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**Legislative Bulletin.....June 26, 2009**

**Contents:**

**Amendments to H.R. 2454**— The American Clean Energy and Security Act of 2009 (National Energy Tax)

H.R. 2454, The American Clean Energy and Security Act of 2009 (sponsored by *Rep. Waxman, D-CA*), is scheduled to be considered on the House floor on Friday, June 26, 2009, subject to a structured rule ([H.Res.587](#)) making in order a Managers’ Amendment and *one amendment out of over 200* offered in the Rules Committee. The rule waives all points of order against consideration of the bill, except for clause 9 (earmarks) and clause 10 (“pay-go” violations) of rule XXI. The rule allows three hours of debate and provides one motion to recommit with or without instructions. In the Rules Committee, an amendment in the nature of a substitute consisting of the text of H.R. 2998 was self-executed into the body of H.R. 2454.

**AMENDMENTS MADE IN ORDER UNDER THE RULE**

1. ***Waxman Manager’s Amendment (D-CA)***: The managers’ amendment will make various changes to a number of sections of the underlying bill including; building efficiency, national grid, over-the-counter trading, green jobs, and renewable biomass. Most notably, the amendment adds a fifth title to the bill in order to grant the Department of Agriculture the jurisdiction over a carbon offset program for agricultural activities. Some of the highlights of the changes are summarized below:

***Notable Provisions in the Managers Amendment***

***Renewable Biomass (Sec 126)***: Changes the definition of biomass to be conducive to how it is treated on private lands under the 2008 Farm Bill. This will create a more agriculture friendly definition of biomass to the RES, expanding eligible feedstock’s to include woody biomass and agriculture waste.

***Transmission Lines (Sec 151)***: Authorizes the Federal Energy Regulatory Commission authority to construct certain interstate transmission lines, constructed in the Western Interconnection, through issuing “certificates of public convergence and necessity”. This is a series of interstate power lines providing power for much of the Western United States.

***Building and Lighting Efficiency (Sec 204)***: Limits the Building Energy Performance Labeling Program to new construction only, and not to a retrofitting program as previously required under the bill. Additionally, the amendment provides financial

incentives to provide lower interest loans to consumers who build, buy, or remodel homes and businesses to improve their energy efficiency.

***Carbon Market Regulations (Sec 341):*** Directs the Commodity Futures Trading Commission to regulate allowance derivatives and prohibits over-the-counter trading (OTC). OTC trading is a secondary market for commodities trading, which many critics say operate with little oversight or transparency.

***Labor Agreements (Various Sections):*** The amendment makes changes and expands jobs programs and benefits through a number of areas in the bill. Specifically, the amendment creates an additional demonstration project to assist in developing employment practices in the green construction sector among targeted workers. Additionally, the amendment adds a new section to establish a “clean energy career training clearinghouse” to aid institutions with Federal resources.

Ironically, the amendment also directs the Department of Labor to ensure enough funds remain available in the workers displacement fund to cover its obligations. Under this program, workers *displaced by this Act* are eligible to receive up to *156 weeks* of income supplement, at 70% of their wages, 80 percent of their monthly health care premium, up to \$1,500 for job search assistance, up to \$1,500 for moving assistance, and additional employment services for skills assessment, job counseling, training, and other services. Interestingly, the managers’ amendment also *strikes the provision (Sec 426) that established penalties for fraud* for this program.

### ***Addition of Title V-“Agricultural and Forestry Related Offsets”***

***Offset Program:*** This section creates an offset credit program that parallels the offset program in the base bill run by EPA. However, this offset program is administered by the Secretary of Agriculture and shields agriculture and forestry from being regulated as a capped industry. The bill includes a list of initial projects that would be eligible for offset credits, which will be reviewed every 2 years. However, some conservatives are concerned that the amendment will still not adequately protect commodities industries that emit high amounts of methane, such as livestock or rice production.

***CCS:*** In order to qualify as an eligible project, new projects must develop improved carbon sequestration techniques, and no project begun before 2001 could participate. Some conservatives have expressed concerns that this would disqualify many projects from eligibility, despite the fact many of them use widely accepted sequestration techniques. According to the Agriculture Committee, this will not allow 80% of the corn acres in Iowa to participate in the program.

***Permanence:*** Since the legislation requires all offsets to be permanent, the Peterson language attempts to accomplish this through the creation of “term offset credits,” under which the farmer’s obligation ends when the period for which he receives credits ends. However, many conservatives have concerns that this is still inadequate because additional credits will be needed when the farmer’s participation ends.

*For more information on the consequences and legislative details of the bill, please see the RSC Legislative Bulletin distributed last night.*

2. **Forbes Nature of a Substitute (R-VA):** The amendment strikes all of the underlying bill and replaces it with an amendment that establishes a commission to set a plan for making the U.S. 50% energy independent in 10 years, and 100% energy independent in 20 years, and authorizes a competition that will award large monetary prizes to the first entity that achieves each of seven different energy goals in the bill.

Grants – \$10 billion is set aside for grants to individual researchers, groups, educational institutions or businesses to help share the cost of work toward achieving the goals. These grants are limited to a maximum 15% federal cost share and may not exceed 5% of the total prize amount for each goal.

Prizes – \$14 billion is devoted to cash prizes to be awarded to the first entity to achieve each goal.

**\$500 million** to affordably produce alternative-energy vehicles (70mpg)

**\$250 million** to cut home and business energy usage in half

**\$250 million** to make solar power work at the same cost as coal

**\$1 billion** to make the production of biofuels cost-competitive with gasoline

**\$1 billion** to safely and cheaply store carbon from coal-powered plants

**\$1 billion** to safely store or neutralize nuclear waste

**\$10 billion** to produce usable electricity from a nuclear fusion reaction