

In lieu of the matter proposed to be inserted for the text of the bill, H.R. 6, insert the following:

**1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Energy Independence and Security Act of 2007”.

4 (b) **TABLE OF CONTENTS.**—The table of contents of  
5 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Relationship to other law.

**TITLE I—ENERGY SECURITY THROUGH IMPROVED VEHICLE  
FUEL ECONOMY**

Subtitle A—Increased Corporate Average Fuel Economy Standards

- Sec. 101. Short title.
- Sec. 102. Average fuel economy standards for automobiles and certain other vehicles.
- Sec. 103. Definitions.
- Sec. 104. Credit trading program.
- Sec. 105. Consumer information.
- Sec. 106. Continued applicability of existing standards.
- Sec. 107. National Academy of Sciences studies.
- Sec. 108. National Academy of Sciences study of medium-duty and heavy-duty truck fuel economy.
- Sec. 109. Extension of flexible fuel vehicle credit program.
- Sec. 110. Periodic review of accuracy of fuel economy labeling procedures.
- Sec. 111. Consumer tire information.
- Sec. 112. Use of civil penalties for research and development.
- Sec. 113. Exemption from separate calculation requirement.

Subtitle B—Improved Vehicle Technology

- Sec. 131. Transportation electrification.
- Sec. 132. Domestic manufacturing conversion grant program.
- Sec. 133. Inclusion of electric drive in Energy Policy Act of 1992.
- Sec. 134. Loan guarantees for fuel-efficient automobile parts manufacturers.
- Sec. 135. Advanced battery loan guarantee program.
- Sec. 136. Advanced technology vehicles manufacturing incentive program.

Subtitle C—Federal Vehicle Fleets

- Sec. 141. Federal vehicle fleets.
- Sec. 142. Federal fleet conservation requirements.

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TITLE II—ENERGY SECURITY THROUGH INCREASED  
PRODUCTION OF BIOFUELS

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- Sec. 201. Definitions.
- Sec. 202. Renewable fuel standard.
- Sec. 203. Study of impact of Renewable Fuel Standard.
- Sec. 204. Environmental and resource conservation impacts.
- Sec. 205. Biomass based diesel and biodiesel labeling.
- Sec. 206. Study of credits for use of renewable electricity in electric vehicles.
- Sec. 207. Grants for production of advanced biofuels.
- Sec. 208. Integrated consideration of water quality in determinations on fuels and fuel additives.
- Sec. 209. Anti-backsliding.
- Sec. 210. Effective date, savings provision, and transition rules.

## Subtitle B—Biofuels Research and Development

- Sec. 221. Biodiesel.
- Sec. 222. Biogas.
- Sec. 223. Grants for biofuel production research and development in certain States.
- Sec. 224. Biorefinery energy efficiency.
- Sec. 225. Study of optimization of flexible fueled vehicles to use E-85 fuel.
- Sec. 226. Study of engine durability and performance associated with the use of biodiesel.
- Sec. 227. Study of optimization of biogas used in natural gas vehicles.
- Sec. 228. Algal biomass.
- Sec. 229. Biofuels and biorefinery information center.
- Sec. 230. Cellulosic ethanol and biofuels research.
- Sec. 231. Bioenergy research and development, authorization of appropriation.
- Sec. 232. Environmental research and development.
- Sec. 233. Bioenergy research centers.
- Sec. 234. University based research and development grant program.

## Subtitle C—Biofuels Infrastructure

- Sec. 241. Prohibition on franchise agreement restrictions related to renewable fuel infrastructure.
- Sec. 242. Renewable fuel dispenser requirements.
- Sec. 243. Ethanol pipeline feasibility study.
- Sec. 244. Renewable fuel infrastructure grants.
- Sec. 245. Study of the adequacy of transportation of domestically-produced renewable fuel by railroads and other modes of transportation.
- Sec. 246. Federal fleet fueling centers.
- Sec. 247. Standard specifications for biodiesel.
- Sec. 248. Biofuels distribution and advanced biofuels infrastructure.

## Subtitle D—Environmental Safeguards

- Sec. 251. Waiver for fuel or fuel additives.

TITLE III—ENERGY SAVINGS THROUGH IMPROVED STANDARDS  
FOR APPLIANCE AND LIGHTING

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- Sec. 302. Updating appliance test procedures.
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- Sec. 304. Furnace fan standard process.
- Sec. 305. Improving schedule for standards updating and clarifying State authority.
- Sec. 306. Regional standards for furnaces, central air conditioners, and heat pumps.
- Sec. 307. Procedure for prescribing new or amended standards.
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## TITLE XIII—SMART GRID

- Sec. 1301. Statement of policy on modernization of electricity grid.
- Sec. 1302. Smart grid system report.
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- Sec. 1306. Federal matching fund for smart grid investment costs.
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## TITLE XIV—RENEWABLE ELECTRICITY STANDARD

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TITLE XV—CLEAN RENEWABLE ENERGY AND CONSERVATION  
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## Subtitle B—Transportation and Domestic Fuel Security

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- Sec. 1528. Credit for new qualified plug-in electric drive motor vehicles.
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## PART III—OTHER TRANSPORTATION PROVISIONS

- Sec. 1530. Restructuring of New York Liberty Zone tax credits.
- Sec. 1531. Extension of transportation fringe benefit to bicycle commuters.

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- Sec. 1541. Qualified energy conservation bonds.
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- Sec. 1545. Modifications of energy efficient appliance credit for appliances produced after 2007.
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## Subtitle D—Other Provisions

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- Sec. 1551. Deduction for qualified timber gain.
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- Sec. 1553. Timber REIT modernization.
- Sec. 1554. Mineral royalty income qualifying income for timber REITs.
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## PART II—EXXON VALDEZ

- Sec. 1557. Income averaging for amounts received in connection with the Exxon Valdez litigation.

## Subtitle E—Revenue Provisions

- Sec. 1561. Limitation of deduction for income attributable to domestic production of oil, gas, or a primary products thereof .
- Sec. 1562. Elimination of the different treatment of foreign oil and gas extraction income and foreign oil related income for purposes of the foreign tax credit.
- Sec. 1563. 7-year amortization of geological and geophysical expenditures for certain major integrated oil companies.
- Sec. 1564. Broker reporting of customer's basis in securities transactions.
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- Sec. 1566. Termination of treatment of natural gas distribution lines as 15-year property.
- Sec. 1567. Time for payment of corporate estimated taxes.
- Sec. 1568. Modification of penalty for failure to file partnership returns.

## Subtitle F—Secure Rural Schools

- Sec. 1571. Secure rural schools and community self-determination program.

1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) DEPARTMENT.—The term “Department”  
 4 means the Department of Energy.

5 (2) INSTITUTION OF HIGHER EDUCATION.—The  
 6 term “institution of higher education” has the

1 meaning given the term in section 101(a) of the  
2 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

3 (3) SECRETARY.—The term “Secretary” means  
4 the Secretary of Energy.

5 **SEC. 3. RELATIONSHIP TO OTHER LAW.**

6 Except to the extent expressly provided in this Act  
7 or an amendment made by this Act, nothing in this Act  
8 or an amendment made by this Act supersedes, limits the  
9 authority provided or responsibility conferred by, or au-  
10 thorizes any violation of any provision of law (including  
11 a regulation), including any energy or environmental law  
12 or regulation.

13 **TITLE I—ENERGY SECURITY**  
14 **THROUGH IMPROVED VEHI-**  
15 **CLE FUEL ECONOMY**

16 **Subtitle A—Increased Corporate**  
17 **Average Fuel Economy Standards**

18 **SEC. 101. SHORT TITLE.**

19 This subtitle may be cited as the “Ten-in-Ten Fuel  
20 Economy Act”.

21 **SEC. 102. AVERAGE FUEL ECONOMY STANDARDS FOR**  
22 **AUTOMOBILES AND CERTAIN OTHER VEHI-**  
23 **CLES.**

24 (a) INCREASED STANDARDS.—Section 32902 of title  
25 49, United States Code, is amended—

1 (1) in subsection (a)—

2 (A) by striking “NON-PASSENGER AUTO-  
3 MOBILES.—” and inserting “PRESCRIPTION OF  
4 STANDARDS BY REGULATION.—”;

5 (B) by striking “(except passenger auto-  
6 mobiles)” in subsection (a); and

7 (C) by striking the last sentence;

8 (2) by striking subsection (b) and inserting the  
9 following:

10 “(b) STANDARDS FOR AUTOMOBILES AND CERTAIN  
11 OTHER VEHICLES.—

12 “(1) IN GENERAL.—The Secretary of Transpor-  
13 tation, after consultation with the Secretary of En-  
14 ergy and the Administrator of the Environmental  
15 Protection Agency, shall prescribe separate average  
16 fuel economy standards for—

17 “(A) passenger automobiles manufactured  
18 by manufacturers in each model year beginning  
19 with model year 2011 in accordance with this  
20 subsection;

21 “(B) non-passenger automobiles manufac-  
22 tured by manufacturers in each model year be-  
23 ginning with model year 2011 in accordance  
24 with this subsection;

1           “(C) work trucks in accordance with sub-  
2 section (k); and

3           “(D) commercial medium-duty or heavy-  
4 duty on-highway vehicles in accordance with  
5 subsection (l).

6           “(2) FUEL ECONOMY STANDARDS FOR AUTO-  
7 MOBILES.—

8           “(A) AUTOMOBILE FUEL ECONOMY AVER-  
9 AGE FOR MODEL YEARS 2011 THROUGH 2020.—  
10 The Secretary shall prescribe a separate aver-  
11 age fuel economy standard for passenger auto-  
12 mobiles and a separate average fuel economy  
13 standard for non-passenger automobiles for  
14 each model year beginning with model year  
15 2011 to achieve a combined fuel economy aver-  
16 age for model year 2020 of at least 35 miles  
17 per gallon for the total fleet of passenger and  
18 non-passenger automobiles manufactured for  
19 sale in the United States for that model year.

20           “(B) AUTOMOBILE FUEL ECONOMY AVER-  
21 AGE FOR MODEL YEARS 2021 THROUGH 2030.—  
22 For model years 2021 through 2030, the aver-  
23 age fuel economy required to be attained by  
24 each fleet of passenger and non-passenger auto-  
25 mobiles manufactured for sale in the United

1 States shall be the maximum feasible average  
2 fuel economy standard for each fleet for that  
3 model year.

4 “(C) PROGRESS TOWARD STANDARD RE-  
5 QUIRED.—In prescribing average fuel economy  
6 standards under subparagraph (A), the Sec-  
7 retary shall prescribe annual fuel economy  
8 standard increases that increase the applicable  
9 average fuel economy standard ratably begin-  
10 ning with model year 2011 and ending with  
11 model year 2020.

12 “(3) AUTHORITY OF THE SECRETARY.—The  
13 Secretary shall—

14 “(A) prescribe by regulation separate aver-  
15 age fuel economy standards for passenger and  
16 non-passenger automobiles based on 1 or more  
17 vehicle attributes related to fuel economy and  
18 express each standard in the form of a mathe-  
19 matical function; and

20 “(B) issue regulations under this title pre-  
21 scribing average fuel economy standards for at  
22 least 1, but not more than 5, model years.

23 “(4) MINIMUM STANDARD.—In addition to any  
24 standard prescribed pursuant to paragraph (3), each  
25 manufacturer shall also meet the minimum standard

1 for domestically manufactured passenger auto-  
2 mobiles, which shall be the greater of—

3 “(A) 27.5 miles per gallon; or

4 “(B) 92 percent of the average fuel econ-  
5 omy projected by the Secretary for the com-  
6 bined domestic and non-domestic passenger  
7 automobile fleets manufactured for sale in the  
8 United States by all manufacturers in the  
9 model year, which projection shall be published  
10 in the Federal Register when the standard for  
11 that model year is promulgated in accordance  
12 with this section.”; and

13 (3) in subsection (c)—

14 (A) by striking “(1) Subject to paragraph  
15 (2) of this subsection, the” and inserting  
16 “The”; and

17 (B) by striking paragraph (2).

18 (b) FUEL ECONOMY STANDARD FOR WORK  
19 TRUCKS.—Section 32902 of title 49, United States Code,  
20 is amended by adding at the end the following:

21 “(k) WORK TRUCKS.—

22 “(1) STUDY.—Not later than 1 year after the  
23 date of the enactment of the Ten-in-Ten Fuel Econ-  
24 omy Act, the Secretary of Transportation, in con-  
25 sultation with the Secretary of Energy and the Ad-

1 administrator of the Environmental Protection Agency,  
2 shall examine the fuel efficiency of work trucks and  
3 determine—

4 “(A) the appropriate test procedures and  
5 methodologies for measuring the fuel efficiency  
6 of work trucks;

7 “(B) the appropriate metric for measuring  
8 and expressing work truck fuel efficiency per-  
9 formance, taking into consideration, among  
10 other things, the work performed by work  
11 trucks and types of operations in which they  
12 are used;

13 “(C) the range of factors, including, with-  
14 out limitation, design, functionality, use, duty  
15 cycle, infrastructure, and total overall energy  
16 consumption and operating costs that affect  
17 work truck fuel efficiency; and

18 “(D) such other factors and conditions  
19 that could have an impact on a program to im-  
20 prove work truck fuel efficiency.

21 “(2) RULEMAKING.—Not later than 24 months  
22 after completion of the study required under para-  
23 graph (1), the Secretary, in consultation with the  
24 Secretary of Energy and the Administrator of the  
25 Environmental Protection Agency, by regulation,

1 shall determine in a rulemaking proceeding how to  
2 implement a work truck fuel efficiency improvement  
3 program designed to achieve the maximum feasible  
4 improvement, and shall adopt and implement appro-  
5 priate test methods, measurement metrics, fuel econ-  
6 omy standards, and compliance and enforcement  
7 protocols that are appropriate, cost-effective, and  
8 technologically feasible for work trucks. Any fuel  
9 economy standard prescribed under this section shall  
10 be prescribed at least 18 months before the model  
11 year to which it applies. The Secretary may pre-  
12 scribe separate standards for different classes of ve-  
13 hicles under this subsection.”.

14 (c) FUEL ECONOMY STANDARD FOR COMMERCIAL  
15 MEDIUM-DUTY AND HEAVY-DUTY ON-HIGHWAY VEHI-  
16 CLES.—Section 32902 of title 49, United States Code, as  
17 amended by subsection (b), is further amended by adding  
18 at the end the following:

19 “(1) COMMERCIAL MEDIUM- AND HEAVY-DUTY ON-  
20 HIGHWAY VEHICLES.—

21 “(1) STUDY.—Not later than 1 year after the  
22 National Academy of Sciences publishes the results  
23 of its study under section 108 of the Ten-in-Ten  
24 Fuel Economy Act, the Secretary of Transportation,  
25 in consultation with the Secretary of Energy and the

1 Administrator of the Environmental Protection  
2 Agency, shall examine the fuel efficiency of commer-  
3 cial medium- and heavy-duty on-highway vehicles  
4 and determine—

5 “(A) the appropriate test procedures and  
6 methodologies for measuring the fuel efficiency  
7 of such vehicles;

8 “(B) the appropriate metric for measuring  
9 and expressing commercial medium- and heavy-  
10 duty on-highway vehicle fuel efficiency perform-  
11 ance, taking into consideration, among other  
12 things, the work performed by such on-highway  
13 vehicles and types of operations in which they  
14 are used;

15 “(C) the range of factors, including, with-  
16 out limitation, design, functionality, use, duty  
17 cycle, infrastructure, and total overall energy  
18 consumption and operating costs that affect  
19 commercial medium- and heavy-duty on-high-  
20 way vehicle fuel efficiency; and

21 “(D) such other factors and conditions  
22 that could have an impact on a program to im-  
23 prove commercial medium- and heavy-duty on-  
24 highway vehicle fuel efficiency.

1           “(2) RULEMAKING.—Not later than 24 months  
2 after completion of the study required under para-  
3 graph (1), the Secretary, in consultation with the  
4 Secretary of Energy and the Administrator of the  
5 Environmental Protection Agency, by regulation,  
6 shall determine in a rulemaking proceeding how to  
7 implement a commercial medium- and heavy-duty  
8 on-highway vehicle fuel efficiency improvement pro-  
9 gram designed to achieve the maximum feasible im-  
10 provement, and shall adopt and implement appro-  
11 priate test methods, measurement metrics, fuel econ-  
12 omy standards, and compliance and enforcement  
13 protocols that are appropriate, cost-effective, and  
14 technologically feasible for commercial medium- and  
15 heavy-duty on-highway vehicles. Any fuel economy  
16 standard prescribed under this section shall be pre-  
17 scribed at least 18 months before the model year to  
18 which it applies. The Secretary may prescribe sepa-  
19 rate standards for different classes of vehicles under  
20 this subsection.

21           “(3) LEAD-TIME; REGULATORY STABILITY.—  
22 The first commercial medium- and heavy-duty on-  
23 highway vehicle fuel efficiency regulatory program  
24 adopted pursuant to this subsection shall provide not  
25 less than—

1                   “(A) 4 full model years of regulatory lead-  
2                   time; and

3                   “(B) 3 full model years of regulatory sta-  
4                   bility.”.

5 **SEC. 103. DEFINITIONS.**

6           (a) IN GENERAL.—Section 32901(a) of title 49,  
7 United States Code, is amended—

8                   (1) by striking paragraph (3) and inserting the  
9                   following:

10                   “(3) except as provided in section 32908 of this  
11                   title, ‘automobile’ means a 4-wheeled vehicle that is  
12                   propelled by fuel, or by alternative fuel, manufac-  
13                   tured primarily for use on public streets, roads, and  
14                   highways and rated at less than 10,000 pounds  
15                   gross vehicle weight, except—

16                           “(A) a vehicle operated only on a rail line;

17                           “(B) a vehicle manufactured in different  
18                   stages by 2 or more manufacturers, if no inter-  
19                   mediate or final-stage manufacturer of that ve-  
20                   hicle manufactures more than 10,000 multi-  
21                   stage vehicles per year; or

22                           “(C) a work truck.”;

23                   (2) by redesignating paragraphs (7) through  
24                   (16) as paragraphs (8) through (17), respectively;

1           (3) by inserting after paragraph (6) the fol-  
2           lowing:

3           “(7) ‘commercial medium- and heavy-duty on-  
4           highway vehicle’ means an on-highway vehicle with  
5           a gross vehicle weight rating of 10,000 pounds or  
6           more.”;

7           (4) in paragraph (9)(A), as redesignated, by in-  
8           serting “or a mixture of biodiesel and diesel fuel  
9           meeting the standard established by the American  
10          Society for Testing and Materials or under section  
11          211(u) of the Clean Air Act (42 U.S.C. 7545(u)) for  
12          fuel containing 20 percent biodiesel (commonly  
13          known as ‘B20’)” after “alternative fuel”;

14          (5) by redesignating paragraph (17), as redesign-  
15          ated, as paragraph (18);

16          (6) by inserting after paragraph (16), as redesi-  
17          gnated, the following:

18          “(17) ‘non-passenger automobile’ means an  
19          automobile that is not a passenger automobile or a  
20          work truck.”; and

21          (7) by adding at the end the following:

22          “(19) ‘work truck’ means a vehicle that—

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

1           “(B) is not a medium-duty passenger vehi-  
2           cle (as defined in section 86.1803–01 of title  
3           40, Code of Federal Regulations, as in effect on  
4           the date of the enactment of the Ten-in-Ten  
5           Fuel Economy Act).”.

