance with this subsection.

3               “(2) WILDLIFE RESTORATION FUND.—

4               “(A) IN GENERAL.—For each calendar  
5       year, the Administrator shall transfer an  
6       amount equal to not less than 70 percent of the  
7       value of emission allowances allocated under  
8       paragraph (1) to the Federal aid to wildlife res-  
9       toration fund established under section 3(a)(1)  
10      of the Pittman-Robertson Wildlife Restoration  
11      Act (16 U.S.C. 669b(a)(1))—

12              “(i) to carry out climate change im-  
13      pact mitigation actions pursuant to com-  
14      prehensive wildlife conservation strategies;  
15      and

16              “(ii) to provide relevant information,  
17      training, monitoring, and other assistance  
18      to develop climate change impact mitiga-  
19      tion and adaptation plans and integrate  
20      the plans into State comprehensive wildlife  
21      conservation strategies.

22              “(B) AVAILABILITY.—Amounts transferred  
23      to the Federal aid to wildlife restoration fund  
24      under this paragraph shall—

1 “(i) be available, without further ap-  
2 propriation, for obligation and expenditure;  
3 and

4 “(ii) remain available until expended.

5 “(3) PROTECTION OF NATURAL RESOURCES.—

6 “(A) IN GENERAL.—For each calendar  
7 year, the Administrator, in consultation with  
8 the Secretary of Agriculture, the Secretary of  
9 Commerce, the Chief of Engineers, and State  
10 and national wildlife conservation organizations,  
11 shall transfer an amount equal to not more  
12 than 30 percent of the value of emission allow-  
13 ances allocated under paragraph (1) to the Sec-  
14 retary of the Interior for use in carrying out  
15 Federal and State programs and projects—

16 “(i) to protect natural communities  
17 that are most vulnerable to climate change;

18 “(ii) to restore and protect natural re-  
19 sources that directly guard against dam-  
20 ages from climate change events; and

21 “(iii) to restore and protect ecosystem  
22 services that are most vulnerable to climate  
23 change.

“(B) ADMINISTRATION.—Amounts transferred to the Secretary of the Interior under this paragraph shall—

“(i) be available, without further appropriation, for obligation and expenditure;

“(ii) remain available until expended;

“(iii)(I) be obligated not later than 2 years after the date of transfer; or

“(II) if the amounts are not obligated in accordance with subclause (I), be transferred to the Federal aid to wildlife restoration fund for use in accordance with paragraph (2); and

“(iv) supplement, and not supplant, the amount of Federal, State, and local funds otherwise expended to carry out programs and projects described in subparagraph (A).

“(C) PROGRAMS AND PROJECTS.—Programs and projects for which funds may be used under this paragraph include—

“(i) Federal programs and projects—

“(I) to identify Federal land and water at greatest risk of being damaged or depleted by climate change;

1 “(II) to monitor Federal land  
2 and water to allow for early detection  
3 of impacts;

4 “(III) to develop adaptation  
5 strategies to minimize the damage;  
6 and

7 “(IV) to restore and protect Fed-  
8 eral land and water at the greatest  
9 risk of being damaged or depleted by  
10 climate change;

11 “(ii) Federal programs and projects to  
12 identify climate change risks and develop  
13 adaptation strategies for natural grassland,  
14 wetlands, migratory corridors, and other  
15 habitats vulnerable to climate change on  
16 private land enrolled in—

17 “(I) the wetlands reserve pro-  
18 gram established under subchapter C  
19 of chapter 1 of subtitle D of title XII  
20 of the Food Security Act of 1985 (16  
21 U.S.C. 3837 et seq.);

22 “(II) the grassland reserve pro-  
23 gram established under subchapter C  
24 of chapter 2 of subtitle D of title XII



1 of that Act (16 U.S.C. 3838n et seq.);  
2 and

3 “(III) the wildlife habitat incen-  
4 tive program established under section  
5 1240N of that Act (16 U.S.C.  
6 3839bb–1);

7 “(iii) programs and projects under the  
8 North American Wetlands Conservation  
9 Act (16 U.S.C. 4401 et seq.), the North  
10 American Bird Conservation Initiative, and  
11 the Neotropical Migratory Bird Conserva-  
12 tion Act (16 U.S.C. 6101 et seq.) to pro-  
13 tect habitat for migratory birds that are  
14 vulnerable to climate change impacts;

15 “(iv) programs and projects—

16 “(I) to identify coastal and ma-  
17 rine resources (such as coastal wet-  
18 lands, coral reefs, submerged aquatic  
19 vegetation, shellfish beds, and other  
20 coastal or marine ecosystems) at the  
21 greatest risk of being damaged by cli-  
22 mate change;

23 “(II) to monitor those resources  
24 to allow for early detection of impacts;

1 “(III) to develop adaptation  
2 strategies;

3 “(IV) to protect and restore  
4 those resources; and

5 “(V) to integrate climate change  
6 adaptation requirements into State  
7 plans developed under the coastal  
8 zone management program estab-  
9 lished under the Coastal Zone Man-  
10 agement Act of 1972 (16 U.S.C. 1451  
11 et seq.), the national estuary program  
12 established under section 320 of the  
13 Federal Water Pollution Control Act  
14 (33 U.S.C. 1330), the Coastal and  
15 Estuarine Land Conservation Pro-  
16 gram established under the fourth  
17 proviso of the matter under the head-  
18 ing ‘PROCUREMENT, ACQUISITION,  
19 AND CONSTRUCTION (INCLUDING  
20 TRANSFERS OF FUNDS’) of title II of  
21 the Departments of Commerce, Jus-  
22 tice, and State, the Judiciary, and Re-  
23 lated Agencies Appropriations Act,  
24 2002 (16 U.S.C. 1456d), or other  
25 comparable State programs;

1 “(v) programs and projects to con-  
2 serve habitat for endangered species and  
3 species of conservation concern that are  
4 vulnerable to the impact of climate change;

5 “(vi) programs and projects under the  
6 Forest Legacy Program established under  
7 section 7 of the Cooperative Forestry As-  
8 sistance Act (16 U.S.C. 2103c), to support  
9 State efforts to protect environmentally  
10 sensitive forest land through conservation  
11 easements to provide refuges for wildlife;

12 “(vii) other Federal or State pro-  
13 grams and projects identified by the heads  
14 of agencies described in subparagraph (A)  
15 as high priorities—

16 “(I) to protect natural commu-  
17 nities that are most vulnerable to cli-  
18 mate change;

19 “(II) to restore and protect nat-  
20 ural resources that directly guard  
21 against damages from climate change  
22 events; and

23 “(III) to restore and protect eco-  
24 system services that are most vulner-  
25 able to climate change;

1 “(viii) to address climate change in  
2 Federal land use planning and plan imple-  
3 mentation and to integrate climate change  
4 adaptation strategies into—

5 “(I) comprehensive conservation  
6 plans prepared under section 4(e) of  
7 the National Wildlife Refuge System  
8 Administration Act of 1966 (16  
9 U.S.C. 668dd(e));

10 “(II) general management plans  
11 for units of the National Park Sys-  
12 tem;

13 “(III) resource management  
14 plans of the Bureau of Land Manage-  
15 ment; and

16 “(IV) land and resource manage-  
17 ment plans under the Forest and  
18 Rangeland Renewable Resources  
19 Planning Act of 1974 (16 U.S.C.  
20 1600 et seq.) and the National Forest  
21 Management Act of 1976 (16 U.S.C.  
22 1600 et seq.); and

23 “(ix) projects to promote sharing of  
24 information on climate change wildlife im-  
25 pacts and mitigation strategies across

1 agencies, including funding efforts to  
 2 strengthen and restore habitat that im-  
 3 proves the ability of fish and wildlife to  
 4 adapt successfully to climate change  
 5 through the Wildlife Conservation and Res-  
 6 toration Account established by section  
 7 3(a)(2) of the Pittman-Robertson Wildlife  
 8 Restoration Act (16 U.S.C. 669b(a)(2)).

