



# Renewable Energy: Options and Prospects for Congressional Action

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# Government Should Support Renewable Energy

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- Environment – climate change, air pollution, water pollution, mining and drilling
- National security – oil dependence, climate change
- Economy – diversification, jobs, new technologies



# Tools to Support Renewable Energy

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- Regulation
  - Use requirements
  - Policies to support development
- Tax incentives
  - Production
  - Use by businesses and individuals
- Direct funding
  - Royalty reductions
  - Grants



# Energy Bill

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- House and Senate passed bills
- Conference report – Nov. 17
- House passed – Nov. 18
- Senate filibuster – Cloture vote failed  
Nov. 21



# Energy Bill Renewables Regulatory Provisions

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- Renewable fuel standard
  - Doubles ethanol to 5B gallons/yr in 2012
- Geothermal leasing on public lands
- Hydroelectric license renewals
  - Reduces participation in process and environmental protections
- Outer Continental Shelf leasing
- Federal government purchases -- non-binding goal



# But Energy Bill Fails to Include...

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- Renewable Portfolio Standard (RPS)
- Electricity policies:
  - Net metering
  - Policies to support demand-side management (DSM)
- Real incentive for government vehicles to use alternative fuel
- Anything on climate change



# Energy Bill Renewables Tax Incentives

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- Section 45 production tax credit
- Tax credits for individuals and businesses – solar, photovoltaic, wind, fuel cells, vehicles
- Biodiesel fuel tax credits
- Ethanol excise and income tax credits



# But Much Greater Tax Breaks for Mature Energy Sources...

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Over the next 10 years:

- Oil and gas tax breaks total \$10.4 billion
- Coal tax breaks total \$2.5 billion
- Nuclear tax breaks total \$1.6 billion
- Total = \$14.6 billion...vs. \$3.3 billion for all renewable energy sources (excluding ethanol)



# Energy Bill Renewables Funding

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- Renewable energy production incentive
- R&D programs – renewables, hydrogen, distributed energy, vehicles and buses
- Geothermal royalty reductions
- Hydroelectric production incentives
- Forest biomass grants
- Photovoltaics in public buildings



# But More Spending on Conventional Energy...

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- Royalty relief for oil and gas
- Loan guarantees for Alaska pipeline
- Loans and grants for coal power plant technology
- Nuclear projects
- R&D spending on fossil and nuclear



# Energy Bill Fails to Advance Clean Renewable Energy

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- Fails to aim for, or achieve, a national sustainable energy policy
- Focuses on subsidizing traditional energy industries and boosting supply
- Continues past policies that:
  - Distort energy markets
  - Damage environment
  - Harm national security



# Prospects for Energy Bill Uncertain

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- Apparently 3 votes short of breaking filibuster
- Blocking bill via a budget point of order may have even more support
- Senate Republican leaders reportedly working to scale back bill costs
- Could try to pass revised bill through procedural maneuver or attach to other legislation, or could pass new bills in House and Senate



# Piecemeal Energy Legislation?

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- As bill remains stuck, increasing interest in passing separate pieces:
  - Ethanol
  - Section 45 tax credit
- May try to attach to upcoming transportation bill, others
- Leadership opposes breaking up bill