6 **SEC. 104. CREDIT TRADING PROGRAM.**

7           (a) IN GENERAL.—Section 32903 of title 49, United  
8 States Code, is amended—

9           (1) by striking “section 32902(b)-(d) of this  
10          title” each place it appears and inserting “sub-  
11          sections (a) through (d) of section 32902”;

12          (2) in subsection (a)(2)—

13                (A) by striking “3 consecutive model  
14                years” and inserting “5 consecutive model  
15                years”;

16                (B) by striking “clause (1) of this sub-  
17                section,” and inserting “paragraph (1)”;

18          (3) by redesignating subsection (f) as sub-  
19          section (h); and

20          (4) by inserting after subsection (e) the fol-  
21          lowing:

22          “(f) CREDIT TRADING AMONG MANUFACTURERS.—

23                “(1) IN GENERAL.—The Secretary of Transpor-  
24                tation may establish, by regulation, a fuel economy  
25                credit trading program to allow manufacturers

1       whose automobiles exceed the average fuel economy  
2       standards prescribed under section 32902 to earn  
3       credits to be sold to manufacturers whose auto-  
4       mobiles fail to achieve the prescribed standards such  
5       that the total oil savings associated with manufac-  
6       turers that exceed the prescribed standards are pre-  
7       served when trading credits to manufacturers that  
8       fail to achieve the prescribed standards.

9               “(2) LIMITATION.—The trading of credits by a  
10       manufacturer to the category of passenger auto-  
11       mobiles manufactured domestically is limited to the  
12       extent that the fuel economy level of such auto-  
13       mobiles shall comply with the requirements of sec-  
14       tion 32902(b)(4), without regard to any trading of  
15       credits from other manufacturers.

16              “(g) CREDIT TRANSFERRING WITHIN A MANUFAC-  
17       TURER’S FLEET.—

18               “(1) IN GENERAL.—The Secretary of Transpor-  
19       tation shall establish by regulation a fuel economy  
20       credit transferring program to allow any manufac-  
21       turer whose automobiles exceed any of the average  
22       fuel economy standards prescribed under section  
23       32902 to transfer the credits earned under this sec-  
24       tion and to apply such credits within that manufac-

1 turer's fleet to a compliance category of automobiles  
2 that fails to achieve the prescribed standards.

3 “(2) YEARS FOR WHICH USED.—Credits trans-  
4 ferred under this subsection are available to be used  
5 in the same model years that the manufacturer  
6 could have applied such credits under subsections  
7 (a), (b), (d), and (e), as well as for the model year  
8 in which the manufacturer earned such credits.

9 “(3) MAXIMUM INCREASE.—The maximum in-  
10 crease in any compliance category attributable to  
11 transferred credits is—

12 “(A) for model years 2011 through 2013,  
13 1.0 mile per gallon;

14 “(B) for model years 2014 through 2017,  
15 1.5 miles per gallon; and

16 “(C) for model year 2018 and subsequent  
17 model years, 2.0 miles per gallon.

18 “(4) LIMITATION.—The transfer of credits by a  
19 manufacturer to the category of passenger auto-  
20 mobiles manufactured domestically is limited to the  
21 extent that the fuel economy level of such auto-  
22 mobiles shall comply with the requirements under  
23 section 32904(b)(4), without regard to any transfer  
24 of credits from other categories of automobiles de-  
25 scribed in paragraph (6)(B).

1           “(5) YEARS AVAILABLE.—A credit may be  
2 transferred under this subsection only if it is earned  
3 after model year 2010.

4           “(6) DEFINITIONS.—In this subsection:

5               “(A) FLEET.—The term ‘fleet’ means all  
6 automobiles manufactured by a manufacturer  
7 in a particular model year.

8               “(B) COMPLIANCE CATEGORY OF AUTO-  
9 MOBILES.—The term ‘compliance category of  
10 automobiles’ means any of the following 3 cat-  
11 egories of automobiles for which compliance is  
12 separately calculated under this chapter:

13                   “(i) Passenger automobiles manufac-  
14 tured domestically.

15                   “(ii) Passenger automobiles not man-  
16 ufactured domestically.

17                   “(iii) Non-passenger automobiles.”.

18 (b) CONFORMING AMENDMENTS.—

19           (1) LIMITATIONS.—Section 32902(h) of title  
20 49, United States Code, is amended—

21               (A) in paragraph (1), by striking “and” at  
22 the end;

23               (B) in paragraph (2), by striking the pe-  
24 riod at the end and inserting “; and”; and

25               (C) by adding at the end the following:



1 greenhouse gas and other emissions over  
2 the useful life of the automobile;

3 “(ii) a rating system that would make  
4 it easy for consumers to compare the fuel  
5 economy and greenhouse gas and other  
6 emissions of automobiles at the point of  
7 purchase, including a designation of auto-  
8 mobiles—

9 “(I) with the lowest greenhouse  
10 gas emissions over the useful life of  
11 the vehicles; and

12 “(II) the highest fuel economy;  
13 and

14 “(iii) a permanent and prominent dis-  
15 play that an automobile is capable of oper-  
16 ating on an alternative fuel; and

17 “(B) to include in the owner’s manual for  
18 vehicles capable of operating on alternative  
19 fuels information that describes that capability  
20 and the benefits of using alternative fuels, in-  
21 cluding the renewable nature and environmental  
22 benefits of using alternative fuels.

23 “(2) CONSUMER EDUCATION.—

24 “(A) IN GENERAL.—The Secretary of  
25 Transportation, in consultation with the Sec-

1           retary of Energy and the Administrator of the  
2           Environmental Protection Agency, shall develop  
3           and implement by rule a consumer education  
4           program to improve consumer understanding of  
5           automobile performance described in paragraph  
6           (1)(A)(i) and to inform consumers of the bene-  
7           fits of using alternative fuel in automobiles and  
8           the location of stations with alternative fuel ca-  
9           pacity.

10           “(B) FUEL SAVINGS EDUCATION CAM-  
11           PAIGN.—The Secretary of Transportation shall  
12           establish a consumer education campaign on  
13           the fuel savings that would be recognized from  
14           the purchase of vehicles equipped with thermal  
15           management technologies, including energy effi-  
16           cient air conditioning systems and glass.

17           “(3) FUEL TANK LABELS FOR ALTERNATIVE  
18           FUEL AUTOMOBILES.—The Secretary of Transpor-  
19           tation shall by rule require a label to be attached to  
20           the fuel compartment of vehicles capable of oper-  
21           ating on alternative fuels, with the form of alter-  
22           native fuel stated on the label. A label attached in  
23           compliance with the requirements of section  
24           32905(h) is deemed to meet the requirements of this  
25           paragraph.

1           “(4) RULEMAKING DEADLINE.—The Secretary  
2           of Transportation shall issue a final rule under this  
3           subsection not later than 42 months after the date  
4           of the enactment of the Ten-in-Ten Fuel Economy  
5           Act.”.

6   **SEC. 106. CONTINUED APPLICABILITY OF EXISTING STAND-**  
7                           **ARDS.**

8           Nothing in this subtitle, or the amendments made by  
9           this subtitle, shall be construed to affect the application  
10          of section 32902 of title 49, United States Code, to pas-  
11          senger automobiles or non-passenger automobiles manu-  
12          factured before model year 2011.

13   **SEC. 107. NATIONAL ACADEMY OF SCIENCES STUDIES.**

14          (a) IN GENERAL.—As soon as practicable after the  
15          date of enactment of this Act, the Secretary of Transpor-  
16          tation shall execute an agreement with the National Acad-  
17          emy of Sciences to develop a report evaluating vehicle fuel  
18          economy standards, including—

19                 (1) an assessment of automotive technologies  
20                 and costs to reflect developments since the Acad-  
21                 emy’s 2002 report evaluating the corporate average  
22                 fuel economy standards was conducted;

23                 (2) an analysis of existing and potential tech-  
24                 nologies that may be used practically to improve

1 automobile and medium-duty and heavy-duty truck  
2 fuel economy;

3 (3) an analysis of how such technologies may be  
4 practically integrated into the automotive and me-  
5 dium-duty and heavy-duty truck manufacturing  
6 process; and

7 (4) an assessment of how such technologies may  
8 be used to meet the new fuel economy standards  
9 under chapter 329 of title 49, United States Code,  
10 as amended by this subtitle.

11 (b) REPORT.—The Academy shall submit the report  
12 to the Secretary, the Committee on Commerce, Science,  
13 and Transportation of the Senate, and the Committee on  
14 Energy and Commerce of the House of Representatives,  
15 with its findings and recommendations not later than 5  
16 years after the date on which the Secretary executes the  
17 agreement with the Academy.

18 (c) QUINQUENNIAL UPDATES.—After submitting the  
19 initial report, the Academy shall update the report at 5  
20 year intervals thereafter through 2025.

21 **SEC. 108. NATIONAL ACADEMY OF SCIENCES STUDY OF ME-**  
22 **DIUM-DUTY AND HEAVY-DUTY TRUCK FUEL**  
23 **ECONOMY.**

24 (a) IN GENERAL.—As soon as practicable after the  
25 date of enactment of this Act, the Secretary of Transpor-

1 tation shall execute an agreement with the National Acad-  
2 emy of Sciences to develop a report evaluating medium-  
3 duty and heavy-duty truck fuel economy standards, includ-  
4 ing—

5 (1) an assessment of technologies and costs to  
6 evaluate fuel economy for medium-duty and heavy-  
7 duty trucks;

8 (2) an analysis of existing and potential tech-  
9 nologies that may be used practically to improve me-  
10 dium-duty and heavy-duty truck fuel economy;

11 (3) an analysis of how such technologies may be  
12 practically integrated into the medium-duty and  
13 heavy-duty truck manufacturing process;

14 (4) an assessment of how such technologies may  
15 be used to meet fuel economy standards to be pre-  
16 scribed under section 32902(1) of title 49, United  
17 States Code, as amended by this subtitle; and

18 (5) associated costs and other impacts on the  
19 operation of medium-duty and heavy-duty trucks, in-  
20 cluding congestion.

21 (b) REPORT.—The Academy shall submit the report  
22 to the Secretary, the Committee on Commerce, Science,  
23 and Transportation of the Senate, and the Committee on  
24 Energy and Commerce of the House of Representatives,  
25 with its findings and recommendations not later than 1

1 year after the date on which the Secretary executes the  
2 agreement with the Academy.

3 **SEC. 109. EXTENSION OF FLEXIBLE FUEL VEHICLE CREDIT**  
4 **PROGRAM.**

5 (a) IN GENERAL.—Section 32906 of title 49, United  
6 States Code, is amended to read as follows:

7 **“§ 32906. Maximum fuel economy increase for alter-**  
8 **native fuel automobiles**

9 “(a) IN GENERAL.—For each of model years 1993  
10 through 2019 for each category of automobile (except an  
11 electric automobile), the maximum increase in average fuel  
12 economy for a manufacturer attributable to dual fueled  
13 automobiles is—

14 “(1) 1.2 miles a gallon for each of model years  
15 1993 through 2014;

16 “(2) 1.0 miles per gallon for model year 2015;

17 “(3) 0.8 miles per gallon for model year 2016;

18 “(4) 0.6 miles per gallon for model year 2017;

19 “(5) 0.4 miles per gallon for model year 2018;

20 “(6) 0.2 miles per gallon for model year 2019;

21 and

22 “(7) 0 miles per gallon for model years after  
23 2019.

24 “(b) CALCULATION.—In applying subsection (a), the  
25 Administrator of the Environmental Protection Agency

1 shall determine the increase in a manufacturer's average  
2 fuel economy attributable to dual fueled automobiles by  
3 subtracting from the manufacturer's average fuel economy  
4 calculated under section 32905(e) the number equal to  
5 what the manufacturer's average fuel economy would be  
6 if it were calculated by the formula under section  
7 32904(a)(1) by including as the denominator for each  
8 model of dual fueled automobiles the fuel economy when  
9 the automobiles are operated on gasoline or diesel fuel.”.

10 (b) CONFORMING AMENDMENTS.—Section 32905 of  
11 title 49, United States Code, is amended—

12 (1) in subsection (b), by striking “1993-2010,”  
13 and inserting “1993 through 2019,”;

14 (2) in subsection (d), by striking “1993-2010,”  
15 and inserting “1993 through 2019,”;

16 (3) by striking subsections (f) and (g); and

17 (4) by redesignating subsection (h) as sub-  
18 section (f).

19 (c) B20 BIODIESEL FLEXIBLE FUEL CREDIT.—Sec-  
20 tion 32905(b)(2) of title 49, United States Code, is  
21 amended to read as follows:

22 “(2) .5 divided by the fuel economy—

23 “(A) measured under subsection (a) when  
24 operating the model on alternative fuel; or

1           “(B) measured based on the fuel content  
2           of B20 when operating the model on B20,  
3           which is deemed to contain 0.15 gallon of  
4           fuel.”.

5 **SEC. 110. PERIODIC REVIEW OF ACCURACY OF FUEL ECON-**  
6 **OMY LABELING PROCEDURES.**

7           Beginning in December, 2009, and not less often  
8 than every 5 years thereafter, the Administrator of the  
9 Environmental Protection Agency, in consultation with  
10 the Secretary of Transportation, shall—

11           (1) reevaluate the fuel economy labeling proce-  
12           dures described in the final rule published in the  
13           Federal Register on December 27, 2006 (71 Fed.  
14           Reg. 77,872; 40 C.F.R. parts 86 and 600) to deter-  
15           mine whether changes in the factors used to estab-  
16           lish the labeling procedures warrant a revision of  
17           that process; and

18           (2) submit a report to the Committee on Com-  
19           merce, Science, and Transportation of the Senate  
20           and the Committee on Energy and Commerce of the  
21           House of Representatives that describes the results  
22           of the reevaluation process.

1 **SEC. 111. CONSUMER TIRE INFORMATION.**

2 (a) IN GENERAL.—Chapter 323 of title 49, United  
3 States Code, is amended by inserting after section 32304  
4 the following:

5 **“§ 32304A. Consumer tire information**

6 “(a) RULEMAKING.—

7 “(1) IN GENERAL.—Not later than 24 months  
8 after the date of enactment of the Ten-in-Ten Fuel  
9 Economy Act, the Secretary of Transportation shall,  
10 after notice and opportunity for comment, promul-  
11 gate rules establishing a national tire fuel efficiency  
12 consumer information program for replacement tires  
13 designed for use on motor vehicles to educate con-  
14 sumers about the effect of tires on automobile fuel  
15 efficiency, safety, and durability.

16 “(2) ITEMS INCLUDED IN RULE.—The rule-  
17 making shall include—

18 “(A) a national tire fuel efficiency rating  
19 system for motor vehicle replacement tires to  
20 assist consumers in making more educated tire  
21 purchasing decisions;

22 “(B) requirements for providing informa-  
23 tion to consumers, including information at the  
24 point of sale and other potential information  
25 dissemination methods, including the Internet;

1           “(C) specifications for test methods for  
2           manufacturers to use in assessing and rating  
3           tires to avoid variation among test equipment  
4           and manufacturers; and

5           “(D) a national tire maintenance consumer  
6           education program including, information on  
7           tire inflation pressure, alignment, rotation, and  
8           tread wear to maximize fuel efficiency, safety,  
9           and durability of replacement tires.

10          “(3) APPLICABILITY.—This section shall apply  
11          only to replacement tires covered under section  
12          575.104(e) of title 49, Code of Federal Regulations,  
13          in effect on the date of the enactment of the Ten-  
14          in-Ten Fuel Economy Act.

15          “(b) CONSULTATION.—The Secretary shall consult  
16          with the Secretary of Energy and the Administrator of  
17          the Environmental Protection Agency on the means of  
18          conveying tire fuel efficiency consumer information.

19          “(c) REPORT TO CONGRESS.—The Secretary shall  
20          conduct periodic assessments of the rules promulgated  
21          under this section to determine the utility of such rules  
22          to consumers, the level of cooperation by industry, and the  
23          contribution to national goals pertaining to energy con-  
24          sumption. The Secretary shall transmit periodic reports  
25          detailing the findings of such assessments to the Senate

1 Committee on Commerce, Science, and Transportation  
2 and the House of Representatives Committee on Energy  
3 and Commerce.

4 “(d) TIRE MARKING.—The Secretary shall not re-  
5 quire permanent labeling of any kind on a tire for the pur-  
6 pose of tire fuel efficiency information.

7 “(e) APPLICATION WITH STATE AND LOCAL LAWS  
8 AND REGULATIONS.—Nothing in this section prohibits a  
9 State or political subdivision thereof from enforcing a law  
10 or regulation on tire fuel efficiency consumer information  
11 that was in effect on January 1, 2006. After a require-  
12 ment promulgated under this section is in effect, a State  
13 or political subdivision thereof may adopt or enforce a law  
14 or regulation on tire fuel efficiency consumer information  
15 enacted or promulgated after January 1, 2006, if the re-  
16 quirements of that law or regulation are identical to the  
17 requirement promulgated under this section. Nothing in  
18 this section shall be construed to preempt a State or polit-  
19 ical subdivision thereof from regulating the fuel efficiency  
20 of tires (including establishing testing methods for deter-  
21 mining compliance with such standards) not otherwise  
22 preempted under this chapter.”.

23 (b) ENFORCEMENT.—Section 32308 of title 49,  
24 United States Code, is amended—



1           “(1) transfer 50 percent of such total amount  
2           to the account providing appropriations to the Sec-  
3           retary of Transportation for the administration of  
4           this chapter, which shall be used by the Secretary to  
5           support rulemaking under this chapter; and

6           “(2) transfer 50 percent of such total amount  
7           to the account providing appropriations to the Sec-  
8           retary of Transportation for the administration of  
9           this chapter, which shall be used by the Secretary to  
10          carry out a program to make grants to manufactur-  
11          ers for retooling, reequipping, or expanding existing  
12          manufacturing facilities in the United States to  
13          produce advanced technology vehicles and compo-  
14          nents.”.

15 **SEC. 113. EXEMPTION FROM SEPARATE CALCULATION RE-**  
16 **QUIREMENT.**

17          (a) **REPEAL.**—Paragraphs (6), (7), and (8) of section  
18 32904(b) of title 49, United States Code, are repealed.

19          (b) **EFFECT OF REPEAL ON EXISTING EXEMP-**  
20 **TIONS.**—Any exemption granted under section  
21 32904(b)(6) of title 49, United States Code, prior to the  
22 date of the enactment of this Act shall remain in effect  
23 subject to its terms through model year 2013.

24          (c) **ACCRUAL AND USE OF CREDITS.**—Any manufac-  
25 turer holding an exemption under section 32904(b)(6) of

1 title 49, United States Code, prior to the date of the enact-  
2 ment of this Act may accrue and use credits under sec-  
3 tions 32903 and 32905 of such title beginning with model  
4 year 2011.

5 **Subtitle B—Improved Vehicle**  
6 **Technology**

7 **SEC. 131. TRANSPORTATION ELECTRIFICATION.**

8 (a) DEFINITIONS.—In this section:

9 (1) ADMINISTRATOR.—The term “Adminis-  
10 trator” means the Administrator of the Environ-  
11 mental Protection Agency.

12 (2) BATTERY.—The term “battery” means an  
13 electrochemical energy storage system powered di-  
14 rectly by electrical current.