9 **“SEC. 708. MERCURY EMISSION LIMITATIONS.**

10 “(a) IN GENERAL.—

11 “(1) REGULATIONS.—

12 “(A) IN GENERAL.—Not later than 1 year  
 13 after the date of enactment of this title, the Ad-  
 14 ministrator shall promulgate regulations to es-  
 15 tablish emission limitations for mercury emis-  
 16 sions by coal-fired electricity generating facili-  
 17 ties.

18 “(B) NO EXCEEDANCE OF NATIONAL LIM-  
 19 TATION.—The regulations shall ensure that the  
 20 national limitation for mercury emissions from  
 21 each coal-fired electricity generating facility es-  
 22 tablished under section 704(a)(4) is not exceed-  
 23 ed.

24 “(C) EMISSION LIMITATIONS FOR 2011 AND  
 25 THEREAFTER.—In carrying out subparagraph

1 (A), for 2011 and each year thereafter, the Ad-  
2 ministrator shall not—

3 “(i) subject to subsections (e) and (f)  
4 of section 112, establish limitations on  
5 emissions of mercury from coal-fired elec-  
6 tricity generating facilities that allow emis-  
7 sions in excess of 2.48 grams of mercury  
8 per 1000 megawatt hours; or

9 “(ii) differentiate between facilities  
10 that burn different types of coal.

11 “(2) ANNUAL REVIEW AND DETERMINATION.—

12 “(A) IN GENERAL.—Not later than April 1  
13 of each year, the Administrator shall—

14 “(i) review the total mercury emis-  
15 sions during the 2 previous years from  
16 electricity generating facilities located in  
17 all States; and

18 “(ii) determine whether, during the 2  
19 previous years, the total mercury emissions  
20 from facilities described in clause (i) ex-  
21 ceeded the national limitation for mercury  
22 emissions established under section  
23 704(a)(4).

24 “(B) EXCEEDANCE OF NATIONAL LIMITA-  
25 TION.—If the Administrator determines under

subparagraph (A)(ii) that, during the 2 previous years, the total mercury emissions from facilities described in subparagraph (A)(i) exceeded the national limitation for mercury emissions established under section 704(a)(4), the Administrator shall, not later than 1 year after the date of the determination, revise the regulations promulgated under paragraph (1) to reduce the emission rates specified in the regulations as necessary to ensure that the national limitation for mercury emissions is not exceeded in any future year.

“(3) COMPLIANCE FLEXIBILITY.—

“(A) IN GENERAL.—Each coal-fired electricity generating facility subject to an emission limitation under this section shall be in compliance with that limitation if that limitation is greater than or equal to the quotient obtained by dividing—

“(i) the total mercury emissions of the coal-fired electricity generating facility during each 30-day period; by

“(ii) the quantity of electricity generated by the coal-fired electricity generating facility during that period.

1           “(B) MORE THAN 1 UNIT AT A FACIL-  
2           ITY.—In any case in which more than 1 coal-  
3           fired electricity generating unit at a coal-fired  
4           electricity generating facility subject to an emis-  
5           sion limitation under this section was operated  
6           in 1999 under common ownership or control,  
7           compliance with the emission limitation may be  
8           determined by averaging the emission rates of  
9           all coal-fired electricity generating units at the  
10          electricity generating facility during each 30-  
11          day period.

12       “(b) PREVENTION OF RE-RELEASE.—

13           “(1) REGULATIONS.—Not later than July 1,  
14           2008, the Administrator shall promulgate regula-  
15           tions to ensure that any mercury captured or recov-  
16           ered by emission controls installed at an electricity  
17           generating facility is not re-released into the envi-  
18           ronment.

19           “(2) REQUIRED ELEMENTS.—The regulations  
20           shall require—

21           “(A) daily covers on all active waste dis-  
22           posal units, and permanent covers on all inac-  
23           tive waste disposal units, to prevent the release  
24           of mercury into the air;



1           “(B) monitoring of groundwater to ensure  
2           that mercury or mercury compounds do not mi-  
3           grate from the waste disposal unit;

4           “(C) waste disposal siting requirements  
5           and cleanup requirements to protect ground-  
6           water and surface water resources;

7           “(D) elimination of agricultural application  
8           of coal combustion wastes; and

9           “(E) appropriate limitations on mercury  
10          emissions from sources or processes that re-  
11          process or use coal combustion waste, including  
12          manufacturers of wallboard and cement.

13   **“SEC. 709. OTHER HAZARDOUS AIR POLLUTANTS.**

14          “(a) IN GENERAL.—Not later than January 1, 2008,  
15          the Administrator shall issue to owners and operators of  
16          coal-fired electricity generating facilities requests for in-  
17          formation under section 114 that are of sufficient scope  
18          to generate data sufficient to support issuance of stand-  
19          ards under section 112(d) for hazardous air pollutants  
20          other than mercury emitted by coal-fired electricity gener-  
21          ating facilities.

22          “(b) DEADLINE FOR SUBMISSION OF REQUESTED  
23          INFORMATION.—The Administrator shall require each re-  
24          cipient of a request for information described in subsection

1 (a) to submit the requested data not later than 180 days  
2 after the date of the request.

3 “(c) PROMULGATION OF EMISSION STANDARDS.—

4 The Administrator shall—

5 “(1) not later than January 1, 2008, propose  
6 emission standards under section 112(d) for haz-  
7 ardous air pollutants other than mercury; and

8 “(2) not later than January 1, 2009, promul-  
9 gate emission standards under section 112(d) for  
10 hazardous air pollutants other than mercury.

11 “(d) PROHIBITION ON EXCESS EMISSIONS.—It shall  
12 be unlawful for an electricity generating facility subject  
13 to standards for hazardous air pollutants other than mer-  
14 cury promulgated under subsection (c) to emit, after De-  
15 cember 31, 2010, any such pollutant in excess of the  
16 standards.

17 “(e) EFFECT ON OTHER LAW.—Nothing in this sec-  
18 tion or section 708 affects any requirement of subsection  
19 (e), (f)(2), or (n)(1)(A) of section 112, except that the  
20 emission limitations established by regulations promul-  
21 gated under this section shall be deemed to represent the  
22 maximum achievable control technology for mercury emis-  
23 sions from electricity generating units under section  
24 112(d).

