

Federal Policy Transitions In Play What will the 112th Congress Bring Us?



Overarching Legislative Themes

There is no money

There is no money

There is no money

Jobs, Jobs, Jobs (without spending money)

Reforming the way we do business (read reductions in spending)

Must Pass” Legislation this year

Fiscal Year 2011 Appropriations

Fiscal Year 2012 Budget Resolution

Debt Ceiling

Fiscal Year 2012 Appropriations (?)

What are we hoping for in Efficiency?



- Consensus equipment standards
- Clean Energy Standard
- Tax incentives
- Financing
- Revitalizing manufacturing
- Appropriations

What's Realistic in Energy Efficiency?

Defense, Defense, Defense

- LightBULB bill
- Appropriations

Consensus Appliance Standards

Some tax extenders

Addressing Federal use of Energy Efficiency

Education, Education, and more Education

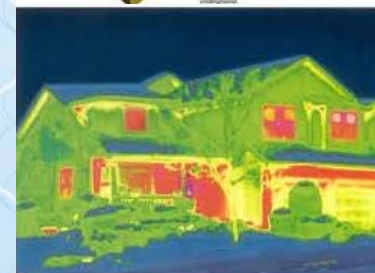
Consensus Federal Standards

- Almost passed Congress in 2010
- Includes:
 - 6 residential appliances
 - Residential AC and furnaces
 - Hot food holding cabinets, hot tubs and drinking water dispensers
- Some clarifications and reforms to standards program



Clean Energy Standard (CES)

- Includes renewables, efficiency, nuclear, carbon capture and storage
- Examples – Lugar and Graham bills, Obama included in SOTU
- Issues:
 - Include efficiency, no cap
 - Numbers – 80% by 2035?
 - Include natural gas for partial credit?
 - Carbon storage vs. “sequestration ready”



Tax Incentives

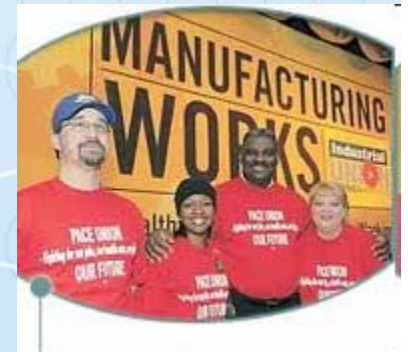
- Residential – add performance based credits (25E) & extend/modify prescriptive credits(25C)
- Commercial – improve new construction deduction, add performance-based incentive for retrofits (20%+ savings)
- Extend new home and appliance credits
- Reinstate credits for heavy-duty hybrids
- Some possible new items (Bingaman/Snowe)
 - Chillers
 - Advanced motors
 - Expand CHP credit
- Perhaps shorter depreciation for some EE investments as part of business tax reform



Revitalizing Manufacturing



- Senators Brown, Stabenow and others introduced IMPACT
 - Revolving loan fund to improve manufacturing processes and to expand production of clean energy products
- Another option:
 - Requirements to let EE bids compete with new capacity



Financing



- Direct appropriations will be difficult, so looking more into financing
- Opportunities:
 - Clean Energy Development Administration (CEDA)
 - Improving and expanding DOE loan guarantee program
 - Federal bonds used to provide low-cost capital that banks or agencies then lend
 - Better including efficiency in review of existing home and commercial loans

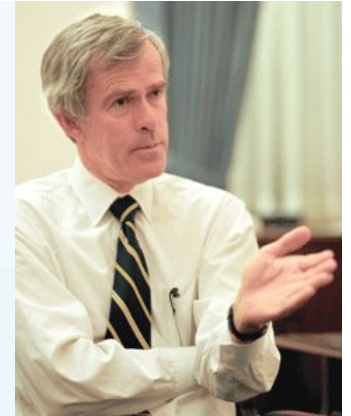
Appropriations

- FY 2011
 - Finally passed with \$38 b of cuts
- FY 2012
 - Administration proposing to increase budgets for some programs
 - Congress will likely cut substantially



Other Possibilities from 2010 ACELA Legislation

- Improved building codes
- Industrial/building job training & TA – IAC, BTAC
- Programs for industry
- Reauthorizing WAP and SEP
- Demand response (House bill)



Administrative Items



- Appliance standards
- Implementation of existing tax incentives and financing
- FERC – demand response, maybe EE
- EPA rulemakings and role of EE

Contact Information

Jennifer Schafer

Cascade Associates

202-554-5828

jasca@cascadeassociates.net