15 (3) ELECTRIC TRANSPORTATION TECH-  
16 NOLOGY.—The term “electric transportation tech-  
17 nology” means—

18 (A) technology used in vehicles that use an  
19 electric motor for all or part of the motive  
20 power of the vehicles, including battery electric,  
21 hybrid electric, plug-in hybrid electric, fuel cell,  
22 and plug-in fuel cell vehicles, or rail transpor-  
23 tation; or

24 (B) equipment relating to transportation  
25 or mobile sources of air pollution that use an

1 electric motor to replace an internal combustion  
2 engine for all or part of the work of the equip-  
3 ment, including—

4 (i) corded electric equipment linked to  
5 transportation or mobile sources of air pol-  
6 lution; and

7 (ii) electrification technologies at air-  
8 ports, ports, truck stops, and material-han-  
9 dling facilities.

10 (4) NONROAD VEHICLE.—The term “nonroad  
11 vehicle” means a vehicle—

12 (A) powered—

13 (i) by a nonroad engine, as that term  
14 is defined in section 216 of the Clean Air  
15 Act (42 U.S.C. 7550); or

16 (ii) fully or partially by an electric  
17 motor powered by a fuel cell, a battery, or  
18 an off-board source of electricity; and

19 (B) that is not a motor vehicle or a vehicle  
20 used solely for competition.

21 (5) PLUG-IN ELECTRIC DRIVE VEHICLE.—The  
22 term “plug-in electric drive vehicle” means a vehicle  
23 that—

24 (A) draws motive power from a battery  
25 with a capacity of at least 4 kilowatt-hours;

1 (B) can be recharged from an external  
2 source of electricity for motive power; and

3 (C) is a light-, medium-, or heavy-duty  
4 motor vehicle or nonroad vehicle (as those  
5 terms are defined in section 216 of the Clean  
6 Air Act (42 U.S.C. 7550)).

7 (6) QUALIFIED ELECTRIC TRANSPORTATION  
8 PROJECT.—The term “qualified electric transpor-  
9 tation project” means an electric transportation  
10 technology project that would significantly reduce  
11 emissions of criteria pollutants, greenhouse gas  
12 emissions, and petroleum, including—

13 (A) shipside or shoreside electrification for  
14 vessels;

15 (B) truck-stop electrification;

16 (C) electric truck refrigeration units;

17 (D) battery powered auxiliary power units  
18 for trucks;

19 (E) electric airport ground support equip-  
20 ment;

21 (F) electric material and cargo handling  
22 equipment;

23 (G) electric or dual-mode electric rail;

24 (H) any distribution upgrades needed to  
25 supply electricity to the project; and

1 (I) any ancillary infrastructure, including  
2 panel upgrades, battery chargers, in-situ trans-  
3 formers, and trenching.

4 (b) PLUG-IN ELECTRIC DRIVE VEHICLE PRO-  
5 GRAM.—

6 (1) ESTABLISHMENT.—The Secretary shall es-  
7 tablish a competitive program to provide grants on  
8 a cost-shared basis to State governments, local gov-  
9 ernments, metropolitan transportation authorities,  
10 air pollution control districts, private or nonprofit  
11 entities, or combinations of those governments, au-  
12 thorities, districts, and entities, to carry out 1 or  
13 more projects to encourage the use of plug-in electric  
14 drive vehicles or other emerging electric vehicle tech-  
15 nologies, as determined by the Secretary.

16 (2) ADMINISTRATION.—The Secretary shall, in  
17 consultation with the Secretary of Transportation  
18 and the Administrator, establish requirements for  
19 applications for grants under this section, including  
20 reporting of data to be summarized for dissemina-  
21 tion to grantees and the public, including safety, ve-  
22 hicle, and component performance, and vehicle and  
23 component life cycle costs.

24 (3) PRIORITY.—In making awards under this  
25 subsection, the Secretary shall—

1 (A) give priority consideration to applica-  
2 tions that—

3 (i) encourage early widespread use of  
4 vehicles described in paragraph (1); and

5 (ii) are likely to make a significant  
6 contribution to the advancement of the  
7 production of the vehicles in the United  
8 States; and

9 (B) ensure, to the maximum extent prac-  
10 ticable, that the program established under this  
11 subsection includes a variety of applications,  
12 manufacturers, and end-uses.

13 (4) REPORTING.—The Secretary shall require a  
14 grant recipient under this subsection to submit to  
15 the Secretary, on an annual basis, data relating to  
16 safety, vehicle performance, life cycle costs, and  
17 emissions of vehicles demonstrated under the grant,  
18 including emissions of greenhouse gases.

19 (5) COST SHARING.—Section 988 of the Energy  
20 Policy Act of 2005 (42 U.S.C. 16352) shall apply to  
21 a grant made under this subsection.

22 (6) AUTHORIZATION OF APPROPRIATIONS.—  
23 There is authorized to be appropriated to carry out  
24 this subsection \$90,000,000 for each of fiscal years  
25 2008 through 2012, of which not less than  $\frac{1}{3}$  of the

1 total amount appropriated shall be available each  
2 fiscal year to make grants to local and municipal  
3 governments.

4 (c) NEAR-TERM TRANSPORTATION SECTOR ELEC-  
5 TRIFICATION PROGRAM.—

6 (1) IN GENERAL.—Not later than 1 year after  
7 the date of enactment of this Act, the Secretary, in  
8 consultation with the Secretary of Transportation  
9 and the Administrator, shall establish a program to  
10 provide grants for the conduct of qualified electric  
11 transportation projects.

12 (2) PRIORITY.—In providing grants under this  
13 subsection, the Secretary shall give priority to large-  
14 scale projects and large-scale aggregators of  
15 projects.

16 (3) COST SHARING.—Section 988 of the Energy  
17 Policy Act of 2005 (42 U.S.C. 16352) shall apply to  
18 a grant made under this subsection.

19 (4) AUTHORIZATION OF APPROPRIATIONS.—  
20 There is authorized to be appropriated to carry out  
21 this subsection \$95,000,000 for each of fiscal years  
22 2008 through 2013.

23 (d) EDUCATION PROGRAM.—

24 (1) IN GENERAL.—The Secretary shall develop  
25 a nationwide electric drive transportation technology

1 education program under which the Secretary shall  
2 provide—

3 (A) teaching materials to secondary schools  
4 and high schools; and

5 (B) assistance for programs relating to  
6 electric drive system and component engineer-  
7 ing to institutions of higher education.

8 (2) ELECTRIC VEHICLE COMPETITION.—The  
9 program established under paragraph (1) shall in-  
10 clude a plug-in hybrid electric vehicle competition for  
11 institutions of higher education, which shall be  
12 known as the “Dr. Andrew Frank Plug-In Electric  
13 Vehicle Competition”.

14 (3) ENGINEERS.—In carrying out the program  
15 established under paragraph (1), the Secretary shall  
16 provide financial assistance to institutions of higher  
17 education to create new, or support existing, degree  
18 programs to ensure the availability of trained elec-  
19 trical and mechanical engineers with the skills nec-  
20 essary for the advancement of—

21 (A) plug-in electric drive vehicles; and

22 (B) other forms of electric drive transpor-  
23 tation technology vehicles.

1           (4) AUTHORIZATION OF APPROPRIATIONS.—

2           There are authorized to be appropriated such sums

3           as may be necessary to carry out this subsection.

4 **SEC. 132. DOMESTIC MANUFACTURING CONVERSION**  
5 **GRANT PROGRAM.**

6           Section 712 of the Energy Policy Act of 2005 (42  
7 U.S.C. 16062) is amended to read as follows:

8 **“SEC. 712. DOMESTIC MANUFACTURING CONVERSION**  
9 **GRANT PROGRAM.**

10          “(a) PROGRAM.—

11               “(1) IN GENERAL.—The Secretary shall estab-  
12               lish a program to encourage domestic production  
13               and sales of efficient hybrid and advanced diesel ve-  
14               hicles and components of those vehicles.

15               “(2) INCLUSIONS.—The program shall include  
16               grants to automobile manufacturers and suppliers  
17               and hybrid component manufacturers to encourage  
18               domestic production of efficient hybrid, plug-in elec-  
19               tric hybrid, plug-in electric drive, and advanced die-  
20               sel vehicles.

21               “(3) PRIORITY.—Priority shall be given to the  
22               refurbishment or retooling of manufacturing facili-  
23               ties that have recently ceased operation or will cease  
24               operation in the near future.

1           “(b) COORDINATION WITH STATE AND LOCAL PRO-  
2 GRAMS.—The Secretary may coordinate implementation of  
3 this section with State and local programs designed to ac-  
4 complish similar goals, including the retention and retrain-  
5 ing of skilled workers from the manufacturing facilities,  
6 including by establishing matching grant arrangements.

7           “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
8 are authorized to be appropriated to the Secretary such  
9 sums as may be necessary to carry out this section.”.

10 **SEC. 133. INCLUSION OF ELECTRIC DRIVE IN ENERGY POL-**  
11 **ICY ACT OF 1992.**

12           Section 508 of the Energy Policy Act of 1992 (42  
13 U.S.C. 13258) is amended—

14           (1) by redesignating subsections (a) through (d)  
15 as subsections (b) through (e), respectively;

16           (2) by inserting before subsection (b) the fol-  
17 lowing:

18           “(a) DEFINITIONS.—In this section:

19           “(1) FUEL CELL ELECTRIC VEHICLE.—The  
20 term ‘fuel cell electric vehicle’ means an on-road or  
21 nonroad vehicle that uses a fuel cell (as defined in  
22 section 803 of the Spark M. Matsunaga Hydrogen  
23 Act of 2005 (42 U.S.C. 16152)).

24           “(2) HYBRID ELECTRIC VEHICLE.—The term  
25 ‘hybrid electric vehicle’ means a new qualified hybrid

1 motor vehicle (as defined in section 30B(d)(3) of the  
2 Internal Revenue Code of 1986).

3 “(3) MEDIUM- OR HEAVY-DUTY ELECTRIC VE-  
4 HICLE.—The term ‘medium- or heavy-duty electric  
5 vehicle’ means an electric, hybrid electric, or plug-in  
6 hybrid electric vehicle with a gross vehicle weight of  
7 more than 8,501 pounds.

8 “(4) NEIGHBORHOOD ELECTRIC VEHICLE.—  
9 The term ‘neighborhood electric vehicle’ means a 4-  
10 wheeled on-road or nonroad vehicle that—

11 “(A) has a top attainable speed in 1 mile  
12 of more than 20 mph and not more than 25  
13 mph on a paved level surface; and

14 “(B) is propelled by an electric motor and  
15 on-board, rechargeable energy storage system  
16 that is rechargeable using an off-board source  
17 of electricity.

18 “(5) PLUG-IN ELECTRIC DRIVE VEHICLE.—The  
19 term ‘plug-in electric drive vehicle’ means a vehicle  
20 that—

21 “(A) draws motive power from a battery  
22 with a capacity of at least 4 kilowatt-hours;

23 “(B) can be recharged from an external  
24 source of electricity for motive power; and



1 equipment, as determined by the Sec-  
2 retary; and

3 “(B) allocate more than 1, but not to ex-  
4 ceed 5, credits for investment in an emerging  
5 technology relating to any vehicle described in  
6 subparagraph (A) to encourage—

7 “(i) a reduction in petroleum demand;

8 “(ii) technological advancement; and

9 “(iii) a reduction in vehicle emis-  
10 sions.”;

11 (4) in subsection (c) (as redesignated by para-  
12 graph (1)), by striking “subsection (a)” and insert-  
13 ing “subsection (b)”; and

14 (5) by adding at the end the following:

15 “(f) **AUTHORIZATION OF APPROPRIATIONS.**—There  
16 are authorized to be appropriated such sums as are nec-  
17 essary to carry out this section for each of fiscal years  
18 2008 through 2013.”.

19 **SEC. 134. LOAN GUARANTEES FOR FUEL-EFFICIENT AUTO-**  
20 **MOBILE PARTS MANUFACTURERS.**

21 (a) **IN GENERAL.**—Section 712(a)(2) of the Energy  
22 Policy Act of 2005 (42 U.S.C. 16062(a)(2)) (as amended  
23 by section 132) is amended by inserting “and loan guaran-  
24 tees under section 1703” after “grants”.

1 (b) CONFORMING AMENDMENT.—Section 1703(b) of  
2 the Energy Policy Act of 2005 (42 U.S.C. 16513(b)) is  
3 amended by striking paragraph (8) and inserting the fol-  
4 lowing:

5 “(8) Production facilities for the manufacture  
6 of fuel efficient vehicles or parts of those vehicles,  
7 including electric drive vehicles and advanced diesel  
8 vehicles.”.

9 **SEC. 135. ADVANCED BATTERY LOAN GUARANTEE PRO-**  
10 **GRAM.**

11 (a) ESTABLISHMENT OF PROGRAM.—The Secretary  
12 shall establish a program to provide guarantees of loans  
13 by private institutions for the construction of facilities for  
14 the manufacture of advanced vehicle batteries and battery  
15 systems that are developed and produced in the United  
16 States, including advanced lithium ion batteries and hy-  
17 brid electrical system and component manufacturers and  
18 software designers.

19 (b) REQUIREMENTS.—The Secretary may provide a  
20 loan guarantee under subsection (a) to an applicant if—

21 (1) without a loan guarantee, credit is not  
22 available to the applicant under reasonable terms or  
23 conditions sufficient to finance the construction of a  
24 facility described in subsection (a);

1           (2) the prospective earning power of the appli-  
2           cant and the character and value of the security  
3           pledged provide a reasonable assurance of repayment  
4           of the loan to be guaranteed in accordance with the  
5           terms of the loan; and

6           (3) the loan bears interest at a rate determined  
7           by the Secretary to be reasonable, taking into ac-  
8           count the current average yield on outstanding obli-  
9           gations of the United States with remaining periods  
10          of maturity comparable to the maturity of the loan.

11          (c) CRITERIA.—In selecting recipients of loan guar-  
12          antees from among applicants, the Secretary shall give  
13          preference to proposals that—

14               (1) meet all applicable Federal and State per-  
15               mitting requirements;

16               (2) are most likely to be successful; and

17               (3) are located in local markets that have the  
18               greatest need for the facility.

19          (d) MATURITY.—A loan guaranteed under subsection  
20          (a) shall have a maturity of not more than 20 years.

21          (e) TERMS AND CONDITIONS.—The loan agreement  
22          for a loan guaranteed under subsection (a) shall provide  
23          that no provision of the loan agreement may be amended  
24          or waived without the consent of the Secretary.

1           (f) ASSURANCE OF REPAYMENT.—The Secretary  
2 shall require that an applicant for a loan guarantee under  
3 subsection (a) provide an assurance of repayment in the  
4 form of a performance bond, insurance, collateral, or other  
5 means acceptable to the Secretary in an amount equal to  
6 not less than 20 percent of the amount of the loan.

7           (g) GUARANTEE FEE.—The recipient of a loan guar-  
8 antee under subsection (a) shall pay the Secretary an  
9 amount determined by the Secretary to be sufficient to  
10 cover the administrative costs of the Secretary relating to  
11 the loan guarantee.

12          (h) FULL FAITH AND CREDIT.—The full faith and  
13 credit of the United States is pledged to the payment of  
14 all guarantees made under this section. Any such guar-  
15 antee made by the Secretary shall be conclusive evidence  
16 of the eligibility of the loan for the guarantee with respect  
17 to principal and interest. The validity of the guarantee  
18 shall be incontestable in the hands of a holder of the guar-  
19 anteed loan.

20          (i) REPORTS.—Until each guaranteed loan under this  
21 section has been repaid in full, the Secretary shall annu-  
22 ally submit to Congress a report on the activities of the  
23 Secretary under this section.

1           (j) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated such sums as are nec-  
3 essary to carry out this section.

4           (k) TERMINATION OF AUTHORITY.—The authority of  
5 the Secretary to issue a loan guarantee under subsection  
6 (a) terminates on the date that is 10 years after the date  
7 of enactment of this Act.

8 **SEC. 136. ADVANCED TECHNOLOGY VEHICLES MANUFAC-**  
9 **TURING INCENTIVE PROGRAM.**

10          (a) DEFINITIONS.—In this section:

11           (1) ADVANCED TECHNOLOGY VEHICLE.—The  
12 term “advanced technology vehicle” means a light  
13 duty vehicle that meets—

14           (A) the Bin 5 Tier II emission standard  
15 established in regulations issued by the Admin-  
16 istrator of the Environmental Protection Agen-  
17 cy under section 202(i) of the Clean Air Act  
18 (42 U.S.C. 7521(i)), or a lower-numbered Bin  
19 emission standard;

20           (B) any new emission standard in effect  
21 for fine particulate matter prescribed by the  
22 Administrator under that Act (42 U.S.C. 7401  
23 et seq.); and

1 (C) at least 125 percent of the average  
2 base year combined fuel economy for vehicles  
3 with substantially similar attributes.

4 (2) COMBINED FUEL ECONOMY.—The term  
5 “combined fuel economy” means—

6 (A) the combined city/highway miles per  
7 gallon values, as reported in accordance with  
8 section 32904 of title 49, United States Code;  
9 and

10 (B) in the case of an electric drive vehicle  
11 with the ability to recharge from an off-board  
12 source, the reported mileage, as determined in  
13 a manner consistent with the Society of Auto-  
14 motive Engineers recommended practice for  
15 that configuration or a similar practice rec-  
16 ommended by the Secretary.

17 (3) ENGINEERING INTEGRATION COSTS.—The  
18 term “engineering integration costs” includes the  
19 cost of engineering tasks relating to—

20 (A) incorporating qualifying components  
21 into the design of advanced technology vehicles;  
22 and

23 (B) designing tooling and equipment and  
24 developing manufacturing processes and mate-  
25 rial suppliers for production facilities that

1           produce qualifying components or advanced  
2           technology vehicles.

3           (4) QUALIFYING COMPONENTS.—The term  
4           “qualifying components” means components that the  
5           Secretary determines to be—

6                   (A) designed for advanced technology vehi-  
7           cles; and

8                   (B) installed for the purpose of meeting  
9           the performance requirements of advanced tech-  
10          nology vehicles.

11          (b) ADVANCED VEHICLES MANUFACTURING FACIL-  
12          ITY.—The Secretary shall provide facility funding awards  
13          under this section to automobile manufacturers and com-  
14          ponent suppliers to pay not more than 30 percent of the  
15          cost of—

16                   (1) reequipping, expanding, or establishing a  
17          manufacturing facility in the United States to  
18          produce—

19                           (A) qualifying advanced technology vehi-  
20          cles; or

21                           (B) qualifying components; and

22                   (2) engineering integration performed in the  
23          United States of qualifying vehicles and qualifying  
24          components.

1 (c) PERIOD OF AVAILABILITY.—An award under sub-  
2 section (b) shall apply to—

3 (1) facilities and equipment placed in service  
4 before December 30, 2020; and

5 (2) engineering integration costs incurred dur-  
6 ing the period beginning on the date of enactment  
7 of this Act and ending on December 30, 2020.

8 (d) DIRECT LOAN PROGRAM.—

9 (1) IN GENERAL.—Not later than 1 year after  
10 the date of enactment of this Act, and subject to the  
11 availability of appropriated funds, the Secretary  
12 shall carry out a program to provide a total of not  
13 more than \$25,000,000,000 in loans to eligible indi-  
14 viduals and entities (as determined by the Secretary)  
15 for the costs of activities described in subsection (b).