1   **“SEC. 710. EFFECT OF FAILURE TO PROMULGATE REGULA-**  
2                                   **TIONS.**

3           “If the Administrator fails to promulgate regulations  
4 to implement and enforce the limitations specified in sec-  
5 tion 704—

6           “(1)(A) each electricity generating facility shall  
7 achieve, not later than January 1, 2012 (or January  
8 1, 2022, in the case of carbon dioxide), an annual  
9 quantity of emissions that is less than or equal to—

10                   “(i) in the case of nitrogen oxides, 15 per-  
11 cent of the annual emissions by a similar elec-  
12 tricity generating facility that has no controls  
13 for emissions of nitrogen oxides; and

14                   “(ii) in the case of carbon dioxide, 75 per-  
15 cent of the annual emissions by a similar elec-  
16 tricity generating facility that has no controls  
17 for emissions of carbon dioxide; and

18           “(B) each electricity generating facility that  
19 does not use natural gas as the primary combustion  
20 fuel shall achieve, not later than January 1, 2010,  
21 an annual quantity of emissions that is less than or  
22 equal to—

23                   “(i) in the case of sulfur dioxide, 5 percent  
24 of the annual emissions by a similar electricity  
25 generating facility that has no controls for  
26 emissions of sulfur dioxide; and

1           “(ii) in the case of mercury, 10 percent of  
2           the annual emissions by a similar electricity  
3           generating facility that has no controls included  
4           specifically for the purpose of controlling emis-  
5           sions of mercury; and

6           “(2) the applicable permit under this Act for  
7           each electricity generating facility shall be deemed to  
8           incorporate a requirement for achievement of the re-  
9           duced levels of emissions specified in paragraph (1).

10 **“SEC. 711. PROHIBITIONS.**

11           “‘It shall be unlawful—

12           “(1) for the owner or operator of any electricity  
13           generating facility—

14           “(A) to operate the electricity generating  
15           facility in noncompliance with the requirements  
16           of this title (including any regulations imple-  
17           menting this title);

18           “(B) to fail to submit by the required date  
19           any emission allowances, or pay any penalty, for  
20           which the owner or operator is liable under sec-  
21           tion 705;

22           “(C) to fail to provide and comply with any  
23           plan to offset excess emissions required under  
24           section 705(f); or

1           “(D) to emit mercury in excess of the  
2           emission limitations established under section  
3           708; or

4           “(2) for any person to hold, use, or transfer  
5           any emission allowance allocated under this title ex-  
6           cept in accordance with regulations promulgated by  
7           the Administrator.

8   **“SEC. 712. MODERNIZATION OF ELECTRICITY GENERATING**  
9           **FACILITIES.**

10       “(a) IN GENERAL.—Beginning on the later of Janu-  
11   ary 1, 2016, or the date that is 40 years after the date  
12   on which the electricity generating facility commences op-  
13   eration, each electricity generating facility shall be subject  
14   to emission limitations reflecting the application of best  
15   available control technology on a new major source of a  
16   similar size and type (as determined by the Administrator)  
17   as determined in accordance with the procedures specified  
18   in part C of title I.

19       “(b) ADDITIONAL REQUIREMENTS.—The require-  
20   ments of this section shall be in addition to the other re-  
21   quirements of this title.

22   **“SEC. 713. RELATIONSHIP TO OTHER LAW.**

23       “(a) IN GENERAL.—Except as expressly provided in  
24   this title, nothing in this title—

1 “(1) limits or otherwise affects the application  
2 of any other provision of this Act; or

3 “(2) precludes a State from adopting and en-  
4 forcing any requirement for the control of emissions  
5 of air pollutants that is more stringent than the re-  
6 quirements imposed under this title.

7 “(b) REGIONAL SEASONAL EMISSION CONTROLS.—  
8 Nothing in this title affects any regional seasonal emission  
9 control for nitrogen oxides established by the Adminis-  
10 trator or a State under title I.”.

11 (b) CONFORMING AMENDMENT.—Section 412(a) of  
12 the Clean Air Act (42 U.S.C. 7651k(a)) is amended in  
13 the first sentence by striking “opacity” and inserting  
14 “mercury, opacity,”.

15 **SEC. 303. SAVINGS CLAUSE.**

16 Section 193 of the Clean Air Act (42 U.S.C. 7515)  
17 is amended by striking “date of the enactment of the  
18 Clean Air Act Amendments of 1990” each place it appears  
19 and inserting “date of enactment of the Clean Power Act  
20 of 2007”.

21 **SEC. 304. ACID PRECIPITATION RESEARCH PROGRAM.**

22 Section 103(j) of the Clean Air Act (42 U.S.C.  
23 7403(j)) is amended—

24 (1) in paragraph (3)—

(A) in subparagraph (F)(i), by striking “effects; and” and inserting “effects, including an assessment of—

“(I) acid-neutralizing capacity;

and

“(II) changes in the number of

water bodies in the sensitive eco-

systems referred to in subparagraph

(G)(ii) with an acid-neutralizing ca-

capacity greater than zero; and”; and

(B) by adding at the end the following:

“(G) SENSITIVE ECOSYSTEMS.—

“(i) IN GENERAL.—Beginning in 2008, and every 4 years thereafter, the report under subparagraph (E) shall include—

“(I) an identification of environmental objectives necessary to be achieved (and related indicators to be used in measuring achievement of the objectives) to adequately protect and restore sensitive ecosystems; and

“(II) an assessment of the status and trends of the environmental objec-

1                   tives and indicators identified in pre-  
2                   vious reports under this paragraph.

3                   “(ii) SENSITIVE ECOSYSTEMS TO BE  
4                   ADDRESSED.—Sensitive ecosystems to be  
5                   addressed under clause (i) include—

6                   “(I) the Adirondack Mountains,  
7                   mid-Appalachian Mountains, Rocky  
8                   Mountains, and southern Blue Ridge  
9                   Mountains;

10                  “(II) the Great Lakes, Lake  
11                  Champlain, Long Island Sound, and  
12                  the Chesapeake Bay; and

13                  “(III) other sensitive ecosystems,  
14                  as determined by the Administrator.

15                  “(H) ACID DEPOSITION STANDARDS.—Be-  
16                  ginning in 2008, and every 4 years thereafter,  
17                  the report under subparagraph (E) shall include  
18                  a revision of the report under section 404 of  
19                  Public Law 101–549 (42 U.S.C. 7651 note)  
20                  that includes a reassessment of the health and  
21                  chemistry of the lakes and streams that were  
22                  subjects of the original report under that sec-  
23                  tion.”; and

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



1           “(4) PROTECTION OF SENSITIVE ECO-  
2       SYSTEMS.—

3           “(A) DETERMINATION.—Not later than  
4       December 31, 2014, the Administrator, taking  
5       into consideration the findings and rec-  
6       ommendations of the report revisions under  
7       paragraph (3)(H), shall determine whether  
8       emission reductions under titles IV and VII are  
9       sufficient to—

10           “(i) achieve the necessary reductions  
11       identified under paragraph (3)(F); and

12           “(ii) ensure achievement of the envi-  
13       ronmental objectives identified under para-  
14       graph (3)(G).