16 (2) APPLICATION.—An applicant for a loan  
17 under this subsection shall submit to the Secretary  
18 an application at such time, in such manner, and  
19 containing such information as the Secretary may  
20 require, including a written assurance that—

21 (A) all laborers and mechanics employed  
22 by contractors or subcontractors during con-  
23 struction, alteration, or repair that is financed,  
24 in whole or in part, by a loan under this section  
25 shall be paid wages at rates not less than those

1 prevailing on similar construction in the local-  
2 ity, as determined by the Secretary of Labor in  
3 accordance with sections 3141–3144, 3146, and  
4 3147 of title 40, United States Code; and

5 (B) the Secretary of Labor shall, with re-  
6 spect to the labor standards described in this  
7 paragraph, have the authority and functions set  
8 forth in Reorganization Plan Numbered 14 of  
9 1950 (5 U.S.C. App.) and section 3145 of title  
10 40, United States Code.

11 (3) SELECTION OF ELIGIBLE PROJECTS.—The  
12 Secretary shall select eligible projects to receive  
13 loans under this subsection in cases in which, as de-  
14 termined by the Secretary, the award recipient—

15 (A) is financially viable without the receipt  
16 of additional Federal funding associated with  
17 the proposed project;

18 (B) will provide sufficient information to  
19 the Secretary for the Secretary to ensure that  
20 the qualified investment is expended efficiently  
21 and effectively; and

22 (C) has met such other criteria as may be  
23 established and published by the Secretary.

24 (4) RATES, TERMS, AND REPAYMENT OF  
25 LOANS.—A loan provided under this subsection—

1 (A) shall have an interest rate that, as of  
2 the date on which the loan is made, is equal to  
3 the cost of funds to the Department of the  
4 Treasury for obligations of comparable matu-  
5 rity;

6 (B) shall have a term equal to the lesser  
7 of—

8 (i) the projected life, in years, of the  
9 eligible project to be carried out using  
10 funds from the loan, as determined by the  
11 Secretary; and

12 (ii) 25 years;

13 (C) may be subject to a deferral in repay-  
14 ment for not more than 5 years after the date  
15 on which the eligible project carried out using  
16 funds from the loan first begins operations, as  
17 determined by the Secretary; and

18 (D) shall be made by the Federal Financ-  
19 ing Bank.

20 (e) IMPROVEMENT.—The Secretary shall issue regu-  
21 lations that require that, in order for an automobile manu-  
22 facturer to be eligible for an award or loan under this sec-  
23 tion during a particular year, the adjusted average fuel  
24 economy of the manufacturer for light duty vehicles pro-  
25 duced by the manufacturer during the most recent year

1 for which data are available shall be not less than the aver-  
2 age fuel economy for all light duty vehicles of the manufac-  
3 turer for model year 2005. In order to determine fuel  
4 economy baselines for eligibility of a new manufacturer or  
5 a manufacturer that has not produced previously produced  
6 equivalent vehicles, the Secretary may substitute industry  
7 averages.

8 (f) FEES.—Administrative costs shall be no more  
9 than \$100,000 or 10 basis point of the loan.

10 (g) PRIORITY.—The Secretary shall, in making  
11 awards or loans to those manufacturers that have existing  
12 facilities, give priority to those facilities that are oldest  
13 or have been in existence for at least 20 years. Such facili-  
14 ties can currently be sitting idle.

15 (h) SET ASIDE FOR SMALL AUTOMOBILE MANUFAC-  
16 TURERS AND COMPONENT SUPPLIERS.—

17 (1) DEFINITION OF COVERED FIRM.—In this  
18 subsection, the term “covered firm” means a firm  
19 that—

20 (A) employs less than 500 individuals; and

21 (B) manufactures automobiles or compo-  
22 nents of automobiles.

23 (2) SET ASIDE.—Of the amount of funds that  
24 are used to provide awards for each fiscal year  
25 under subsection (b), the Secretary shall use not less

1 than 10 percent to provide awards to covered firms  
2 or consortia led by a covered firm.

3 (i) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated such sums as are nec-  
5 essary to carry out this section for each of fiscal years  
6 2008 through 2012.

## 7 **Subtitle C—Federal Vehicle Fleets**

### 8 **SEC. 141. FEDERAL VEHICLE FLEETS.**

9 Section 303 of the Energy Policy Act of 1992 (42  
10 U.S.C. 13212) is amended—

11 (1) by redesignating subsection (f) as sub-  
12 section (g); and

13 (2) by inserting after subsection (e) the fol-  
14 lowing new subsection:

15 “(f) VEHICLE EMISSION REQUIREMENTS.—

16 “(1) DEFINITIONS.—In this subsection:

17 “(A) FEDERAL AGENCY.—The term ‘Fed-  
18 eral agency’ does not include any office of the  
19 legislative branch, except that it does include  
20 the House of Representatives with respect to an  
21 acquisition described in paragraph (2)(C).

22 “(B) MEDIUM DUTY PASSENGER VEHI-  
23 CLE.—The term ‘medium duty passenger vehi-  
24 cle’ has the meaning given that term section  
25 523.2 of title 49 of the Code of Federal Regula-

1           tions, as in effect on the date of enactment of  
2           this paragraph.

3           “(C) MEMBER’S REPRESENTATIONAL AL-  
4           LOWANCE.—The term ‘Member’s Representa-  
5           tional Allowance’ means the allowance described  
6           in section 101(a) of the House of Representa-  
7           tives Administrative Reform Technical Correc-  
8           tions Act (2 U.S.C. 57b(a)).

9           “(2) PROHIBITION.—

10           “(A) IN GENERAL.—Except as provided in  
11           subparagraph (B), no Federal agency shall ac-  
12           quire a light duty motor vehicle or medium duty  
13           passenger vehicle that is not a low greenhouse  
14           gas emitting vehicle.

15           “(B) EXCEPTION.—The prohibition in sub-  
16           paragraph (A) shall not apply to acquisition of  
17           a vehicle if the head of the agency certifies in  
18           writing, in a separate certification for each indi-  
19           vidual vehicle purchased, either—

20           “(i) that no low greenhouse gas emit-  
21           ting vehicle is available to meet the func-  
22           tional needs of the agency and details in  
23           writing the functional needs that could not  
24           be met with a low greenhouse gas emitting  
25           vehicle; or

1           “(ii) that the agency has taken spe-  
2           cific alternative more cost-effective meas-  
3           ures to reduce petroleum consumption  
4           that—

5                   “(I) have reduced a measured  
6                   and verified quantity of greenhouse  
7                   gas emissions equal to or greater than  
8                   the quantity of greenhouse gas reduc-  
9                   tions that would have been achieved  
10                  through acquisition of a low green-  
11                  house gas emitting vehicle over the  
12                  lifetime of the vehicle; or

13                   “(II) will reduce each year a  
14                   measured and verified quantity of  
15                   greenhouse gas emissions equal to or  
16                   greater than the quantity of green-  
17                   house gas reductions that would have  
18                   been achieved each year through ac-  
19                   quisition of a low greenhouse gas  
20                   emitting vehicle.

21                   “(C) SPECIAL RULE FOR VEHICLES PRO-  
22                   VIDED BY FUNDS CONTAINED IN MEMBERS’  
23                   REPRESENTATIONAL ALLOWANCE.—This para-  
24                   graph shall apply to the acquisition of a light  
25                   duty motor vehicle or medium duty passenger

1           vehicle using any portion of a Member’s Rep-  
2           resentational Allowance, including an acquisi-  
3           tion under a long-term lease.

4           “(3) GUIDANCE.—

5                 “(A) IN GENERAL.—Each year, the Ad-  
6           ministrator of the Environmental Protection  
7           Agency shall issue guidance identifying the  
8           makes and model numbers of vehicles that are  
9           low greenhouse gas emitting vehicles.

10                “(B) CONSIDERATION.—In identifying ve-  
11           hicles under subparagraph (A), the Adminis-  
12           trator shall take into account the most strin-  
13           gent standards for vehicle greenhouse gas emis-  
14           sions applicable to and enforceable against  
15           motor vehicle manufacturers for vehicles sold  
16           anywhere in the United States.

17                “(C) REQUIREMENT.—The Administrator  
18           shall not identify any vehicle as a low green-  
19           house gas emitting vehicle if the vehicle emits  
20           greenhouse gases at a higher rate than such  
21           standards allow for the manufacturer’s fleet av-  
22           erage grams per mile of carbon dioxide-equiva-  
23           lent emissions for that class of vehicle, taking  
24           into account any emissions allowances and ad-  
25           justment factors such standards provide.”.

1 **SEC. 142. FEDERAL FLEET CONSERVATION REQUIRE-**  
2 **MENTS.**

3 Part J of title III of the Energy Policy and Conserva-  
4 tion Act (42 U.S.C. 6374 et seq.) is amended by adding  
5 at the end the following:

6 **“SEC. 400FF. FEDERAL FLEET CONSERVATION REQUIRE-**  
7 **MENTS.**

8 “(a) **MANDATORY REDUCTION IN PETROLEUM CON-**  
9 **SUMPTION.—**

10 “(1) **IN GENERAL.—**Not later than 18 months  
11 after the date of enactment of this section, the Sec-  
12 retary shall issue regulations for Federal fleets sub-  
13 ject to section 400AA to require that, beginning in  
14 fiscal year 2010, each Federal agency shall reduce  
15 petroleum consumption and increase alternative fuel  
16 consumption each year by an amount necessary to  
17 meet the goals described in paragraph (2).

18 “(2) **GOALS.—**The goals of the requirements  
19 under paragraph (1) are that not later than October  
20 1, 2015, and for each year thereafter, each Federal  
21 agency shall achieve at least a 20 percent reduction  
22 in annual petroleum consumption and a 10 percent  
23 increase in annual alternative fuel consumption, as  
24 calculated from the baseline established by the Sec-  
25 retary for fiscal year 2005.



1 native fuel consumption projected to be  
2 achieved by each measure each year.

3 “(2) MEASURES.—The plan may allow an agen-  
4 cy to meet the required petroleum reduction level  
5 through—

6 “(A) the use of alternative fuels;

7 “(B) the acquisition of vehicles with higher  
8 fuel economy, including hybrid vehicles, neigh-  
9 borhood electric vehicles, electric vehicles, and  
10 plug-in hybrid vehicles if the vehicles are com-  
11 mercially available;

12 “(C) the substitution of cars for light  
13 trucks;

14 “(D) an increase in vehicle load factors;

15 “(E) a decrease in vehicle miles traveled;

16 “(F) a decrease in fleet size; and

17 “(G) other measures.”.

18 **TITLE II—ENERGY SECURITY**  
19 **THROUGH INCREASED PRO-**  
20 **DUCTION OF BIOFUELS**  
21 **Subtitle A—Renewable Fuel**  
22 **Standard**

23 **SEC. 201. DEFINITIONS.**

24 Section 211(o)(1) of the Clean Air Act (42 U.S.C.  
25 7545(o)) is amended to read as follows:

1           “(1) DEFINITIONS.—In this section:

2           “(A) ADDITIONAL RENEWABLE FUEL.—

3           The term ‘additional renewable fuel’ means fuel  
4           that is produced from renewable biomass and  
5           that is used to replace or reduce the quantity  
6           of fossil fuel present in home heating oil or jet  
7           fuel.

8           “(B) ADVANCED BIOFUEL.—

9           “(i) IN GENERAL.—The term ‘ad-  
10           vanced biofuel’ means renewable fuel, other  
11           than ethanol derived from corn starch, that  
12           has lifecycle greenhouse gas emissions, as  
13           determined by the Administrator, after no-  
14           tice and opportunity for comment, that are  
15           at least 50 percent less than baseline  
16           lifecycle greenhouse gas emissions.

17           “(ii) INCLUSIONS.—The types of fuels  
18           eligible for consideration as ‘advanced  
19           biofuel’ may include any of the following:

20           “(I) Ethanol derived from cel-  
21           lulose, hemicellulose, or lignin.

22           “(II) Ethanol derived from sugar  
23           or starch (other than corn starch).

24           “(III) Ethanol derived from  
25           waste material, including crop residue,

1 other vegetative waste material, ani-  
2 mal waste, and food waste and yard  
3 waste.

4 “(IV) Biomass-based diesel.

5 “(V) Biogas (including landfill  
6 gas and sewage waste treatment gas)  
7 produced through the conversion of  
8 organic matter from renewable bio-  
9 mass.

10 “(VI) Butanol or other alcohols  
11 produced through the conversion of  
12 organic matter from renewable bio-  
13 mass.

14 “(VII) Other fuel derived from  
15 cellulosic biomass.

16 “(C) BASELINE LIFECYCLE GREENHOUSE  
17 GAS EMISSIONS.—The term ‘baseline lifecycle  
18 greenhouse gas emissions’ means the average  
19 lifecycle greenhouse gas emissions, as deter-  
20 mined by the Administrator, after notice and  
21 opportunity for comment, for gasoline or diesel  
22 (whichever is being replaced by the renewable  
23 fuel) sold or distributed as transportation fuel  
24 in 2005.

1           “(D) BIOMASS-BASED DIESEL.—The term  
2           ‘biomass-based diesel’ means renewable fuel  
3           that is biodiesel as defined in section 312(f) of  
4           the Energy Policy Act of 1992 (42 U.S.C.  
5           13220(f)) and that has lifecycle greenhouse gas  
6           emissions, as determined by the Administrator,  
7           after notice and opportunity for comment, that  
8           are at least 50 percent less than the baseline  
9           lifecycle greenhouse gas emissions. Notwith-  
10          standing the preceding sentence, renewable fuel  
11          derived from co-processing biomass with a pe-  
12          troleum feedstock shall be advanced biofuel if it  
13          meets the requirements of subparagraph (B),  
14          but is not biomass-based diesel.

15          “(E) CELLULOSIC BIOFUEL.—The term  
16          ‘cellulosic biofuel’ means renewable fuel derived  
17          from any cellulose, hemicellulose, or lignin that  
18          is derived from renewable biomass and that has  
19          lifecycle greenhouse gas emissions, as deter-  
20          mined by the Administrator, that are at least  
21          60 percent less than the baseline lifecycle green-  
22          house gas emissions.

23          “(F) CONVENTIONAL BIOFUEL.—The term  
24          ‘conventional biofuel’ means renewable fuel that  
25          is ethanol derived from corn starch

1           “(G) GREENHOUSE GAS.—The term  
2           ‘greenhouse gas’ means carbon dioxide,  
3           hydrofluorocarbons, methane, nitrous oxide,  
4           perfluorocarbons, sulfur hexafluoride. The Ad-  
5           ministrators may include any other  
6           anthropogenically-emitted gas that is deter-  
7           mined by the Administrator, after notice and  
8           comment, to contribute to global warming.

9           “(H) LIFECYCLE GREENHOUSE GAS EMIS-  
10          SIONS.—The term ‘lifecycle greenhouse gas  
11          emissions’ means the aggregate quantity of  
12          greenhouse gas emissions (including direct  
13          emissions and significant indirect emissions  
14          such as significant emissions from land use  
15          changes), as determined by the Administrator,  
16          related to the full fuel lifecycle, including all  
17          stages of fuel and feedstock production and dis-  
18          tribution, from feedstock generation or extrac-  
19          tion through the distribution and delivery and  
20          use of the finished fuel to the ultimate con-  
21          sumer, where the mass values for all green-  
22          house gases are adjusted to account for their  
23          relative global warming potential.

24          “(I) RENEWABLE BIOMASS.—The term ‘re-  
25          newable biomass’ means each of the following:

1           “(i) Planted crops and crop residue  
2 harvested from agricultural land cleared or  
3 cultivated at any time prior to the enact-  
4 ment of this sentence that is either actively  
5 managed or fallow, and nonforested.

6           “(ii) Planted trees and tree residue  
7 from actively managed tree plantations on  
8 non-federal land cleared at any time prior  
9 to enactment of this sentence, including  
10 land belonging to an Indian tribe or an In-  
11 dian individual, that is held in trust by the  
12 United States or subject to a restriction  
13 against alienation imposed by the United  
14 States.

15           “(iii) Animal waste material and ani-  
16 mal byproducts.

17           “(iv) Slash and pre-commercial  
18 thinnings that are from non-federal  
19 forestlands, including forestlands belonging  
20 to an Indian tribe or an Indian individual,  
21 that are held in trust by the United States  
22 or subject to a restriction against alien-  
23 ation imposed by the United States, but  
24 not forests or forestlands that are ecologi-  
25 cal communities with a global or State

1 ranking of critically imperiled, imperiled,  
2 or rare pursuant to a State Natural Herit-  
3 age Program, old growth forest, or late  
4 successional forest.

5 “(v) Biomass obtained from the im-  
6 mediate vicinity of buildings and other  
7 areas regularly occupied by people, or of  
8 public infrastructure, at risk from wildfire.

9 “(vi) Algae.

10 “(vii) Separated yard waste or food  
11 waste, including recycled cooking and trap  
12 grease.

13 “(J) RENEWABLE FUEL.—The term ‘re-  
14 newable fuel’ means fuel that is produced from  
15 renewable biomass and that is used to replace  
16 or reduce the quantity of fossil fuel present in  
17 a transportation fuel.

18 “(K) SMALL REFINERY.—The term ‘small  
19 refinery’ means a refinery for which the average  
20 aggregate daily crude oil throughput for a cal-  
21 endar year (as determined by dividing the ag-  
22 gregate throughput for the calendar year by the  
23 number of days in the calendar year) does not  
24 exceed 75,000 barrels.

1                   “(L) TRANSPORTATION FUEL.—The term  
2                   ‘transportation fuel’ means fuel for use in  
3                   motor vehicles, motor vehicle engines, nonroad  
4                   vehicles, or nonroad engines (except for ocean-  
5                   going vessels).”.