15       “(B) REGULATIONS.—

16           “(i) IN GENERAL.—Not later than 2  
17       years after the Administrator makes a de-  
18       termination under subparagraph (A) that  
19       emission reductions are not sufficient, the  
20       Administrator shall promulgate regulations  
21       to protect the sensitive ecosystems referred  
22       to in paragraph (3)(G)(ii).

23           “(ii) CONTENTS.—Regulations under  
24       clause (i) shall include modifications to—

1 “(I) provisions relating to nitro-  
 2 gen oxide and sulfur dioxide emission  
 3 reductions;

4 “(II) provisions relating to allo-  
 5 cations of nitrogen oxide and sulfur  
 6 dioxide allowances; and

7 “(III) such other provisions as  
 8 the Administrator determines to be  
 9 necessary.”.

10 **SEC. 305. AUTHORIZATION OF APPROPRIATIONS FOR DEP-**  
 11 **OSITION MONITORING.**

12 (a) OPERATIONAL SUPPORT.—In addition to  
 13 amounts made available under any other law, there are  
 14 authorized to be appropriated for each of fiscal years 2008  
 15 through 2017—

16 (1) for operational support of the National At-  
 17 mospheric Deposition Program National Trends  
 18 Network—

19 (A) \$2,000,000 to the United States Geo-  
 20 logical Survey;

21 (B) \$600,000 to the Environmental Pro-  
 22 tection Agency;

23 (C) \$600,000 to the National Park Serv-  
 24 ice; and

25 (D) \$400,000 to the Forest Service;

1           (2) for operational support of the National At-  
2       mospheric Deposition Program Mercury Deposition  
3       Network—

4           (A) \$400,000 to the Environmental Pro-  
5       tection Agency;

6           (B) \$400,000 to the United States Geo-  
7       logical Survey;

8           (C) \$100,000 to the National Oceanic and  
9       Atmospheric Administration; and

10          (D) \$100,000 to the National Park Serv-  
11       ice;

12          (3) for the National Atmospheric Deposition  
13       Program Atmospheric Integrated Research Moni-  
14       toring Network \$1,500,000 to the National Oceanic  
15       and Atmospheric Administration;

16          (4) for the Clean Air Status and Trends Net-  
17       work \$5,000,000 to the Environmental Protection  
18       Agency; and

19          (5) for the Temporally Integrated Monitoring of  
20       Ecosystems and Long-Term Monitoring Program  
21       \$2,500,000 to the Environmental Protection Agency.

22       (b) MODERNIZATION.—In addition to amounts made  
23       available under any other law, there are authorized to be  
24       appropriated—

1           (1) for equipment and site modernization of the  
2       National Atmospheric Deposition Program National  
3       Trends Network \$6,000,000 to the Environmental  
4       Protection Agency;

5           (2) for equipment and site modernization and  
6       network expansion of the National Atmospheric  
7       Deposition Program Mercury Deposition Network  
8       \$2,000,000 to the Environmental Protection Agency;

9           (3) for equipment and site modernization and  
10      network expansion of the National Atmospheric  
11      Deposition Program Atmospheric Integrated Re-  
12      search Monitoring Network \$1,000,000 to the Na-  
13      tional Oceanic and Atmospheric Administration; and

14          (4) for equipment and site modernization and  
15      network expansion of the Clean Air Status and  
16      Trends Network \$4,600,000 to the Environmental  
17      Protection Agency.

18      (c) AVAILABILITY OF AMOUNTS.—Each of the  
19      amounts appropriated under subsection (b) shall remain  
20      available until expended.

21      **SEC. 306. TECHNICAL AMENDMENTS.**

22          Title IV of the Clean Air Act (relating to noise pollu-  
23      tion) (42 U.S.C. 7641 et seq.)—

1           (1) is amended by redesignating sections 401  
2           through 403 as sections 801 through 803, respec-  
3           tively; and

4           (2) is redesignated as title VIII and moved so  
5           as to appear at the end of that Act.

## 6       **TITLE IV—REDUCING HEATING** 7       **AND ELECTRIC BILLS**

### 8       **SEC. 401. WEATHERIZATION ASSISTANCE.**

9           Section 422 of the Energy Conservation and Produc-  
10          tion Act (42 U.S.C. 6872) is amended to read as follows:

#### 11       **“SEC. 422. AUTHORIZATION OF APPROPRIATIONS.**

12           “There are authorized to be appropriated to carry out  
13          the weatherization program under this part—

14                   “(1) \$1,000,000,000 for fiscal year 2008;

15                   “(2) \$1,200,000,000 for fiscal year 2009; and

16                   “(3) \$1,400,000,000 for fiscal year 2010.”.

#### 17       **SEC. 402. ENERGY STAR PROGRAMS.**

18           There are authorized to be appropriated for use in  
19          carrying out the Energy Star program under section 324A  
20          of the Energy Policy and Conservation Act (42 U.S.C.  
21          6294a)—

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

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

3 **SEC. 403. RENEWABLE ELECTRICITY PRODUCTION CREDIT.**

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

7 (1) by striking “January 1, 2009” each place  
8 it appears in paragraphs (1), (2), (3), (5), and (7)  
9 and inserting “January 1, 2013”, and

10 (2) by striking “January 1, 2009” through  
11 “solar energy)” in paragraph (4) and inserting  
12 “January 1, 2013 (January 1, 2011, in the case of  
13 a facility using solar energy)”.

14 (b) REPEAL OF MUNICIPAL SOLID WASTE AS QUALI-  
15 FIED RESOURCE.—

16 (1) IN GENERAL.—Paragraph (1) of section  
17 45(c) of the Internal Revenue Code of 1986 is  
18 amended by inserting “and” at the end of subpara-  
19 graph (F) and by striking subparagraph (G).

20 (2) CONFORMING AMENDMENT.—Subsection (d)  
21 of section 45 of such Code is amended by striking  
22 paragraph (6).

23 (c) EXTENSION OF CREDIT FOR RESIDENTIAL EN-  
24 ERGY EFFICIENT PROPERTY.—Subsection (g) of section  
25 25D of the Internal Revenue Code of 1986 (relating to

1 termination) is amended by striking “December 31, 2008”  
 2 and inserting “December 31, 2012”.