6 **SEC. 202. RENEWABLE FUEL STANDARD.**

7                   (a) RENEWABLE FUEL PROGRAM.—Paragraph (2) of  
8 section 211(o) (42 U.S.C. 7545(o)(2)) of the Clean Air  
9 Act is amended as follows:

10                   (1) REGULATIONS.—Clause (i) of subparagraph  
11 (A) is amended by adding the following at the end  
12 thereof: “Not later than 1 year after the date of en-  
13 actment of this sentence, the Administrator shall re-  
14 vise the regulations under this paragraph to ensure  
15 that transportation fuel sold or introduced into com-  
16 merce in the United States (except in noncontiguous  
17 States or territories), on an annual average basis,  
18 contains at least the applicable volume of renewable  
19 fuel, advanced biofuel, cellulosic biofuel, and bio-  
20 mass-based diesel, determined in accordance with  
21 subparagraph (B) and, in the case of any such re-  
22 newable fuel produced from new facilities that com-  
23 mence construction after the date of enactment of  
24 this sentence, achieves at least a 20 percent reduc-



1 under subclause (I), the applicable  
 2 volume of advanced biofuel for the  
 3 calendar years 2009 through 2022  
 4 shall be determined in accordance  
 5 with the following table:

<b>“Calendar year:</b>	<b>Applicable volume of advanced biofuel (in billions of gallons):</b>
2009 .....	0.6
2010 .....	0.95
2011 .....	1.35
2012 .....	2.0
2013 .....	2.75
2014 .....	3.75
2015 .....	5.5
2016 .....	7.25
2017 .....	9.0
2018 .....	11.0
2019 .....	13.0
2020 .....	15.0
2021 .....	18.0
2022 .....	21.0

6 “(III) CELLULOSIC BIOFUEL.—  
 7 For the purpose of subparagraph (A),  
 8 of the volume of advanced biofuel re-  
 9 quired under subclause (II), the appli-  
 10 cable volume of cellulosic biofuel for  
 11 the calendar years 2010 through 2022  
 12 shall be determined in accordance  
 13 with the following table:

<b>“Calendar year:</b>	<b>Applicable volume of cellulosic biofuel (in billions of gallons):</b>
2010 .....	0.1
2011 .....	0.25
2012 .....	0.5
2013 .....	1.0
2014 .....	1.75
2015 .....	3.0
2016 .....	4.25
2017 .....	5.5

<b>“Calendar year:</b>	<b>Applicable volume of cellulosic biofuel (in billions of gallons):</b>
2018 .....	7.0
2019 .....	8.5
2020 .....	10.5
2021 .....	13.5
2022 .....	16.0

1                                   “(IV) BIOMASS-BASED DIESEL.—  
2                                   For the purpose of subparagraph (A),  
3                                   of the volume of advanced biofuel re-  
4                                   quired under subclause (II), the appli-  
5                                   cable volume of biomass-based diesel  
6                                   for the calendar years 2009 through  
7                                   2012 shall be determined in accord-  
8                                   ance with the following table:

<b>“Calendar year:</b>	<b>Applicable volume of biomass-based diesel (in billions of gallons):</b>
2009 .....	0.5
2010 .....	0.65
2011 .....	0.80
2012 .....	1.0

9                                   “(ii) OTHER CALENDAR YEARS.—For  
10                                   the purposes of subparagraph (A), the ap-  
11                                   plicable volumes of each fuel specified in  
12                                   the tables in clause (i) for calendar years  
13                                   after the calendar years specified in the ta-  
14                                   bles shall be determined by the Adminis-  
15                                   trator, in coordination with the Secretary  
16                                   of Energy and the Secretary of Agri-  
17                                   culture, based on a review of the imple-  
18                                   mentation of the program during calendar

1 years specified in the tables, and an anal-  
2 ysis of—

3 “(I) the impact of the production  
4 and use of renewable fuels on the en-  
5 vironment, including on air quality,  
6 climate change, conversion of wet  
7 lands, eco-systems, wildlife habitat,  
8 water quality, and water supply;

9 “(II) the impact of renewable  
10 fuels on the energy security of the  
11 United States;

12 “(III) the expected annual rate  
13 of future commercial production of re-  
14 newable fuels, including advanced  
15 biofuels in each category (cellulosic  
16 biofuel and biomass-based diesel);

17 “(IV) the impact of renewable  
18 fuels on the infrastructure of the  
19 United States, including deliverability  
20 of materials, goods, and products  
21 other than renewable fuel, and the  
22 sufficiency of infrastructure to deliver  
23 and use renewable fuel;

24 “(V) the impact of the use of re-  
25 newable fuels on the cost to con-

1                   sumers of transportation fuel and on  
2                   the cost to transport goods; and

3                   “(VI) the impact of the use of re-  
4                   newable fuels on other factors, includ-  
5                   ing job creation, the price and supply  
6                   of agricultural commodities, rural eco-  
7                   nomic development, and food prices.

8                   The Administrator shall promulgate rules  
9                   establishing the applicable volumes under  
10                  this clause no later than 14 months before  
11                  the first year for which such applicable vol-  
12                  ume will apply.

13                  “(iii) APPLICABLE VOLUME OF AD-  
14                  VANCED BIOFUEL.—For the purpose of  
15                  making the determinations in clause (ii),  
16                  for each calendar year, the applicable vol-  
17                  ume of advanced biofuel shall be at least  
18                  the same percentage of the applicable vol-  
19                  ume of renewable fuel as in calendar year  
20                  2022.

21                  “(iv) APPLICABLE VOLUME OF CEL-  
22                  LULOSIC BIOFUEL.—For the purpose of  
23                  making the determinations in clause (ii),  
24                  for each calendar year, the applicable vol-  
25                  ume of cellulosic biofuel established by the

1 Administrator shall be based on the as-  
2 sumption that the Administrator will not  
3 need to issue a waiver for such years under  
4 paragraph (7)(D).

5 “(v) MINIMUM APPLICABLE VOLUME  
6 OF BIOMASS-BASED DIESEL.—For the pur-  
7 pose of making the determinations in  
8 clause (ii), the applicable volume of bio-  
9 mass-based diesel shall not be less than the  
10 applicable volume listed in clause (i)(IV)  
11 for calendar year 2012.”

12 (b) APPLICABLE PERCENTAGES.—Paragraph (3) of  
13 section 211(o) of the Clean Air Act (42 U.S.C.  
14 7545(o)(3)) is amended as follows:

15 (1) In subparagraph (A), by striking “2011”  
16 and inserting “2021.”

17 (2) In subparagraph (A), by striking “gasoline”  
18 and inserting “transportation fuel, biomass-based  
19 diesel, and cellulosic biofuel”.

20 (3) In subparagraph (B), by striking “2012”  
21 and inserting “2021” in clause (ii)(I).

22 (4) In subparagraph (B), by striking gasoline”  
23 and inserting “transportation fuel” in clause (ii)(II).

1           (c) MODIFICATION OF GREENHOUSE GAS PERCENT-  
2 AGES.—Paragraph (4) of section 211(o) of the Clean Air  
3 Act (42 U.S.C. 7545(o)(4)) is amended to read as follows:

4           “(4) MODIFICATION OF GREENHOUSE GAS RE-  
5 Duction PERCENTAGES.—

6           “(A) IN GENERAL.—The Administrator  
7           may, in the regulations under the last sentence  
8           of paragraph (2)(A)(i), adjust the 20 percent,  
9           50 percent, and 60 percent reductions in  
10          lifecycle greenhouse gas emissions specified in  
11          paragraphs (2)(A)(i)(relating to renewable  
12          fuel), (1)(D) (relating to biomass-based diesel),  
13          (1)(B)(i)(relating to advanced biofuel), and  
14          (1)(E) (relating to cellulosic biofuel) to a lower  
15          percentage. For the 50 and 60 percent reduc-  
16          tions, the Administrator may make such an ad-  
17          justment only if he determines that generally  
18          such reduction is not commercially feasible for  
19          fuels made using a variety of feedstocks, tech-  
20          nologies, and processes to meet the applicable  
21          reduction.

22          “(B) AMOUNT OF ADJUSTMENT.—In pro-  
23          mulgating regulations under this paragraph, the  
24          specified 50 percent reduction in greenhouse  
25          gas emissions from advanced biofuel and in bio-

1 mass-based diesel may not be reduced below 40  
2 percent. The specified 20 percent reduction in  
3 greenhouse gas emissions from renewable fuel  
4 may not be reduced below 10 percent, and the  
5 specified 60 percent reduction in greenhouse  
6 gas emissions from cellulosic biofuel may not be  
7 reduced below 50 percent.

8 “(C) ADJUSTED REDUCTION LEVELS.—An  
9 adjustment under this paragraph to a percent  
10 less than the specified 20 percent greenhouse  
11 gas reduction for renewable fuel shall be the  
12 minimum possible adjustment, and the adjusted  
13 greenhouse gas reduction shall be established by  
14 the Administrator at the maximum achievable  
15 level, taking cost in consideration, for natural  
16 gas fired corn-based ethanol plants, allowing for  
17 the use of a variety of technologies and proc-  
18 esses. An adjustment in the 50 or 60 percent  
19 greenhouse gas levels shall be the minimum  
20 possible adjustment for the fuel or fuels con-  
21 cerned, and the adjusted greenhouse gas reduc-  
22 tion shall be established at the maximum  
23 achievable level, taking cost in consideration, al-  
24 lowing for the use of a variety of feedstocks,  
25 technologies, and processes.

1           “(D) 5-YEAR REVIEW.—Whenever the Ad-  
2           ministrator makes any adjustment under this  
3           paragraph, not later than 5 years thereafter he  
4           shall review and revise (based upon the same  
5           criteria and standards as required for the initial  
6           adjustment) the regulations establishing the ad-  
7           justed level.

8           “(E) SUBSEQUENT ADJUSTMENTS.—After  
9           the Administrator has promulgated a final rule  
10          under the last sentence of paragraph (2)(A)(i)  
11          with respect to the method of determining  
12          lifecycle greenhouse gas emissions, except as  
13          provided in subparagraph (D), the Adminis-  
14          trator may not adjust the percent greenhouse  
15          gas reduction levels unless he determines that  
16          there has been a significant change in the ana-  
17          lytical methodology used for determining the  
18          lifecycle greenhouse gas emissions. If he makes  
19          such determination, he may adjust the 20, 50,  
20          or 60 percent reduction levels through rule-  
21          making using the criteria and standards set  
22          forth in this paragraph.

23          “(F) LIMIT ON UPWARD ADJUSTMENTS.—  
24          If, under subparagraph (D) or (E), the Admin-  
25          istrator revises a percent level adjusted as pro-

1 vided in subparagraph (A), (B), and (C) to a  
2 higher percent, such higher percent may not ex-  
3 ceed the applicable percent specified in para-  
4 graph (2)(A)(i), (1)(D),(1)(B)(i), or (1)(E).

5 “(G) APPLICABILITY OF ADJUSTMENTS.—  
6 If the Administrator adjusts, or revises, a per-  
7 cent level referred to in this paragraph or  
8 makes a change in the analytical methodology  
9 used for determining the lifecycle greenhouse  
10 gas emissions, such adjustment, revision, or  
11 change (or any combination thereof) shall only  
12 apply to renewable fuel from new facilities that  
13 commence construction after the effective date  
14 of such adjustment, revision, or change.”.

15 (d) CREDITS FOR ADDITIONAL RENEWABLE FUEL.—  
16 Paragraph (5) of section 211(o) of the Clean Air Act (42  
17 U.S.C. 7545(o)(5)) is amended by adding the following  
18 new subparagraph at the end thereof:

19 “(E) CREDITS FOR ADDITIONAL RENEW-  
20 ABLE FUEL.—The Administrator may issue  
21 regulations providing (i) for the generation of  
22 an appropriate amount of credits by any person  
23 that refines, blends, or imports additional re-  
24 newable fuels specified by the Administrator  
25 and (ii) for the use of such credits by the gener-

1           ator, or the transfer of all or a portion of the  
2           credits to another person, for the purpose of  
3           complying with paragraph (2).”.

4           (e) WAIVERS.—

5           (1) IN GENERAL.—Paragraph (7)(A) of section  
6           211(o) of the Clean Air Act (42 U.S.C.  
7           7545(o)(7)(A)) is amended by inserting “, by any  
8           person subject to the requirements of this sub-  
9           section, or by the Administrator on his own motion”  
10          after “one or more States” in subparagraph (A) and  
11          by striking out “State” in subparagraph (B).

12          (2) CELLULOSIC BIOFUEL.—Paragraph (7) of  
13          section 211(o) of the Clean Air Act (42 U.S.C.  
14          7545(o)(7)) is amended by adding the following at  
15          the end thereof:

16                 “(D) CELLULOSIC BIOFUEL.—(i) For any  
17                 calendar year for which the projected volume of  
18                 cellulosic biofuel production is less than the  
19                 minimum applicable volume established under  
20                 paragraph (2)(B), as determined by the Admin-  
21                 istrator based on the estimate provided under  
22                 paragraph (3)(A), not later than November 30  
23                 of the preceding calendar year, the Adminis-  
24                 trator shall reduce the applicable volume of cel-  
25                 lulosic biofuel required under paragraph (2)(B)

1 to the projected volume available during that  
2 calendar year. For any calendar year in which  
3 the Administrator makes such a reduction, the  
4 Administrator may also reduce the applicable  
5 volume of renewable fuel and advanced biofuels  
6 requirement established under paragraph  
7 (2)(B) by the same or a lesser volume.

8 “(ii) Whenever the Administrator reduces  
9 the minimum cellulosic biofuel volume under  
10 this subparagraph, the Administrator shall  
11 make available for sale cellulosic biofuel credits  
12 at the higher of \$0.25 per gallon or the amount  
13 by which \$3.00 per gallon exceeds the average  
14 wholesale price of a gallon of gasoline in the  
15 United States. Such amounts shall be adjusted  
16 for inflation by the Administrator for years  
17 after 2008.

18 “(iii) 18 months after date of enactment of  
19 this subparagraph, the Administrator shall pro-  
20 mulgate regulations to govern the issuance of  
21 credits under this subparagraph. The regula-  
22 tions shall set forth the method for determining  
23 the exact price of credits in the event of a waiv-  
24 er. The price of such credits shall not be  
25 changed more frequently than once each quar-

1           ter. These regulations shall include such provi-  
2           sions, including limiting the credits' uses and  
3           useful life, as the Administrator deems appro-  
4           priate to assist market liquidity and trans-  
5           parency, to provide appropriate certainty for  
6           regulated entities and renewable fuel producers,  
7           and to limit any potential misuse of cellulosic  
8           biofuel credits to reduce the use of other renew-  
9           able fuels, and for such other purposes as the  
10          Administrator determines will help achieve the  
11          goals of this subsection. The regulations shall  
12          limit the number of cellulosic biofuel credits for  
13          any calendar year to the minimum applicable  
14          volume (as reduced under this subparagraph) of  
15          cellulosic biofuel for that year.”.

16          (3) BIOMASS-BASED DIESEL.—Paragraph (7) of  
17          section 211(o) of the Clean Air Act (42 U.S.C.  
18          7545(o)(7)) is amended by adding the following at  
19          the end thereof:

20                   “(E) BIOMASS-BASED DIESEL.—

21                           “(i) MARKET EVALUATION.—The Ad-  
22                           ministrators, in consultation with the Sec-  
23                           retary of Energy and the Secretary of Ag-  
24                           riculture, shall periodically evaluate the im-  
25                           pact of the biomass-based diesel require-

1                   ments established under this paragraph on  
2                   the price of diesel fuel.

3                   “(ii) WAIVER.—If the Administrator  
4                   determines that there is a significant re-  
5                   newable feedstock disruption or other mar-  
6                   ket circumstances that would make the  
7                   price of biomass-based diesel fuel increase  
8                   significantly, the Administrator, in con-  
9                   sultation with the Secretary of Energy and  
10                  the Secretary of Agriculture, shall issue an  
11                  order to reduce, for up to a 60-day period,  
12                  the quantity of biomass-based diesel re-  
13                  quired under subparagraph (A) by an ap-  
14                  propriate quantity that does not exceed 15  
15                  percent of the applicable annual require-  
16                  ment for biomass-based diesel. For any  
17                  calendar year in which the Administrator  
18                  makes a reduction under this subpara-  
19                  graph, the Administrator may also reduce  
20                  the applicable volume of renewable fuel  
21                  and advanced biofuels requirement estab-  
22                  lished under paragraph (2)(B) by the same  
23                  or a lesser volume.

24                  “(iii) EXTENSIONS.—If the Adminis-  
25                  trator determines that the feedstock dis-

1            ruption or circumstances described in  
2            clause (ii) is continuing beyond the 60-day  
3            period described in clause (ii) or this  
4            clause, the Administrator, in consultation  
5            with the Secretary of Energy and the Sec-  
6            retary of Agriculture, may issue an order  
7            to reduce, for up to an additional 60-day  
8            period, the quantity of biomass-based die-  
9            sel required under subparagraph (A) by an  
10           appropriate quantity that does not exceed  
11           an additional 15 percent of the applicable  
12           annual requirement for biomass-based die-  
13           sel.

14           “(F) MODIFICATION OF APPLICABLE VOL-  
15           UMES.—For any of the tables in paragraph  
16           (2)(B), if the Administrator waives—

17                      “(i) at least 20 percent of the applica-  
18                      ble volume requirement set forth in any  
19                      such table for 2 consecutive years; or

20                      “(ii) at least 50 percent of such vol-  
21                      ume requirement for a single year,

22           the Administrator shall promulgate a rule  
23           (within one year after issuing such waiver) that  
24           modifies the applicable volumes set forth in the  
25           table concerned for all years following the final



1           (5) individuals and entities interested in issues  
2 relating to conservation, the environment, and nutri-  
3 tion;

4           (6) users and consumer of renewable fuels;

5           (7) producers and users of biomass feedstocks;

6 and

7           (8) land grant universities.

8       (c) CONSIDERATIONS.—In conducting the study, the  
9 National Academy of Sciences shall consider—

10           (1) the likely impact on domestic animal agri-  
11 culture feedstocks that, in any crop year, are signifi-  
12 cantly below current projections;

13           (2) policy options to alleviate the impact on do-  
14 mestic animal agriculture feedstocks that are signifi-  
15 cantly below current projections; and

16           (3) policy options to maintain regional agricul-  
17 tural and silvicultural capability.

18       (d) COMPONENTS.—The study shall include—

19           (1) a description of the conditions under which  
20 the requirements described in section 211(o) of the  
21 Clean Air Act should be suspended or reduced to  
22 prevent adverse impacts to domestic animal agri-  
23 culture feedstocks described in subsection (c)(2) or  
24 regional agricultural and silvicultural capability de-  
25 scribed in subsection (c)(3); and

1           (2) recommendations for the means by which  
2           the Federal Government could prevent or minimize  
3           adverse economic hardships and impacts.

4           (e) DEADLINE FOR COMPLETION OF STUDY.—Not  
5           later than 18 months after the date of enactment of this  
6           Act, the Secretary shall submit to Congress a report that  
7           describes the results of the study under this section.

8           (f) PERIODIC REVIEWS.—Section 211(o) of the Clean  
9           Air Act is amended by adding the following at the end  
10          thereof:

11           “(12) PERIODIC REVIEWS.—To allow for the  
12          appropriate adjustment of the requirements de-  
13          scribed in subparagraph (B) of paragraph (2), the  
14          Administrator shall conduct periodic reviews of—

15                   “(A) existing technologies;

16                   “(B) the feasibility of achieving compliance  
17          with the requirements; and

18                   “(C) the impacts of the requirements de-  
19          scribed in subsection (a)(2) on each individual  
20          and entity described in paragraph (2).”.

21   **SEC. 204. ENVIRONMENTAL AND RESOURCE CONSERVA-**  
22                   **TION IMPACTS.**

23           (a) IN GENERAL.—Not later than 3 years after the  
24          enactment of this section and every 3 years thereafter, the  
25          Administrator of the Environmental Protection Agency, in

1 consultation with the Secretary of Agriculture and the  
2 Secretary of Energy, shall assess and report to Congress  
3 on the impacts to date and likely future impacts of the  
4 requirements of section 211(o) of the Clean Air Act on  
5 the following:

6 (1) Environmental issues, including air quality,  
7 effects on hypoxia, pesticides, sediment, nutrient and  
8 pathogen levels in waters, acreage and function of  
9 waters, and soil environmental quality.

10 (2) Resource conservation issues, including soil  
11 conservation, water availability, and ecosystem  
12 health and biodiversity, including impacts on forests,  
13 grasslands, and wetlands.

14 (3) The growth and use of cultivated invasive or  
15 noxious plants and their impacts on the environment  
16 and agriculture.

17 In advance of preparing the report required by this sub-  
18 section, the Administrator may seek the views of the Na-  
19 tional Academy of Sciences or another appropriate inde-  
20 pendent research institute. The report shall include the  
21 annual volume of imported renewable fuels and feedstocks  
22 for renewable fuels, and the environmental impacts outside  
23 the United States of producing such fuels and feedstocks.  
24 The report required by this subsection shall include rec-

1 ommendations for actions to address any adverse impacts  
2 found.