3 **SEC. 404. EFFICIENCY RESOURCE STANDARD.**

4 (a) IN GENERAL.—The Public Utility Regulatory  
 5 Policies Act of 1978 is amended by inserting adding after  
 6 section 609 (7 U.S.C. 918c) at the end the following:

7 **“SEC. 610. EFFICIENCY RESOURCE STANDARD FOR RETAIL**  
 8 **ELECTRICITY AND NATURAL GAS SUPPLIERS.**

9 “(a) RESOURCE STANDARD.—Each retail electricity  
 10 and natural gas supplier shall undertake energy savings  
 11 measures in each calendar year from 2007 through 2011  
 12 and thereafter that produce electricity demand savings  
 13 and electricity and natural gas usage savings, as a per-  
 14 centage of the supplier’s base amount as shown in the fol-  
 15 lowing table. These targets represent savings realized from  
 16 measures installed in the current year, plus cumulative  
 17 savings realized from measures installed in all previous  
 18 years. Each retail electricity and natural gas supplier sub-  
 19 ject to this subsection may use any electricity or natural  
 20 gas savings measures available to it to achieve compliance  
 21 with the performance standard established under this sec-  
 22 tion, so long as the electricity and natural gas savings  
 23 achieved by such measures can be calculated and verified  
 24 pursuant to the rules promulgated under subsection (b).

Year	Reductions in peak electricity demand	Reductions in electricity and natural gas usage
2007 .....	0.25% .....	0.25%
2008 .....	0.75% .....	0.75%
2009 .....	1.75% .....	1.5%
2010 .....	2.75% .....	2.25%
2011 and thereafter .....	3.75% .....	3.0%

1       “(b) DETERMINATION OF COMPLIANCE.—The Sec-  
2       retary shall promulgate rules not later than one year after  
3       the enactment of this section regarding the means to be  
4       used to calculate and verify compliance with the perform-  
5       ance standard established under subsection (a). Each re-  
6       tail electric and natural gas supplier subject to this section  
7       shall calculate its compliance with such standard in ac-  
8       cordance with such rules. The rules shall include each of  
9       the following:

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



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

4           “(3) Requirements for the contents and format  
5           of a bi-annual report from each retail electricity and  
6           natural gas supplier demonstrating its compliance  
7           with the requirements of subsection (a). The bi-an-  
8           nual report must include sufficient detail regarding  
9           the calculation of electricity and natural gas savings  
10          to enable the regulatory authority to verify and en-  
11          force compliance with the requirements of this sec-  
12          tion and the regulations under this section.

13          “(c) CREDIT AND TRADING SYSTEM.—(1) After con-  
14          sultation with the Administrator of the Environmental  
15          Protection Agency, the Secretary shall promulgate rules  
16          establishing a nationwide credit and credit trading system  
17          for electricity and natural gas savings. Under such rules  
18          the Secretary may certify as credits electricity or natural  
19          savings achieved by a retail electricity or natural gas sup-  
20          plier in a given year in excess of the quantity of electricity  
21          or natural gas savings required that calendar year for such  
22          supplier to meet the resource standard, as long as such  
23          savings comply with the rules established under subsection  
24          (b). The Secretary shall also certify as credits customer  
25          energy savings created by retail electric or natural gas

1 suppliers or other entities, as long as such savings comply  
2 with the rules established under subsection (b). An elec-  
3 tricity savings credit shall equal one kilowatt hour; a nat-  
4 ural gas savings credit shall constitute one therm.

5       “(2) The Secretary shall not award credits to any re-  
6 tail electricity or natural gas supplier subject to State ad-  
7 ministration and enforcement under subsection (d) unless  
8 the Secretary has determined that such administration  
9 and enforcement are at least equivalent to administration  
10 and enforcement by the Secretary.

11       “(3) An electricity or natural gas savings credit is  
12 not a property right. Nothing in this or any other provi-  
13 sion of law shall be construed to limit the authority of  
14 the United States to terminate or limit such credits.

15       “(4) A retail electric or natural gas supplier may sell  
16 such credit to any other entity, and other entities may sell  
17 such credits to retail electric or natural gas suppliers, in  
18 accordance with the accounting and verification rules es-  
19 tablished by the Secretary. Such credit may be used by  
20 a purchasing retail electricity or natural gas supplier for  
21 purposes of complying with the resource standards set  
22 forth in subsection (a).

23       “(5) In order to receive an electricity or natural gas  
24 savings credit, the recipient of an electricity savings credit  
25 shall pay a fee, calculated by the Secretary, in an amount

1 that is equal to the administrative costs of issuing, record-  
2 ing, monitoring the sale or exchange of, and tracking the  
3 credit or does not exceed five percent of the dollar value  
4 of the credit, whichever is lower. The Secretary shall re-  
5 tain the fee and use it to pay these administrative costs.

6 “(6) A credit may be counted toward compliance with  
7 subsection (a) only once. A retail electricity or natural gas  
8 supplier may satisfy the requirements of subsection (a)  
9 through the accumulation of—

10 “(A) electricity or natural gas savings credits  
11 obtained by purchase or exchange under paragraph  
12 (7);

13 “(B) electricity or natural gas savings credits  
14 borrowed against future years under paragraph (8);  
15 or

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

18 “(7) An electricity or natural gas savings credit may  
19 be sold or exchanged by the entity to whom issued or by  
20 any other entity that acquires the credit. An energy effi-  
21 ciency credit for any year that is not used to satisfy the  
22 minimum energy savings requirement of subsection (a) for  
23 that year may be carried forward for use within the next  
24 4 years.

1       “(8) During the first year covered by the standards,  
2 a retail electricity or natural gas supplier that has reason  
3 to believe that it will not have sufficient electricity savings  
4 credits to comply with subsection (a) may—

5           “(A) submit a plan to the Secretary dem-  
6 onstrating that the retail electricity or natural gas  
7 supplier will earn sufficient credits within the next  
8 two calendar years which, when taken into account,  
9 will enable the retail electricity or natural gas sup-  
10 plier to meet the requirements of subsection (a) for  
11 the calendar year involved; and

12           “(B) upon the approval of the plan by the Sec-  
13 retary, apply credits that the plan demonstrates will  
14 be earned within the next two calendar years to  
15 meet the requirements of subsection (a) for the cal-  
16 endar year involved.

17       “(9) Any retail electricity or natural gas supplier may  
18 elect to comply with the requirements of this section in  
19 any calendar year by paying a fee of 3 cents per kilowatt  
20 hour, and 30 cents per therm, for any portion of the elec-  
21 tricity or natural gas savings it would be obligated to  
22 achieve in that year by not later than March 31 of the  
23 following year. Funds produced from such fees shall be  
24 deposited in an escrow account established by the Sec-  
25 retary, and shall be distributed to the States for their use

1 in creating electricity or natural gas savings at customer  
2 facilities.

3 “(d) ENFORCEMENT OF COMPLIANCE.—(1) If the  
4 State regulatory authority with ratemaking jurisdiction  
5 over a State-regulated retail electricity or natural gas sup-  
6 plier notifies the Secretary that it will enforce compliance  
7 by such supplier with the performance standards under  
8 subsection (a) of this section, such State regulatory au-  
9 thority shall have the authority to administer and enforce  
10 such standards for such supplier under State law. If the  
11 State regulatory authority does not so notify the Sec-  
12 retary, the Secretary shall exercise such authority until re-  
13 ceiving such notice from the State regulatory authority.

14 “(2) Not later than July 1 of the calendar years  
15 2008, 2010, 2012, 2014, and 2016, each retail electricity  
16 and natural gas supplier shall submit the compliance re-  
17 port required under subsection (b) to—

18 “(A) the appropriate State regulatory authority,  
19 if such authority has notified the Secretary under  
20 subsection (d), or

21 “(B) the Secretary to determine and enforce  
22 compliance with the standards.

23 “(3) In the case of any retail electricity or natural  
24 gas supplier for which the Secretary is enforcing compli-  
25 ance with the standards under this section, if such sup-

1 plier fails to comply with such standards for two consecu-  
2 tive calendar years, the Secretary shall determine the  
3 number of kilowatt hours of electricity savings, or therms  
4 of natural gas savings, by which the supplier has fallen  
5 short of the standards, and, by order, require such sup-  
6 plier, after notice and opportunity for hearing, to deposit  
7 in an escrow account to be designated by the Secretary  
8 an amount equal to 3.5 cents per kilowatt hour for each  
9 such kilowatt hour, and 35 cents per therm for each such  
10 therm. The holder of such escrow account shall annually  
11 distribute the total amount of such account to the States  
12 to be used by the States for the purpose of achieving cus-  
13 tomer electricity and natural gas savings. Any retail elec-  
14 tricity or natural gas supplier required to make such a  
15 payment may, within 60 calendar days after the issuance  
16 of such order, bring an action in the United States Court  
17 of Appeals for the District of Columbia for judicial review  
18 of such order. Such court shall have jurisdiction to enter  
19 a judgment affirming, modifying, or setting aside such  
20 order or remanding such order in whole or in part to the  
21 Secretary.

22       “(e) INFORMATION COLLECTION.—The Secretary  
23 may collect the information necessary to verify and  
24 audit—

1           “(1) the annual electric energy sales, natural  
2           gas sales, electricity savings, and natural gas savings  
3           of any entity applying for electricity or natural gas  
4           savings credits under this section,

5           “(2) the validity of electricity or natural gas  
6           savings credits submitted by a retail electricity or  
7           natural gas supplier to the Secretary, and

8           “(3) the quantity of electricity and natural gas  
9           sales of all retail electricity and natural gas sup-  
10          pliers.

11          “(f) STATE LAW.—Nothing in this section shall su-  
12          persede or otherwise affect any State or local law requiring  
13          or otherwise relating to reductions in total annual elec-  
14          tricity or natural gas energy consumption by or peak  
15          power consumption by electric consumers to the extent  
16          that such State or local law requires more stringent reduc-  
17          tions than those required under this section. Any retail  
18          electricity or natural gas supplier that achieves reductions  
19          referred to in this section in accordance with State re-  
20          quirements shall be entitled to full credit under this sec-  
21          tion for such reductions to the extent that such reductions  
22          meet the requirements of this section and the regulations  
23          under this section (including verification and monitoring  
24          requirements).

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

1           “(1) The term ‘retail electricity or natural sup-  
2           plier’ means a person that sells electric energy or  
3           natural gas to consumers and sold not less than  
4           1,000,000 megawatt-hours of electric energy or  
5           20,000,000 therms of natural gas to consumers for  
6           purposes other than resale during the preceding cal-  
7           endar year; except that such term does not include  
8           the United States, a State or any political subdivi-  
9           sion of a State, or any agency, authority, or instru-  
10          mentality of any one or more of the foregoing, or a  
11          rural electric cooperative.

12           “(2) The term ‘retail electricity or natural gas  
13           supplier’s base amount’ means the total amount of  
14           electric energy or natural gas sold by the retail elec-  
15           tricity or natural gas supplier to customers during  
16           the most recent calendar year for which information  
17           is available.

18           “(3) The term ‘electricity savings’ means reduc-  
19           tions in end-use electricity consumption in customer  
20           facilities relative to consumption at those same fa-  
21           cilities in a base year as defined in rules issued by  
22           the Secretary, or in the case of new facilities, rel-  
23           ative to reference facilities defined in rules issued by  
24           the Secretary, or distributed generation efficiency  
25           measures, including fuel cells and combined heat



1 and power (CHP) technologies, that provide elec-  
 2 tricity only for onsite customer use.

3 “(4) The term ‘natural gas savings’ means re-  
 4 ductions in end-use natural gas consumption in cus-  
 5 tomer facilities relative to consumption at those  
 6 same facilities in a base year as defined in rules  
 7 issued by the Secretary, or in the case of new facili-  
 8 ties, relative to reference facilities defined in rules  
 9 issued by the Secretary.”.

10 (b) TABLE OF CONTENTS.—The table of contents of  
 11 the Public Utility Regulatory Policies Act of 1978 (16  
 12 U.S.C. prec. 2601) is amended by adding at the end of  
 13 the items relating to title VI the following:

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

14 **SEC. 405. FEDERAL RENEWABLE PORTFOLIO STANDARD.**

15 (a) IN GENERAL.—The Public Utility Regulatory  
 16 Policies Act of 1978 (16 U.S.C. 2601 et seq.) (as amended  
 17 by section 404(a)) is amended by adding at the end the  
 18 following:

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

20 “(a) MINIMUM RENEWABLE GENERATION REQUIRE-  
 21 MENT.—For each calendar year beginning in calendar  
 22 year 2009, each retail electric supplier shall submit to the  
 23 Secretary, not later than April 1 of the following calendar

1 year, renewable energy credits in an amount equal to the  
 2 required annual percentage specified in subsection (b).

3 “(b) **REQUIRED ANNUAL PERCENTAGE.**—For cal-  
 4 endar years after 2008, the required annual percentage  
 5 of the retail electric supplier’s base amount that shall be  
 6 generated from renewable energy resources, or otherwise  
 7 credited towards such percentage requirement pursuant to  
 8 subsection (c), shall be the percentage specified in the fol-  
 9 lowing table:

<b>“Calendar Years:</b>	<b>Required annual percentage:</b>
2009 through 2010 .....	1
2010 through 2011 .....	2
2011 through 2012 .....	4
2012 through 2013 .....	6
2013 through 2015 .....	8
2015 through 2016 .....	10
2016 through 2017 .....	12
2017 through 2018 .....	14
2018 through 2019 .....	16
2019 through 2020 .....	18
2020 and thereafter .....	20.

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

13 “(A) issued to the retail electric supplier under  
 14 subsection (d);

15 “(B) obtained by purchase or exchange under  
 16 subsection (e); or

17 “(C) borrowed under subsection (f).

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

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

6       “(2) Under the program established by the Secretary,  
7 an entity that generates electric energy through the use  
8 of a renewable energy resource may apply to the Secretary  
9 for the issuance of renewable energy credits. The applica-  
10 tion shall indicate—

11               “(A) the type of renewable energy resource used  
12 to produce the electricity;

13               “(B) the location where the electric energy was  
14 produced; and

15               “(C) any other information the Secretary deter-  
16 mines appropriate.

17       “(3)(A) Except as provided in subparagraphs (B),  
18 (C), and (D), the Secretary shall issue to each entity that  
19 generates electric energy one renewable energy credit for  
20 each kilowatt hour of electric energy the entity generates  
21 from the date of enactment of this section and in each  
22 subsequent calendar year through the use of a renewable  
23 energy resource at an eligible facility.