3 (b) EFFECT ON AIR QUALITY AND OTHER ENVIRON-  
4 MENTAL REQUIREMENTS.—Except as provided in section  
5 211(o)(13) of the Clean Air Act, nothing in the amend-  
6 ments made by this title to section 211(o) of the Clean  
7 Air Act shall be construed as superseding, or limiting, any  
8 more environmentally protective requirement under the  
9 Clean Air Act, or under any other provision of State or  
10 Federal law or regulation, including any environmental  
11 law or regulation.

12 **SEC. 205. BIOMASS BASED DIESEL AND BIODIESEL LABEL-**  
13 **ING.**

14 (a) IN GENERAL.—Each retail diesel fuel pump shall  
15 be labeled in a manner that informs consumers of the per-  
16 cent of biomass-based diesel or biodiesel that is contained  
17 in the biomass-based diesel blend or biodiesel blend that  
18 is offered for sale, as determined by the Federal Trade  
19 Commission.

20 (b) LABELING REQUIREMENTS.—Not later than 180  
21 days after the date of enactment of this section, the Fed-  
22 eral Trade Commission shall promulgate biodiesel labeling  
23 requirements as follows:

24 (1) Biomass-based diesel blends or biodiesel  
25 blends that contain less than or equal to 5 percent

1 biomass-based diesel or biodiesel by volume and that  
2 meet ASTM D975 diesel specifications shall not re-  
3 quire any additional labels.

4 (2) Biomass based diesel blends or biodiesel  
5 blends that contain more than 5 percent biomass-  
6 based diesel or biodiesel by volume but not more  
7 than 20 percent by volume shall be labeled “contains  
8 biomass-based diesel or biodiesel in quantities be-  
9 tween 5 percent and 20 percent”.

10 (3) Biomass-based diesel or biodiesel blends  
11 that contain more than 20 percent biomass based or  
12 biodiesel by volume shall be labeled “contains more  
13 than 20 percent biomass-based diesel or biodiesel”.

14 (c) DEFINITIONS.—In this section:

15 (1) ASTM.—The term “ASTM” means the  
16 American Society of Testing and Materials.

17 (2) BIOMASS-BASED DIESEL.—The term “bio-  
18 mass-based diesel” means biodiesel as defined in sec-  
19 tion 312(f) of the Energy Policy Act of 1992 (42  
20 U.S.C. 13220(f)).

21 (3) BIODIESEL.—The term “biodiesel” means  
22 the monoalkyl esters of long chain fatty acids de-  
23 rived from plant or animal matter that meet—

24 (A) the registration requirements for fuels  
25 and fuel additives under this section; and

1 (B) the requirements of ASTM standard  
2 D6751.

3 (4) BIOMASS-BASED DIESEL AND BIODIESEL  
4 BLENDS.—The terms “biomass-based diesel blend”  
5 and “biodiesel blend” means a blend of “biomass-  
6 based diesel” or “biodiesel” fuel that is blended with  
7 petroleum based diesel fuel.

8 **SEC. 206. STUDY OF CREDITS FOR USE OF RENEWABLE**  
9 **ELECTRICITY IN ELECTRIC VEHICLES.**

10 (a) DEFINITION OF ELECTRIC VEHICLE.—In this  
11 section, the term “electric vehicle” means an electric  
12 motor vehicle (as defined in section 601 of the Energy Pol-  
13 icy Act of 1992 (42 U.S.C. 13271)) for which the re-  
14 chargeable storage battery—

15 (1) receives a charge directly from a source of  
16 electric current that is external to the vehicle; and

17 (2) provides a minimum of 80 percent of the  
18 motive power of the vehicle.

19 (b) STUDY.—The Administrator of the Environ-  
20 mental Protection Agency shall conduct a study on the  
21 feasibility of issuing credits under the program established  
22 under section 211(o) of the Clean Air Act to electric vehi-  
23 cles powered by electricity produced from renewable en-  
24 ergy sources.

1           (c) REPORT.—Not later than 18 months after the  
2 date of enactment of this Act, the Administrator shall sub-  
3 mit to the Committee on Energy and Natural Resources  
4 of the United States Senate and the Committee on Energy  
5 and Commerce of the United States House of Representa-  
6 tives a report that describes the results of the study, in-  
7 cluding a description of—

8           (1) existing programs and studies on the use of  
9 renewable electricity as a means of powering electric  
10 vehicles; and

11           (2) alternatives for—

12           (A) designing a pilot program to determine  
13 the feasibility of using renewable electricity to  
14 power electric vehicles as an adjunct to a re-  
15 newable fuels mandate;

16           (B) allowing the use, under the pilot pro-  
17 gram designed under subparagraph (A), of elec-  
18 tricity generated from nuclear energy as an ad-  
19 ditional source of supply;

20           (C) identifying the source of electricity  
21 used to power electric vehicles; and

22           (D) equating specific quantities of elec-  
23 tricity to quantities of renewable fuel under sec-  
24 tion 211(o) of the Clean Air Act.

1 **SEC. 207. GRANTS FOR PRODUCTION OF ADVANCED**  
2 **BIOFUELS.**

3 (a) IN GENERAL.—The Secretary of Energy shall es-  
4 tablish a grant program to encourage the production of  
5 advanced biofuels.

6 (b) REQUIREMENTS AND PRIORITY.—In making  
7 grants under this section, the Secretary—

8 (1) shall make awards to the proposals for ad-  
9 vanced biofuels with the greatest reduction in  
10 lifecycle greenhouse gas emissions compared to the  
11 comparable motor vehicle fuel lifecycle emissions  
12 during calendar year 2005; and

13 (2) shall not make an award to a project that  
14 does not achieve at least a 80 percent reduction in  
15 such lifecycle greenhouse gas emissions.

16 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
17 authorized to be appropriated to carry out this section  
18 \$500,000,000 for the period of fiscal years 2008 through  
19 2015.

20 **SEC. 208. INTEGRATED CONSIDERATION OF WATER QUAL-**  
21 **ITY IN DETERMINATIONS ON FUELS AND**  
22 **FUEL ADDITIVES.**

23 Section 211(c)(1) of the Clean Air Act (42 U.S.C.  
24 7545(c)(1)) is amended as follows:

25 (1) By striking “nonroad vehicle (A) if in the  
26 judgment of the Administrator” and inserting

1 “nonroad vehicle if, in the judgment of the Adminis-  
2 trator, any fuel or fuel additive or” ; and

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

7 **SEC. 209. ANTI-BACKSLIDING.**

8 Section 211 of the Clean Air Act (42 U.S.C. 7545)  
9 is amended by adding at the end the following:

10 “(v) PREVENTION OF AIR QUALITY DETERIORA-  
11 TION.—

12 “(1) STUDY.—

13 “(A) IN GENERAL.—Not later than 18  
14 months after the date of enactment of this sub-  
15 section, the Administrator shall complete a  
16 study to determine whether the renewable fuel  
17 volumes required by this section will adversely  
18 impact air quality as a result of changes in ve-  
19 hicle and engine emissions of air pollutants reg-  
20 ulated under this Act.

21 “(B) CONSIDERATIONS.—The study shall  
22 include consideration of—

23 “(i) different blend levels, types of re-  
24 newable fuels, and available vehicle tech-  
25 nologies; and

1                   “(ii) appropriate national, regional,  
2                   and local air quality control measures.

3                   “(2) REGULATIONS.—Not later than 3 years  
4                   after the date of enactment of this subsection, the  
5                   Administrator shall—

6                   “(A) promulgate fuel regulations to imple-  
7                   ment appropriate measures to mitigate, to the  
8                   greatest extent achievable, considering the re-  
9                   sults of the study under paragraph (1), any ad-  
10                  verse impacts on air quality, as the result of the  
11                  renewable volumes required by this section; or

12                  “(B) make a determination that no such  
13                  measures are necessary.”.

14 **SEC. 210. EFFECTIVE DATE, SAVINGS PROVISION, AND**  
15 **TRANSITION RULES.**

16                  (a) TRANSITION RULES.—(1) For calendar year  
17 2008, transportation fuel sold or introduced into com-  
18 merce in the United States (except in noncontiguous  
19 States or territories), that is produced from facilities that  
20 commence construction after the date of enactment of this  
21 Act shall be treated as renewable fuel within the meaning  
22 of section 211(o) of the Clean Air Act only if it achieves  
23 at least a 20 percent reduction in lifecycle greenhouse gas  
24 emissions compared to baseline lifecycle greenhouse gas  
25 emissions. For calendar years 2008 and 2009, any ethanol

1 plant that is fired with natural gas, biomass, or any com-  
2 bination thereof is deemed to be in compliance with such  
3 20 percent reduction requirement and with the 20 percent  
4 reduction requirement of section 211(o)(1) of the Clean  
5 Air Act. The terms used in this subsection shall have the  
6 same meaning as provided in the amendment made by this  
7 Act to section 211(o) of the Clean Air Act.

8 (2) Until January 1, 2009, the Administrator of the  
9 Environmental Protection Agency shall implement section  
10 211(o) of the Clean Air Act and the rules promulgated  
11 under that section in accordance with the provisions of  
12 that section as in effect before the enactment of this Act  
13 and in accordance with the rules promulgated before the  
14 enactment of this Act, except that for calendar year 2008,  
15 the number “8.5” shall be substituted for the number  
16 “5.4” in the table in section 211(o)(2)(B) and in the cor-  
17 responding rules promulgated to carry out those provi-  
18 sions. The Administrator is authorized to take such other  
19 actions as may be necessary to carry out this paragraph  
20 notwithstanding any other provision of law.

21 (b) SAVINGS CLAUSE.—Section 211(o) of the Clean  
22 Air Act (42 U.S.C. 7545(o)) is amended by adding the  
23 following new paragraph at the end thereof:

24 “(13) EFFECT ON OTHER PROVISIONS.—Noth-  
25 ing in this subsection, or regulations issued pursuant

1 to this subsection, shall affect or be construed to af-  
2 fect the regulatory status of carbon dioxide or any  
3 other greenhouse gas, or to expand or limit regu-  
4 latory authority regarding carbon dioxide or any  
5 other greenhouse gas, for purposes of other provi-  
6 sions (including section 165) of this Act. The pre-  
7 vious sentence shall not affect implementation and  
8 enforcement of this subsection.”.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this title to section 211(o) of the Clean Air Act shall take  
11 effect January 1, 2009, except that the Administrator  
12 shall promulgate regulations to carry out such amend-  
13 ments not later than one year after the enactment of this  
14 Act.

## 15 **Subtitle B—Biofuels Research and** 16 **Development**

### 17 **SEC. 221. BIODIESEL.**

18 (a) BIODIESEL STUDY.—Not later than 180 days  
19 after the date of enactment of this Act, the Secretary, in  
20 consultation with the Administrator of the Environmental  
21 Protection Agency, shall submit to Congress a report on  
22 any research and development challenges inherent in in-  
23 creasing the proportion of diesel fuel sold in the United  
24 States that is biodiesel.

1 (b) MATERIAL FOR THE ESTABLISHMENT OF STAND-  
2 ARDS.—The Director of the National Institute of Stand-  
3 ards and Technology, in consultation with the Secretary,  
4 shall make publicly available the physical property data  
5 and characterization of biodiesel and other biofuels as ap-  
6 propriate.

7 **SEC. 222. BIOGAS.**

8 Not later than 180 days after the date of enactment  
9 of this Act, the Secretary, in consultation with the Admin-  
10 istrator of the Environmental Protection Agency, shall  
11 submit to Congress a report on any research and develop-  
12 ment challenges inherent in increasing the amount of  
13 transportation fuels sold in the United States that are fuel  
14 with biogas or a blend of biogas and natural gas.

15 **SEC. 223. GRANTS FOR BIOFUEL PRODUCTION RESEARCH**  
16 **AND DEVELOPMENT IN CERTAIN STATES.**

17 (a) IN GENERAL.—The Secretary shall provide  
18 grants to eligible entities for research, development, dem-  
19 onstration, and commercial application of biofuel produc-  
20 tion technologies in States with low rates of ethanol pro-  
21 duction, including low rates of production of cellulosic bio-  
22 mass ethanol, as determined by the Secretary.

23 (b) ELIGIBILITY.—To be eligible to receive a grant  
24 under this section, an entity shall—

1           (1)(A) be an institution of higher education (as  
2           defined in section 2 of the Energy Policy Act of  
3           2005 (42 U.S.C. 15801)), including tribally con-  
4           trolled colleges or universities, located in a State de-  
5           scribed in subsection (a); or

6           (B) be a consortium including at least 1 such  
7           institution of higher education, and industry, State  
8           agencies, Indian tribal agencies, National Labora-  
9           tories, or local government agencies located in the  
10          State; and

11          (2) have proven experience and capabilities with  
12          relevant technologies.

13          (c) **AUTHORIZATION OF APPROPRIATIONS.**—There  
14          are authorized to be appropriated to the Secretary to carry  
15          out this section \$25,000,000 for each of fiscal years 2008  
16          through 2010.

17          **SEC. 224. BIOREFINERY ENERGY EFFICIENCY.**

18          Section 932 of Energy Policy Act of 2005 (42 U.S.C.  
19          16232) is amended by adding at the end the following new  
20          subsections:

21          “(g) **BIOREFINERY ENERGY EFFICIENCY.**—The Sec-  
22          retary shall establish a program of research, development,  
23          demonstration, and commercial application for increasing  
24          energy efficiency and reducing energy consumption in the  
25          operation of biorefinery facilities.

1           “(h) RETROFIT TECHNOLOGIES FOR THE DEVELOP-  
2   MENT OF ETHANOL FROM CELLULOSIC MATERIALS.—  
3   The Secretary shall establish a program of research, devel-  
4   opment, demonstration, and commercial application on  
5   technologies and processes to enable biorefineries that ex-  
6   clusively use corn grain or corn starch as a feedstock to  
7   produce ethanol to be retrofitted to accept a range of bio-  
8   mass, including lignocellulosic feedstocks.”.

9   **SEC. 225. STUDY OF OPTIMIZATION OF FLEXIBLE FUELED**  
10                           **VEHICLES TO USE E-85 FUEL.**

11           (a) IN GENERAL.—The Secretary, in consultation  
12   with the Secretary of Transportation and the Adminis-  
13   trator of the Environmental Protection Agency, shall con-  
14   duct a study of whether optimizing flexible fueled vehicles  
15   to operate using E-85 fuel would increase the fuel effi-  
16   ciency of flexible fueled vehicles.

17           (b) REPORT.—Not later than 180 days after the date  
18   of enactment of this Act, the Secretary shall submit to  
19   the Committee on Science and Technology and the Com-  
20   mittee on Energy and Commerce of the House of Rep-  
21   resentatives, and to the Committee on Energy and Nat-  
22   ural Resources, the Committee on Environment and Pub-  
23   lic Works, and the Committee on Commerce, Science, and  
24   Transportation of the Senate, a report that describes the

1 results of the study under this section, including any rec-  
2 ommendations of the Secretary.

3 **SEC. 226. STUDY OF ENGINE DURABILITY AND PERFORM-**  
4 **ANCE ASSOCIATED WITH THE USE OF BIO-**  
5 **DIESEL.**

6 (a) IN GENERAL.—Not later than 30 days after the  
7 date of enactment of this Act, the Secretary, in consulta-  
8 tion with the Administrator of the Environmental Protec-  
9 tion Agency, shall initiate a study on the effects of the  
10 use of biodiesel on the performance and durability of en-  
11 gines and engine systems.

12 (b) COMPONENTS.—The study under this section  
13 shall include—

14 (1) an assessment of whether the use of bio-  
15 diesel lessens the durability and performance of con-  
16 ventional diesel engines and engine systems; and

17 (2) an assessment of the effects referred to in  
18 subsection (a) with respect to biodiesel blends at  
19 varying concentrations, including the following per-  
20 centage concentrations of biodiesel:

21 (A) 5 percent biodiesel.

22 (B) 10 percent biodiesel.

23 (C) 20 percent biodiesel.

24 (D) 30 percent biodiesel.

25 (E) 100 percent biodiesel.

1 (c) REPORT.—Not later than 24 months after the  
2 date of enactment of this Act, the Secretary shall submit  
3 to the Committee on Science and Technology and the  
4 Committee on Energy and Commerce of the House of  
5 Representatives, and to the Committee on Energy and  
6 Natural Resources and the Committee on Environment  
7 and Public Works of the Senate, a report that describes  
8 the results of the study under this section, including any  
9 recommendations of the Secretary.

10 **SEC. 227. STUDY OF OPTIMIZATION OF BIOGAS USED IN**  
11 **NATURAL GAS VEHICLES.**

12 (a) IN GENERAL.—The Secretary, in consultation  
13 with the Administrator of the Environmental Protection  
14 Agency and the Secretary of Transportation, shall conduct  
15 a study of methods of increasing the fuel efficiency of vehi-  
16 cles using biogas by optimizing natural gas vehicle systems  
17 that can operate on biogas, including the advancement of  
18 vehicle fuel systems and the combination of hybrid-electric  
19 and plug-in hybrid electric drive platforms with natural  
20 gas vehicle systems using biogas.

21 (b) REPORT.—Not later than 180 days after the date  
22 of enactment of this Act, the Secretary shall submit to  
23 the Committee on Energy and Natural Resources, the  
24 Committee on Environment and Public Works, and the  
25 Committee on Commerce, Science, and Transportation of

1 the Senate, and to the Committee on Science and Tech-  
2 nology and the Committee on Energy and Commerce of  
3 the House of Representatives, a report that describes the  
4 results of the study, including any recommendations of the  
5 Secretary.

6 **SEC. 228. ALGAL BIOMASS.**

7 (a) IN GENERAL.—Not later than 90 days after the  
8 date of enactment of this Act, the Secretary shall submit  
9 to the Committee on Science and Technology of the House  
10 of Representatives and the Committee on Energy and  
11 Natural Resources of the Senate a report on the progress  
12 of the research and development that is being conducted  
13 on the use of algae as a feedstock for the production of  
14 biofuels.

15 (b) CONTENTS.—The report shall identify continuing  
16 research and development challenges and any regulatory  
17 or other barriers found by the Secretary that hinder the  
18 use of this resource, as well as recommendations on how  
19 to encourage and further its development as a viable  
20 transportation fuel.

21 **SEC. 229. BIOFUELS AND BIOREFINERY INFORMATION CEN-**  
22 **TER.**

23 (a) IN GENERAL.—The Secretary, in cooperation  
24 with the Secretary of Agriculture, shall establish a biofuels

1 and biorefinery information center to make available to  
2 interested parties information on—

3 (1) renewable fuel feedstocks, including the va-  
4 rieties of fuel capable of being produced from var-  
5 ious feedstocks;

6 (2) biorefinery processing techniques related to  
7 various renewable fuel feedstocks;

8 (3) the distribution, blending, storage, and re-  
9 tail dispensing infrastructure necessary for the  
10 transport and use of renewable fuels;

11 (4) Federal and State laws and incentives re-  
12 lated to renewable fuel production and use;

13 (5) renewable fuel research and development  
14 advancements;

15 (6) renewable fuel development and biorefinery  
16 processes and technologies;

17 (7) renewable fuel resources, including informa-  
18 tion on programs and incentives for renewable fuels;

19 (8) renewable fuel producers;

20 (9) renewable fuel users; and

21 (10) potential renewable fuel users.