24       “(B) For incremental hydropower the renewable en-  
25 ergy credits shall be calculated based on the expected in-

1 crease in average annual generation resulting from the ef-  
2 ficiency improvements or capacity additions. The number  
3 of credits shall be calculated using the same water flow  
4 information used to determine a historic average annual  
5 generation baseline for the hydroelectric facility and cer-  
6 tified by the Secretary or the Federal Energy Regulatory  
7 Commission. The calculation of the renewable energy cred-  
8 its for incremental hydropower shall not be based on any  
9 operational changes at the hydroelectric facility not di-  
10 rectly associated with the efficiency improvements or ca-  
11 pacity additions.

12 “(C) The Secretary shall issue two renewable energy  
13 credits for each kilowatt hour of electric energy generated  
14 and supplied to the grid in that calendar year through the  
15 use of a renewable energy resource at an eligible facility  
16 located on Indian land. For purposes of this paragraph,  
17 renewable energy generated by biomass cofired with other  
18 fuels is eligible for two credits only if the biomass was  
19 grown on such land.

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

23 “(E) To be eligible for a renewable energy credit, the  
24 unit of electric energy generated through the use of a re-  
25 newable energy resource may be sold or may be used by

1 the generator. If both a renewable energy resource and  
2 a non-renewable energy resource are used to generate the  
3 electric energy, the Secretary shall issue renewable energy  
4 credits based on the proportion of the renewable energy  
5 resources used. The Secretary shall identify renewable en-  
6 ergy credits by type and date of generation.

7       “(4) When a generator sells electric energy generated  
8 through the use of a renewable energy resource to a retail  
9 electric supplier under a contract subject to section 210  
10 of this Act, the retail electric supplier is treated as the  
11 generator of the electric energy for the purposes of this  
12 section or the duration of the contract.

13       “(5) The Secretary shall issue renewable energy cred-  
14 its for existing facility offsets to be applied against a retail  
15 electric supplier’s required annual percentage. Such cred-  
16 its are not tradeable and may be used only in the calendar  
17 year generation actually occurs.

18       “(e) CREDIT TRADING.—A renewable energy credit,  
19 may be sold or exchanged by the entity to whom issued  
20 or by any other entity who acquires the renewable energy  
21 credit. A renewable energy credit for any year that is not  
22 used to satisfy the minimum renewable generation require-  
23 ment of subsection (a) for that year may be carried for-  
24 ward for use within the next 4 years.

1       “(f) CREDIT BORROWING.—At any time before the  
2 end of calendar year 2009, a retail electric supplier that  
3 has reason to believe it will not have sufficient renewable  
4 energy credits to comply with subsection (a) may—

5           “(1) submit a plan to the Secretary dem-  
6 onstrating that the retail electric supplier will earn  
7 sufficient credits within the next 3 calendar years  
8 which, when taken into account, will enable the re-  
9 tail electric supplier to meet the requirements of  
10 subsection (a) for calendar year 2009 and the subse-  
11 quent calendar years involved; and

12           “(2) upon the approval of the plan by the Sec-  
13 retary, apply renewable energy credits that the plan  
14 demonstrates will be earned within the next 3 cal-  
15 endar years to meet the requirements of subsection  
16 (a) for each calendar year involved.

17 The retail electric supplier must repay all of the borrowed  
18 renewable energy credits by submitting an equivalent  
19 number of renewable energy credits, in addition to those  
20 otherwise required under subsection (a), by calendar year  
21 2010 or any earlier deadlines specified in the approved  
22 plan. Failure to repay the borrowed renewable energy  
23 credits shall subject the retail electric supplier to civil pen-  
24 alties under subsection (h) for violation of the require-  
25 ments of subsection (a) for each calendar year involved.

1       “(g) CREDIT COST CAP.—The Secretary shall offer  
2 renewable energy credits for sale at the lesser of 3 cents  
3 per kilowatt-hour or 200 percent of the average market  
4 value of renewable credits for the applicable compliance  
5 period. On January 1 of each year following calendar year  
6 2008, the Secretary shall adjust for inflation the price  
7 charged per credit for such calendar year, based on the  
8 Gross Domestic Product Implicit Price Deflator.

9       “(h) ENFORCEMENT.—The Secretary may bring an  
10 action in the appropriate United States district court to  
11 impose a civil penalty on a retail electric supplier that does  
12 not comply with subsection (a), unless the retail electric  
13 supplier was unable to comply with subsection (a) for rea-  
14 sons outside of the supplier’s reasonable control (including  
15 weather-related damage, mechanical failure, lack of trans-  
16 mission capacity or availability, strikes, lockouts, actions  
17 of a governmental authority). A retail electric supplier who  
18 does not submit the required number of renewable energy  
19 credits under subsection (a) shall be subject to a civil pen-  
20 alty of not more than the greater of 3 cents or 200 percent  
21 of the average market value of credits for the compliance  
22 period for each renewable energy credit not submitted..

23       “(i) INFORMATION COLLECTION.—The Secretary  
24 may collect the information necessary to verify and  
25 audit—

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

4           “(2) the validity of renewable energy credits  
5           submitted by a retail electric supplier to the Sec-  
6           retary; and

7           “(3) the quantity of electricity sales of all retail  
8           electric suppliers.

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

12          “(k) EXISTING PROGRAMS.—This section does not  
13          preclude a State from imposing additional renewable en-  
14          ergy requirements in that State, including specifying eligi-  
15          ble technologies under such State requirements.

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

17               “(1) BIOMASS.—The term ‘biomass’ means any  
18               organic material that is available on a renewable or  
19               recurring basis, including dedicated energy crops,  
20               trees grown for energy production, wood waste and  
21               wood residues, plants (including aquatic plants,  
22               grasses, and agricultural crops), residues, fibers,  
23               animal wastes and other organic waste materials  
24               (but not including unsegregated municipal solid  
25               waste (garbage)), and fats and oils, except that with



1       respect to ‘trees grown for energy production’, the  
 2       term includes only trees that are procured in con-  
 3       formance with sustainable forestry practices recog-  
 4       nized in the U.S., including the Sustainable Forestry  
 5       Initiative, or another forest management system de-  
 6       termined to be equivalent by the Secretary in con-  
 7       sultation with the Secretary of the Department of  
 8       Agriculture and the Secretary of the Department of  
 9       Commerce and that are in excess of those relied  
 10      upon by an existing forest products manufacturing  
 11      facility to manufacture forest products, and with re-  
 12      spect to material removed from National Forest Sys-  
 13      tem lands the term includes only organic material  
 14      from—

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

17               “(B) slash;

18               “(C) brush; and

19               “(D) mill residues.

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

22               “(A) a facility for the generation of electric  
 23               energy from a renewable energy resource that is  
 24               placed in service on or after the date of enact-  
 25               ment of this section; or

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

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

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

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

23          “(6) INCREMENTAL HYDROPOWER.—The term  
24          ‘incremental hydropower’ means additional genera-  
25          tion that is achieved from increased efficiency or ad-

1       ditions of capacity on or after the date of enactment  
2       of this section or the effective date of the applicable  
3       State renewable portfolio standard program, at a hy-  
4       droelectric facility that was placed in service before  
5       that date.