22 (b) ADMINISTRATION.—In administering the biofuels  
23 and biorefinery information center, the Secretary shall—

24 (1) continually update information provided by  
25 the center;



1 U.S.C. 1061)) (commonly referred to as “Histori-  
2 cally Black Colleges and Universities”);

3 (3) a tribal college or university (as defined in  
4 section 316(b) of the Higher Education Act of 1965  
5 (20 U.S.C. 1059c(b)); or

6 (4) a Hispanic-serving institution (as defined in  
7 section 502(a) of the Higher Education Act of 1965  
8 (20 U.S.C. 1101a(a)).

9 (b) GRANTS.—The Secretary shall make cellulose  
10 ethanol and biofuels research and development grants to  
11 10 eligible entities selected by the Secretary to receive a  
12 grant under this section through a peer-reviewed competi-  
13 tive process.

14 (c) COLLABORATION.—An eligible entity that is se-  
15 lected to receive a grant under subsection (b) shall collabo-  
16 rate with 1 of the Bioenergy Research Centers of the Of-  
17 fice of Science of the Department.

18 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
19 authorized to be appropriated to the Secretary to make  
20 grants described in subsection (b) \$50,000,000 for fiscal  
21 year 2008, to remain available until expended.

22 **SEC. 231. BIOENERGY RESEARCH AND DEVELOPMENT, AU-**  
23 **THORIZATION OF APPROPRIATION.**

24 Section 931 of the Energy Policy Act of 2005 (42  
25 U.S.C. 16231) is amended—

1 (1) in subsection (b)—

2 (A) in paragraph (2), by striking “and” at  
3 the end;

4 (B) in paragraph (3), by striking the pe-  
5 riod at the end and inserting “; and”; and

6 (C) by adding at the end the following:

7 “(4) \$963,000,000 for fiscal year 2010.”; and

8 (2) in subsection (c)—

9 (A) in paragraph (2)—

10 (i) by striking “\$251,000,000” and  
11 inserting “\$377,000,000”; and

12 (ii) by striking “and” at the end;

13 (B) in paragraph (3)—

14 (i) by striking “\$274,000,000” and  
15 inserting “\$398,000,000”; and

16 (ii) by striking the period at the end  
17 and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(4) \$419,000,000 for fiscal year 2010, of  
20 which \$150,000,000 shall be for section 932(d).”.

21 **SEC. 232. ENVIRONMENTAL RESEARCH AND DEVELOP-**  
22 **MENT.**

23 (a) **IN GENERAL.**—Section 977 of the Energy Policy  
24 Act of 2005 (42 U.S.C. 16317) is amended—

1           (1) in subsection (a)(1), by striking “and com-  
2           putational biology” and inserting “computational bi-  
3           ology, and environmental science”; and

4           (2) in subsection (b)—

5                 (A) in paragraph (1), by inserting “in sus-  
6                 tainable production systems that reduce green-  
7                 house gas emissions” after “hydrogen”;

8                 (B) in paragraph (3), by striking “and” at  
9                 the end;

10                (C) by redesignating paragraph (4) as  
11                paragraph (5); and

12                (D) by inserting after paragraph (3) the  
13                following:

14                “(4) develop cellulosic and other feedstocks that  
15                are less resource and land intensive and that pro-  
16                mote sustainable use of resources, including soil,  
17                water, energy, forests, and land, and ensure protec-  
18                tion of air, water, and soil quality; and”.

19           (b) **TOOLS AND EVALUATION.**—Section 307(d) of the  
20           Biomass Research and Development Act of 2000 (7  
21           U.S.C. 8606(d)) is amended—

22                (1) in paragraph (3)(E), by striking “and” at  
23                the end;

24                (2) in paragraph (4), by striking the period at  
25                the end and inserting a semicolon; and

1 (3) by adding at the end the following:

2 “(5) the improvement and development of ana-  
3 lytical tools to facilitate the analysis of life-cycle en-  
4 ergy and greenhouse gas emissions, including emis-  
5 sions related to direct and indirect land use changes,  
6 attributable to all potential biofuel feedstocks and  
7 production processes; and

8 “(6) the systematic evaluation of the impact of  
9 expanded biofuel production on the environment, in-  
10 cluding forest lands, and on the food supply for hu-  
11 mans and animals.”.

12 (c) SMALL-SCALE PRODUCTION AND USE OF  
13 BIOFUELS.—Section 307(e) of the Biomass Research and  
14 Development Act of 2000 (7 U.S.C. 8606(e)) is amend-  
15 ed—

16 (1) in paragraph (2), by striking “and” at the  
17 end;

18 (2) in paragraph (3), by striking the period at  
19 the end and inserting “; and”; and

20 (3) by adding at the end the following:

21 “(4) to facilitate small-scale production, local,  
22 and on-farm use of biofuels, including the develop-  
23 ment of small-scale gasification technologies for pro-  
24 duction of biofuel from cellulosic feedstocks.”.

1 **SEC. 233. BIOENERGY RESEARCH CENTERS.**

2 Section 977 of the Energy Policy Act of 2005 (42  
3 U.S.C. 16317) is amended by adding at the end the fol-  
4 lowing:

5 “(f) BIOENERGY RESEARCH CENTERS.—

6 “(1) ESTABLISHMENT OF CENTERS.—In car-  
7 rying out the program under subsection (a), the Sec-  
8 retary shall establish at least 7 bioenergy research  
9 centers, which may be of varying size.

10 “(2) GEOGRAPHIC DISTRIBUTION.—The Sec-  
11 retary shall establish at least 1 bioenergy research  
12 center in each Petroleum Administration for Defense  
13 District or Subdistrict of a Petroleum Administra-  
14 tion for Defense District.

15 “(3) GOALS.—The goals of the centers estab-  
16 lished under this subsection shall be to accelerate  
17 basic transformational research and development of  
18 biofuels, including biological processes.

19 “(4) SELECTION AND DURATION.—

20 “(A) IN GENERAL.—A center under this  
21 subsection shall be selected on a competitive  
22 basis for a period of 5 years.

23 “(B) REAPPLICATION.—After the end of  
24 the period described in subparagraph (A), a  
25 grantee may reapply for selection on a competi-  
26 tive basis.

1           “(5) INCLUSION.—A center that is in existence  
2           on the date of enactment of this subsection—

3                   “(A) shall be counted towards the require-  
4                   ment for establishment of at least 7 bioenergy  
5                   research centers; and

6                   “(B) may continue to receive support for a  
7                   period of 5 years beginning on the date of es-  
8                   tablishment of the center.”.

9   **SEC. 234. UNIVERSITY BASED RESEARCH AND DEVELOP-**  
10                   **MENT GRANT PROGRAM.**

11           (a) ESTABLISHMENT.—The Secretary shall establish  
12           a competitive grant program, in a geographically diverse  
13           manner, for projects submitted for consideration by insti-  
14           tutions of higher education to conduct research and devel-  
15           opment of renewable energy technologies. Each grant  
16           made shall not exceed \$2,000,000.

17           (b) ELIGIBILITY.—Priority shall be given to institu-  
18           tions of higher education with—

19                   (1) established programs of research in renew-  
20                   able energy;

21                   (2) locations that are low income or outside of  
22                   an urbanized area;

23                   (3) a joint venture with an Indian tribe; and

24                   (4) proximity to trees dying of disease or insect  
25                   infestation as a source of woody biomass.

1 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to the Secretary  
3 \$25,000,000 for carrying out this section.

4 (d) DEFINITIONS.—In this section:

5 (1) INDIAN TRIBE.—The term “Indian tribe”  
6 has the meaning as defined in section 126(c) of the  
7 Energy Policy Act of 2005.

8 (2) RENEWABLE ENERGY.—The term “renew-  
9 able energy” has the meaning as defined in section  
10 902 of the Energy Policy Act of 2005.

11 (3) URBANIZED AREA.—The term “urbanized  
12 area” has the mean as defined by the U.S. Bureau  
13 of the Census.

## 14 **Subtitle C—Biofuels Infrastructure**

### 15 **SEC. 241. PROHIBITION ON FRANCHISE AGREEMENT RE-** 16 **STRICTIONS RELATED TO RENEWABLE FUEL** 17 **INFRASTRUCTURE.**

18 (a) IN GENERAL.—Title I of the Petroleum Mar-  
19 keting Practices Act (15 U.S.C. 2801 et seq.) is amended  
20 by adding at the end the following:

#### 21 **“SEC. 107. PROHIBITION ON RESTRICTION OF INSTALLA-** 22 **TION OF RENEWABLE FUEL PUMPS.**

23 “(a) DEFINITION.—In this section:

24 “(1) RENEWABLE FUEL.—The term ‘renewable  
25 fuel’ means any fuel—

1           “(A) at least 85 percent of the volume of  
2           which consists of ethanol; or

3           “(B) any mixture of biodiesel and diesel or  
4           renewable diesel (as defined in regulations  
5           adopted pursuant to section 211(o) of the Clean  
6           Air Act (40 CFR, Part 80)), determined with-  
7           out regard to any use of kerosene and con-  
8           taining at least 20 percent biodiesel or renew-  
9           able diesel.

10          “(2) FRANCHISE-RELATED DOCUMENT.—The  
11          term ‘franchise-related document’ means—

12                 “(A) a franchise under this Act; and

13                 “(B) any other contract or directive of a  
14                 franchisor relating to terms or conditions of the  
15                 sale of fuel by a franchisee.

16          “(b) PROHIBITIONS.—

17                 “(1) IN GENERAL.—No franchise-related docu-  
18                 ment entered into or renewed on or after the date  
19                 of enactment of this section shall contain any provi-  
20                 sion allowing a franchisor to restrict the franchisee  
21                 or any affiliate of the franchisee from—

22                 “(A) installing on the marketing premises  
23                 of the franchisee a renewable fuel pump or  
24                 tank, except that the franchisee’s franchisor

1           may restrict the installation of a tank on leased  
2           marketing premises of such franchisor;

3           “(B) converting an existing tank or pump  
4           on the marketing premises of the franchisee for  
5           renewable fuel use, so long as such tank or  
6           pump and the piping connecting them are ei-  
7           ther warranted by the manufacturer or certified  
8           by a recognized standards setting organization  
9           to be suitable for use with such renewable fuel;

10          “(C) advertising (including through the  
11          use of signage) the sale of any renewable fuel;

12          “(D) selling renewable fuel in any specified  
13          area on the marketing premises of the  
14          franchisee (including any area in which a name  
15          or logo of a franchisor or any other entity ap-  
16          pears);

17          “(E) purchasing renewable fuel from  
18          sources other than the franchisor if the  
19          franchisor does not offer its own renewable fuel  
20          for sale by the franchisee;

21          “(F) listing renewable fuel availability or  
22          prices, including on service station signs, fuel  
23          dispensers, or light poles; or

24          “(G) allowing for payment of renewable  
25          fuel with a credit card,

1 so long as such activities described in subparagraphs  
2 (A) through (G) do not constitute mislabeling, mis-  
3 branding, willful adulteration, or other trademark  
4 violations by the franchisee.

5 “(2) EFFECT OF PROVISION.—Nothing in this  
6 section shall be construed to preclude a franchisor  
7 from requiring the franchisee to obtain reasonable  
8 indemnification and insurance policies.

9 “(c) EXCEPTION TO 3-GRADE REQUIREMENT.—No  
10 franchise-related document that requires that 3 grades of  
11 gasoline be sold by the applicable franchisee shall prevent  
12 the franchisee from selling an renewable fuel in lieu of  
13 1, and only 1, grade of gasoline.”

14 (b) ENFORCEMENT.—Section 105 of the Petroleum  
15 Marketing Practices Act (15 U.S.C. 2805) is amended by  
16 striking “102 or 103” each place it appears and inserting  
17 “102, 103, or 107”.

18 (c) CONFORMING AMENDMENTS.—

19 (1) IN GENERAL.—Section 101(13) of the Pe-  
20 troleum Marketing Practices Act (15 U.S.C.  
21 2801(13)) is amended by aligning the margin of  
22 subparagraph (C) with subparagraph (B).

23 (2) TABLE OF CONTENTS.—The table of con-  
24 tents of the Petroleum Marketing Practices Act (15  
25 U.S.C. 2801 note) is amended—

1 (A) by inserting after the item relating to  
2 section 106 the following:

“Sec. 107. Prohibition on restriction of installation of renewable fuel pumps.”;  
and

3 (B) by striking the item relating to section  
4 202 and inserting the following:

“Sec. 202. Automotive fuel rating testing and disclosure requirements.”.

5 **SEC. 242. RENEWABLE FUEL DISPENSER REQUIREMENTS.**

6 (a) MARKET PENETRATION REPORTS.—The Sec-  
7 retary, in consultation with the Secretary of Transpor-  
8 tation, shall determine and report to Congress annually  
9 on the market penetration for flexible-fuel vehicles in use  
10 within geographic regions to be established by the Sec-  
11 retary.

12 (b) DISPENSER FEASIBILITY STUDY.—Not later  
13 than 24 months after the date of enactment of this Act,  
14 the Secretary, in consultation with the Department of  
15 Transportation, shall report to the Congress on the feasi-  
16 bility of requiring motor fuel retailers to install E-85 com-  
17 patible dispensers and related systems at retail fuel facili-  
18 ties in regions where flexible-fuel vehicle market penetra-  
19 tion has reached 15 percent of motor vehicles. In con-  
20 ducting such study, the Secretary shall consider and re-  
21 port on the following factors:

1           (1) The commercial availability of E-85 fuel  
2           and the number of competing E-85 wholesale sup-  
3           pliers in a given region.

4           (2) The level of financial assistance provided on  
5           an annual basis by the Federal Government, State  
6           governments, and nonprofit entities for the installa-  
7           tion of E-85 compatible infrastructure.

8           (3) The number of retailers whose retail loca-  
9           tions are unable to support more than 2 under-  
10          ground storage tank dispensers.

11          (4) The expense incurred by retailers in the in-  
12          stallation and sale of E-85 compatible dispensers  
13          and related systems and any potential effects on the  
14          price of motor vehicle fuel.

15 **SEC. 243. ETHANOL PIPELINE FEASIBILITY STUDY.**

16          (a) **IN GENERAL.**—The Secretary, in coordination  
17          with the Secretary of Transportation, shall conduct a  
18          study of the feasibility of the construction of pipelines  
19          dedicated to the transportation of ethanol.

20          (b) **FACTORS FOR CONSIDERATION.**—In conducting  
21          the study under subsection (a), the Secretary shall take  
22          into consideration—

23                 (1) the quantity of ethanol production that  
24                 would make dedicated pipelines economically viable;

1           (2) existing or potential barriers to the con-  
2           struction of pipelines dedicated to the transportation  
3           of ethanol, including technical, siting, financing, and  
4           regulatory barriers;

5           (3) market risk (including throughput risk) and  
6           means of mitigating the risk;

7           (4) regulatory, financing, and siting options  
8           that would mitigate the risk and help ensure the  
9           construction of 1 or more pipelines dedicated to the  
10          transportation of ethanol;

11          (5) financial incentives that may be necessary  
12          for the construction of pipelines dedicated to the  
13          transportation of ethanol, including the return on  
14          equity that sponsors of the initial dedicated ethanol  
15          pipelines will require to invest in the pipelines;

16          (6) technical factors that may compromise the  
17          safe transportation of ethanol in pipelines, including  
18          identification of remedial and preventive measures to  
19          ensure pipeline integrity; and

20          (7) such other factors as the Secretary con-  
21          siders to be appropriate.

22          (c) REPORT.—Not later than 15 months after the  
23          date of enactment of this Act, the Secretary shall submit  
24          to Congress a report describing the results of the study  
25          conducted under this section.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to the Secretary to carry  
3 out this section \$1,000,000 for each of fiscal years 2008  
4 and 2009, to remain available until expended.

5 **SEC. 244. RENEWABLE FUEL INFRASTRUCTURE GRANTS.**

6 (a) DEFINITION OF RENEWABLE FUEL BLEND.—  
7 For purposes of this section, the term “renewable fuel  
8 blend” means gasoline blend that contain not less than  
9 11 percent, and not more than 85 percent, renewable fuel  
10 or diesel fuel that contains at least 10 percent renewable  
11 fuel.

12 (b) INFRASTRUCTURE DEVELOPMENT GRANTS.—

13 (1) ESTABLISHMENT.—The Secretary shall es-  
14 tablish a program for making grants for providing  
15 assistance to retail and wholesale motor fuel dealers  
16 or other entities for the installation, replacement, or  
17 conversion of motor fuel storage and dispensing in-  
18 frastructure to be used exclusively to store and dis-  
19 pense renewable fuel blends.

20 (2) SELECTION CRITERIA.—Not later than 12  
21 months after the date of enactment of this Act, the  
22 Secretary shall establish criteria for evaluating appli-  
23 cations for grants under this subsection that will  
24 maximize the availability and use of renewable fuel  
25 blends, and that will ensure that renewable fuel

1 blends are available across the country. Such criteria  
2 shall provide for—

3 (A) consideration of the public demand for  
4 each renewable fuel blend in a particular geo-  
5 graphic area based on State registration records  
6 showing the number of flexible-fuel vehicles;

7 (B) consideration of the opportunity to  
8 create or expand corridors of renewable fuel  
9 blend stations along interstate or State high-  
10 ways;

11 (C) consideration of the experience of each  
12 applicant with previous, similar projects;

13 (D) consideration of population, number of  
14 flexible-fuel vehicles, number of retail fuel out-  
15 lets, and saturation of flexible-fuel vehicles; and

16 (E) priority consideration to applications  
17 that—

18 (i) are most likely to maximize dis-  
19 placement of petroleum consumption,  
20 measured as a total quantity and a per-  
21 centage;

22 (ii) are best able to incorporate exist-  
23 ing infrastructure while maximizing, to the  
24 extent practicable, the use of renewable  
25 fuel blends; and

1 (iii) demonstrate the greatest commit-  
2 ment on the part of the applicant to ensure  
3 funding for the proposed project and the  
4 greatest likelihood that the project will be  
5 maintained or expanded after Federal as-  
6 sistance under this subsection is com-  
7 pleted.

8 (3) LIMITATIONS.—Assistance provided under  
9 this subsection shall not exceed—

10 (A) 33 percent of the estimated cost of the  
11 installation, replacement, or conversion of  
12 motor fuel storage and dispensing infrastruc-  
13 ture; or

14 (B) \$180,000 for a combination of equip-  
15 ment at any one retail outlet location.

16 (4) OPERATION OF RENEWABLE FUEL BLEND  
17 STATIONS.—The Secretary shall establish rules that  
18 set forth requirements for grant recipients under  
19 this section that include providing to the public the  
20 renewable fuel blends, establishing a marketing plan  
21 that informs consumers of the price and availability  
22 of the renewable fuel blends, clearly labeling the dis-  
23 pensers and related equipment, and providing peri-  
24 odic reports on the status of the renewable fuel  
25 blend sales, the type and amount of the renewable

1 fuel blends dispensed at each location, and the aver-  
2 age price of such fuel.

3 (5) NOTIFICATION REQUIREMENTS.—Not later  
4 than the date on which each renewable fuel blend  
5 station begins to offer renewable fuel blends to the  
6 public, the grant recipient that used grant funds to  
7 construct or upgrade such station shall notify the  
8 Secretary of such opening. The Secretary shall add  
9 each new renewable fuel blend station to the renew-  
10 able fuel blend station locator on its Website when  
11 it receives notification under this subsection.