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

8           “(A) any land within the limits of any In-  
9       dian reservation, pueblo, or rancharia;

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

18          “(C) any dependent Indian community;  
19       and

20          “(D) any land conveyed to any Alaska Na-  
21       tive corporation under the Alaska Native  
22       Claims Settlement Act.

23          “(8) INDIAN TRIBE.—The term ‘Indian tribe’  
24       means any Indian tribe, band, nation, or other orga-  
25       nized group or community, including any Alaskan

1 Native village or regional or village corporation as  
 2 defined in or established pursuant to the Alaska Na-  
 3 tive Claims Settlement Act (43 U.S.C. 1601 et seq.),  
 4 which is recognized as eligible for the special pro-  
 5 grams and services provided by the United States to  
 6 Indians because of their status as Indians.

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

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

15 “(11) REPOWERING OR COFIRING INCRE-  
 16 MENT.—The term ‘repowering or cofiring increment’  
 17 means—

18 “(A) the additional generation from a  
 19 modification that is placed in service on or after  
 20 the date of enactment of this section to expand  
 21 electricity production at a facility used to gen-  
 22 erate electric energy from a renewable energy  
 23 resource or to cofire biomass that was placed in  
 24 service before the date of enactment of this sec-  
 25 tion, or

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

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

19          “(13) RETAIL ELECTRIC SUPPLIER’S BASE  
20          AMOUNT.—The term ‘retail electric supplier’s base  
21          amount’ means the total amount of electric energy  
22          sold by the retail electric supplier to electric cus-  
23          tomers during the most recent calendar year for  
24          which information is available, excluding electric en-  
25          ergy generated by—

1 “(A) an eligible renewable energy resource;

2 or

3 “(B) a hydroelectric facility.

4 “(m) SUNSET.—This section expires December 31,  
5 2030.”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 the Public Utilities Regulatory Policies Act of 1978 (16  
8 U.S.C. prec. 2601) (as amended by section 404(b)) is  
9 amended by adding at the end of the items relating to  
10 title VI the following:

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

11 **TITLE V—SAVING TAXPAYERS**  
12 **MONEY THROUGH ELIMI-**  
13 **NATION OF TAX BREAKS**

14 **SEC. 501. REPEAL OF CERTAIN TAX PROVISIONS FOR OIL**  
15 **INDUSTRY.**

16 (a) AMORTIZATION OF GEOLOGICAL AND GEO-  
17 PHYSICAL EXPENDITURES.—

18 (1) IN GENERAL.—Section 167(h) of the Inter-  
19 nal Revenue Code of 1986 (relating to amortization  
20 of geological and geophysical expenditures) is  
21 amended by adding at the end the following new  
22 paragraph:

23 “(5) NONAPPLICATION TO MAJOR INTEGRATED  
24 OIL COMPANIES.—This subsection shall not apply to

1 any sale during any taxable year by a taxpayer  
 2 which is—

3 “(A) an integrated oil company (as defined  
 4 in section 291(b)(4)) which has an average  
 5 daily worldwide production of crude oil of at  
 6 least 500,000 barrels for such taxable year, or

7 “(B) a related person to such company.”.

8 (2) EFFECTIVE DATE.—The amendment made  
 9 by this subsection shall apply to amounts paid or in-  
 10 curred in taxable years beginning after the date of  
 11 the enactment of this Act.

12 (b) PERCENTAGE DEPLETION ALLOWANCE FOR OIL  
 13 AND GAS PROPERTIES.—

14 (1) IN GENERAL.—Section 613A is amended by  
 15 adding at the end the following new subsection:

16 “(f) NONAPPLICATION TO MAJOR INTEGRATED OIL  
 17 COMPANIES.—The allowance for percentage depletion  
 18 shall be zero during any taxable year with respect to a  
 19 taxpayer which is—

20 “(1) an integrated oil company (as defined in  
 21 section 291(b)(4)) which has an average daily world-  
 22 wide production of crude oil of at least 500,000 bar-  
 23 rels for such taxable year, or

24 “(2) a related person to such company.”.

1           (2) EFFECTIVE DATE.—The amendment made  
2           by this subsection shall apply to taxable years begin-  
3           ning after the date of the enactment of this Act.

4           (c) DEDUCTION FOR INTANGIBLE DRILLING AND  
5 DEVELOPMENT COSTS.—

6           (1) IN GENERAL.—Section 263(c) of the Inter-  
7           nal Revenue Code of 1986 is amended by adding at  
8           the end the following new sentence: “This subsection  
9           shall not apply during any taxable year with respect  
10          to a taxpayer which is an integrated oil company (as  
11          defined in section 291(b)(4)) which has an average  
12          daily worldwide production of crude oil of at least  
13          500,000 barrels for such taxable year or a related  
14          person to such company.”.

15          (2) EFFECTIVE DATE.—The amendment made  
16          by this subsection shall apply to amounts paid or in-  
17          curred in taxable years beginning after the date of  
18          the enactment of this Act.

## 19       **TITLE VI—CLIMATE CHANGE** 20       **RESEARCH**

### 21       **SEC. 601. SHORT TITLE.**

22          This title may be cited as the “Abrupt Climate  
23       Change Research Act of 2007”.



1 **SEC. 602. ABRUPT CLIMATE CHANGE RESEARCH PROGRAM.**

2 (a) DEFINITION OF ABRUPT CLIMATE CHANGE.—In  
3 this section, the term “abrupt climate change” means a  
4 change in the climate that occurs so rapidly or unexpect-  
5 edly that human or natural systems have difficulty adapt-  
6 ing to the climate as changed.

7 (b) ESTABLISHMENT OF PROGRAM.—The Secretary  
8 of Commerce shall establish within the Office of Oceanic  
9 and Atmospheric Research of the National Oceanic and  
10 Atmospheric Administration, and shall carry out, a pro-  
11 gram of scientific research on abrupt climate change.

12 (c) PURPOSES OF PROGRAM.—The purposes of the  
13 program are—

14 (1) to develop a global array of terrestrial and  
15 oceanographic indicators of paleoclimate in order to  
16 sufficiently identify and describe past instances of  
17 abrupt climate change;

18 (2) to improve understanding of thresholds and  
19 nonlinearities in geophysical systems related to the  
20 mechanisms of abrupt climate change;

21 (3) to incorporate those mechanisms into ad-  
22 vanced geophysical models of climate change; and

23 (4) to test the output of those models against  
24 an improved global array of records of past abrupt  
25 climate changes.

1 **SEC. 603. AUTHORIZATION OF APPROPRIATIONS.**

2       There is authorized to be appropriated to the Depart-  
3 ment of Commerce to carry out the research program re-  
4 quired under section 702 \$10,000,000 for each of fiscal  
5 years 2008 through 2013, to remain available until ex-  
6 pended.

○