12 (6) DOUBLE COUNTING.—No person that re-  
13 ceives a credit under section 30C of the Internal  
14 Revenue Code of 1986 may receive assistance under  
15 this section.

16 (7) RESERVATION OF FUNDS.—The Secretary  
17 shall reserve funds appropriated for the renewable  
18 fuel blends infrastructure development grant pro-  
19 gram for technical and marketing assistance de-  
20 scribed in subsection (c).

21 (c) RETAIL TECHNICAL AND MARKETING ASSIST-  
22 ANCE.—The Secretary shall enter into contracts with enti-  
23 ties with demonstrated experience in assisting retail fuel-  
24 ing stations in installing refueling systems and marketing  
25 renewable fuel blends nationally, for the provision of tech-

1 nical and marketing assistance to recipients of grants  
2 under this section. Such assistance shall include—

3 (1) technical advice for compliance with applica-  
4 ble Federal and State environmental requirements;

5 (2) help in identifying supply sources and se-  
6 curing long-term contracts; and

7 (3) provision of public outreach, education, and  
8 labeling materials.

9 (d) REFUELING INFRASTRUCTURE CORRIDORS.—

10 (1) IN GENERAL.—The Secretary shall establish  
11 a competitive grant pilot program (referred to in  
12 this subsection as the “pilot program”), to be ad-  
13 ministered through the Vehicle Technology Deploy-  
14 ment Program of the Department, to provide not  
15 more than 10 geographically-dispersed project  
16 grants to State governments, Indian tribal govern-  
17 ments, local governments, metropolitan transpor-  
18 tation authorities, or partnerships of those entities  
19 to carry out 1 or more projects for the purposes de-  
20 scribed in paragraph (2).

21 (2) GRANT PURPOSES.—A grant under this  
22 subsection shall be used for the establishment of re-  
23 fueling infrastructure corridors, as designated by the  
24 Secretary, for renewable fuel blends, including—

1 (A) installation of infrastructure and  
2 equipment necessary to ensure adequate dis-  
3 tribution of renewable fuel blends within the  
4 corridor;

5 (B) installation of infrastructure and  
6 equipment necessary to directly support vehicles  
7 powered by renewable fuel blends; and

8 (C) operation and maintenance of infra-  
9 structure and equipment installed as part of a  
10 project funded by the grant.

11 (3) APPLICATIONS.—

12 (A) REQUIREMENTS.—

13 (i) IN GENERAL.—Subject to clause  
14 (ii), not later than 90 days after the date  
15 of enactment of this Act, the Secretary  
16 shall issue requirements for use in apply-  
17 ing for grants under the pilot program.

18 (ii) MINIMUM REQUIREMENTS.—At a  
19 minimum, the Secretary shall require that  
20 an application for a grant under this sub-  
21 section—

22 (I) be submitted by—

23 (aa) the head of a State,  
24 tribal, or local government or a  
25 metropolitan transportation au-

1                   thority, or any combination of  
2                   those entities; and

3                   (bb) a registered participant  
4                   in the Vehicle Technology De-  
5                   ployment Program of the Depart-  
6                   ment; and

7                   (II) include—

8                   (aa) a description of the  
9                   project proposed in the applica-  
10                  tion, including the ways in which  
11                  the project meets the require-  
12                  ments of this subsection;

13                  (bb) an estimate of the de-  
14                  gree of use of the project, includ-  
15                  ing the estimated size of fleet of  
16                  vehicles operated with renewable  
17                  fuels blend available within the  
18                  geographic region of the corridor,  
19                  measured as a total quantity and  
20                  a percentage;

21                  (cc) an estimate of the po-  
22                  tential petroleum displaced as a  
23                  result of the project (measured  
24                  as a total quantity and a percent-  
25                  age), and a plan to collect and

1 disseminate petroleum displace-  
2 ment and other relevant data re-  
3 lating to the project to be funded  
4 under the grant, over the ex-  
5 pected life of the project;

6 (dd) a description of the  
7 means by which the project will  
8 be sustainable without Federal  
9 assistance after the completion of  
10 the term of the grant;

11 (ee) a complete description  
12 of the costs of the project, includ-  
13 ing acquisition, construction, op-  
14 eration, and maintenance costs  
15 over the expected life of the  
16 project; and

17 (ff) a description of which  
18 costs of the project will be sup-  
19 ported by Federal assistance  
20 under this subsection.

21 (B) PARTNERS.—An applicant under sub-  
22 paragraph (A) may carry out a project under  
23 the pilot program in partnership with public  
24 and private entities.

1           (4) SELECTION CRITERIA.—In evaluating appli-  
2           cations under the pilot program, the Secretary  
3           shall—

4                   (A) consider the experience of each appli-  
5                   cant with previous, similar projects; and

6                   (B) give priority consideration to applica-  
7                   tions that—

8                           (i) are most likely to maximize dis-  
9                           placement of petroleum consumption,  
10                           measured as a total quantity and a per-  
11                           centage;

12                           (ii) are best able to incorporate exist-  
13                           ing infrastructure while maximizing, to the  
14                           extent practicable, the use of advanced  
15                           biofuels;

16                           (iii) demonstrate the greatest commit-  
17                           ment on the part of the applicant to ensure  
18                           funding for the proposed project and the  
19                           greatest likelihood that the project will be  
20                           maintained or expanded after Federal as-  
21                           sistance under this subsection is com-  
22                           pleted;

23                           (iv) represent a partnership of public  
24                           and private entities; and

1 (v) exceed the minimum requirements  
2 of paragraph (3)(A)(ii).

3 (5) PILOT PROJECT REQUIREMENTS.—

4 (A) MAXIMUM AMOUNT.—The Secretary  
5 shall provide not more than \$20,000,000 in  
6 Federal assistance under the pilot program to  
7 any applicant.

8 (B) COST SHARING.—The non-Federal  
9 share of the cost of any activity relating to re-  
10 newable fuel blend infrastructure development  
11 carried out using funds from a grant under this  
12 subsection shall be not less than 20 percent.

13 (C) MAXIMUM PERIOD OF GRANTS.—The  
14 Secretary shall not provide funds to any appli-  
15 cant under the pilot program for more than 2  
16 years.

17 (D) DEPLOYMENT AND DISTRIBUTION.—  
18 The Secretary shall seek, to the maximum ex-  
19 tent practicable, to ensure a broad geographic  
20 distribution of project sites funded by grants  
21 under this subsection.

22 (E) TRANSFER OF INFORMATION AND  
23 KNOWLEDGE.—The Secretary shall establish  
24 mechanisms to ensure that the information and  
25 knowledge gained by participants in the pilot

1 program are transferred among the pilot pro-  
2 gram participants and to other interested par-  
3 ties, including other applicants that submitted  
4 applications.

5 (6) SCHEDULE.—

6 (A) INITIAL GRANTS.—

7 (i) IN GENERAL.—Not later than 90  
8 days after the date of enactment of this  
9 Act, the Secretary shall publish in the Fed-  
10 eral Register, Commerce Business Daily,  
11 and such other publications as the Sec-  
12 retary considers to be appropriate, a notice  
13 and request for applications to carry out  
14 projects under the pilot program.

15 (ii) DEADLINE.—An application de-  
16 scribed in clause (i) shall be submitted to  
17 the Secretary by not later than 180 days  
18 after the date of publication of the notice  
19 under that clause.

20 (iii) INITIAL SELECTION.—Not later  
21 than 90 days after the date by which appli-  
22 cations for grants are due under clause  
23 (ii), the Secretary shall select by competi-  
24 tive, peer-reviewed proposal up to 5 appli-

1 cations for projects to be awarded a grant  
2 under the pilot program.

3 (B) ADDITIONAL GRANTS.—

4 (i) IN GENERAL.—Not later than 2  
5 years after the date of enactment of this  
6 Act, the Secretary shall publish in the Fed-  
7 eral Register, Commerce Business Daily,  
8 and such other publications as the Sec-  
9 retary considers to be appropriate, a notice  
10 and request for additional applications to  
11 carry out projects under the pilot program  
12 that incorporate the information and  
13 knowledge obtained through the implemen-  
14 tation of the first round of projects author-  
15 ized under the pilot program.

16 (ii) DEADLINE.—An application de-  
17 scribed in clause (i) shall be submitted to  
18 the Secretary by not later than 180 days  
19 after the date of publication of the notice  
20 under that clause.

21 (iii) INITIAL SELECTION.—Not later  
22 than 90 days after the date by which appli-  
23 cations for grants are due under clause  
24 (ii), the Secretary shall select by competi-  
25 tive, peer-reviewed proposal such additional

1 applications for projects to be awarded a  
2 grant under the pilot program as the Sec-  
3 retary determines to be appropriate.

4 (7) REPORTS TO CONGRESS.—

5 (A) INITIAL REPORT.—Not later than 60  
6 days after the date on which grants are award-  
7 ed under this subsection, the Secretary shall  
8 submit to Congress a report containing—

9 (i) an identification of the grant re-  
10 cipients and a description of the projects to  
11 be funded under the pilot program;

12 (ii) an identification of other appli-  
13 cants that submitted applications for the  
14 pilot program but to which funding was  
15 not provided; and

16 (iii) a description of the mechanisms  
17 used by the Secretary to ensure that the  
18 information and knowledge gained by par-  
19 ticipants in the pilot program are trans-  
20 ferred among the pilot program partici-  
21 pants and to other interested parties, in-  
22 cluding other applicants that submitted ap-  
23 plications.

24 (B) EVALUATION.—Not later than 2 years  
25 after the date of enactment of this Act, and an-

1 nually thereafter until the termination of the  
2 pilot program, the Secretary shall submit to  
3 Congress a report containing an evaluation of  
4 the effectiveness of the pilot program, including  
5 an assessment of the petroleum displacement  
6 and benefits to the environment derived from  
7 the projects included in the pilot program.

8 (e) RESTRICTION.—No grant shall be provided under  
9 subsection (b) or (c) to a large, vertically integrated oil  
10 company.

11 (f) AUTHORIZATION OF APPROPRIATIONS.—There  
12 are authorized to be appropriated to the Secretary for car-  
13 rying out this section \$200,000,000 for each of the fiscal  
14 years 2008 through 2014.

15 **SEC. 245. STUDY OF THE ADEQUACY OF TRANSPORTATION**  
16 **OF DOMESTICALLY-PRODUCED RENEWABLE**  
17 **FUEL BY RAILROADS AND OTHER MODES OF**  
18 **TRANSPORTATION.**

19 (a) STUDY.—

20 (1) IN GENERAL.—The Secretary, in coordina-  
21 tion with the Secretary of Transportation, shall  
22 jointly conduct a study of the adequacy of transpor-  
23 tation of domestically-produced renewable fuels by  
24 railroad and other modes of transportation as des-  
25 ignated by the Secretaries.

1           (2) COMPONENTS.—In conducting the study  
2 under paragraph (1), the Secretaries shall—

3           (A) consider the adequacy of existing rail-  
4 road and other transportation and distribution  
5 infrastructure, equipment, service and capacity  
6 to move the necessary quantities of domesti-  
7 cally-produced renewable fuel within the time-  
8 frames;

9           (B)(i) consider the projected costs of mov-  
10 ing the domestically-produced renewable fuel by  
11 railroad and other modes transportation; and

12           (ii) consider the impact of the projected  
13 costs on the marketability of the domestically-  
14 produced renewable fuel;

15           (C) identify current and potential impedi-  
16 ments to the reliable transportation and dis-  
17 tribution of adequate supplies of domestically-  
18 produced renewable fuel at reasonable prices,  
19 including practices currently utilized by domes-  
20 tic producers, shippers, and receivers of renew-  
21 able fuels;

22           (D) consider whether adequate competition  
23 exists within and between modes of transpor-  
24 tation for the transportation and distribution of  
25 domestically-produced renewable fuel and,

1           whether inadequate competition leads to an un-  
2           fair price for the transportation and distribu-  
3           tion of domestically-produced renewable fuel or  
4           unacceptable service for transportation of do-  
5           mestically-produced renewable fuel;

6           (E) consider whether Federal agencies  
7           have adequate legal authority to address in-  
8           stances of inadequate competition when inad-  
9           equate competition is found to prevent domestic  
10          producers for renewable fuels from obtaining a  
11          fair and reasonable transportation price or ac-  
12          ceptable service for the transportation and dis-  
13          tribution of domestically-produced renewable  
14          fuels;

15          (F) consider whether Federal agencies  
16          have adequate legal authority to address rail-  
17          road and transportation service problems that  
18          may be resulting in inadequate supplies of do-  
19          mestically-produced renewable fuel in any area  
20          of the United States;

21          (G) consider what transportation infra-  
22          structure capital expenditures may be necessary  
23          to ensure the reliable transportation of ade-  
24          quate supplies of domestically-produced renew-  
25          able fuel at reasonable prices within the United

1 States and which public and private entities  
2 should be responsible for making such expendi-  
3 tures; and

4 (H) provide recommendations on ways to  
5 facilitate the reliable transportation of adequate  
6 supplies of domestically-produced renewable fuel  
7 at reasonable prices.

8 (b) REPORT.—Not later than 180 days after the date  
9 of enactment of this Act, the Secretaries shall jointly sub-  
10 mit to the Committee on Commerce, Science and Trans-  
11 portation, the Committee on Energy and Natural Re-  
12 sources, and the Committee on Environment and Public  
13 Works of the Senate and the Committee on Transpor-  
14 tation and Infrastructure and the Committee on Energy  
15 and Commerce of the House of Representatives a report  
16 that describes the results of the study conducted under  
17 subsection (a).

18 **SEC. 246. FEDERAL FLEET FUELING CENTERS.**

19 (a) IN GENERAL.—Not later than January 1, 2010,  
20 the head of each Federal agency shall install at least 1  
21 renewable fuel pump at each Federal fleet fueling center  
22 in the United States under the jurisdiction of the head  
23 of the Federal agency.

24 (b) REPORT.—Not later than October 31 of the first  
25 calendar year beginning after the date of the enactment

1 of this Act, and each October 31 thereafter, the President  
2 shall submit to Congress a report that describes the  
3 progress toward complying with subsection (a), including  
4 identifying—

5 (1) the number of Federal fleet fueling centers  
6 that contain at least 1 renewable fuel pump; and

7 (2) the number of Federal fleet fueling centers  
8 that do not contain any renewable fuel pumps.

9 (c) DEPARTMENT OF DEFENSE FACILITY.—This sec-  
10 tion shall not apply to a Department of Defense fueling  
11 center with a fuel turnover rate of less than 100,000 gal-  
12 lons of fuel per year.

13 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
14 are authorized to be appropriated such sums as are nec-  
15 essary to carry out this section.

16 **SEC. 247. STANDARD SPECIFICATIONS FOR BIODIESEL.**

17 Section 211 of the Clean Air Act (42 U.S.C. 7545)  
18 is amended by redesignating subsection (s) as subsection  
19 (t), redesignating subsection (r) (relating to conversion as-  
20 sistance for cellulosic biomass, waste-derived ethanol, ap-  
21 proved renewable fuels) as subsection (s) and by adding  
22 the following new subsection at the end thereof:

23 “(u) STANDARD SPECIFICATIONS FOR BIODIESEL.—  
24 (1) Unless the American Society for Testing and Materials  
25 has adopted a standard for diesel fuel containing 20 per-

1 cent biodiesel (commonly known as ‘B20’) within 1 year  
2 after the date of enactment of this subsection, the Admin-  
3 istrator shall initiate a rulemaking to establish a uniform  
4 per gallon fuel standard for such fuel and designate an  
5 identification number so that vehicle manufacturers are  
6 able to design engines to use fuel meeting such standard.

7 “(2) Unless the American Society for Testing and  
8 Materials has adopted a standard for diesel fuel containing  
9 5 percent biodiesel (commonly known as ‘B5’) within 1  
10 year after the date of enactment of this subsection, the  
11 Administrator shall initiate a rulemaking to establish a  
12 uniform per gallon fuel standard for such fuel and des-  
13 ignate an identification so that vehicle manufacturers are  
14 able to design engines to use fuel meeting such standard.

15 “(3) Whenever the Administrator is required to ini-  
16 tiate a rulemaking under paragraph (1) or (2), the Admin-  
17 istrator shall promulgate a final rule within 18 months  
18 after the date of the enactment of this subsection.

19 “(4) Not later than 180 days after the enactment of  
20 this subsection, the Administrator shall establish an an-  
21 nual inspection and enforcement program to ensure that  
22 diesel fuel containing biodiesel sold or distributed in inter-  
23 state commerce meets the standards established under  
24 regulations under this section, including testing and cer-  
25 tification for compliance with applicable standards of the

1 American Society for Testing and Materials. There are au-  
2 thorized to be appropriated to carry out the inspection and  
3 enforcement program under this paragraph \$3,000,000  
4 for each of fiscal years 2008 through 2010.

5 “(5) For purposes of this subsection, the term ‘bio-  
6 diesel’ has the meaning provided by section 312(f) of En-  
7 ergy Policy Act of 1992 (42 U.S.C. 13220(f)).”.

8 **SEC. 248. BIOFUELS DISTRIBUTION AND ADVANCED**  
9 **BIOFUELS INFRASTRUCTURE.**

10 (a) IN GENERAL.—The Secretary, in coordination  
11 with the Secretary of Transportation and in consultation  
12 with the Administrator of the Environmental Protection  
13 Agency, shall carry out a program of research, develop-  
14 ment, and demonstration relating to existing transpor-  
15 tation fuel distribution infrastructure and new alternative  
16 distribution infrastructure.

17 (b) FOCUS.—The program described in subsection  
18 (a) shall focus on the physical and chemical properties of  
19 biofuels and efforts to prevent or mitigate against adverse  
20 impacts of those properties in the areas of—

21 (1) corrosion of metal, plastic, rubber, cork, fi-  
22 berglass, glues, or any other material used in pipes  
23 and storage tanks;

24 (2) dissolving of storage tank sediments;

25 (3) clogging of filters;

- 1           (4) contamination from water or other  
2 adulterants or pollutants;
- 3           (5) poor flow properties related to low tempera-  
4 tures;
- 5           (6) oxidative and thermal instability in long-  
6 term storage and uses;
- 7           (7) microbial contamination;
- 8           (8) problems associated with electrical conduc-  
9 tivity; and
- 10          (9) such other areas as the Secretary considers  
11 appropriate.

## 12           **Subtitle D—Environmental** 13           **Safeguards**

### 14   **SEC. 251. WAIVER FOR FUEL OR FUEL ADDITIVES.**

15       Section 211(f)(4) of the Clean Air Act (42 U.S.C.  
16 7545(f)) is amended to read as follows:

17       “(4) The Administrator, upon application of any  
18 manufacturer of any fuel or fuel additive, may waive the  
19 prohibitions established under paragraph (1) or (3) of this  
20 subsection or the limitation specified in paragraph (2) of  
21 this subsection, if he determines that the applicant has  
22 established that such fuel or fuel additive or a specified  
23 concentration thereof, and the emission products of such  
24 fuel or fuel additive or specified concentration thereof, will  
25 not cause or contribute to a failure of any emission control

1 device or system (over the useful life of the motor vehicle,  
2 motor vehicle engine, nonroad engine or nonroad vehicle  
3 in which such device or system is used) to achieve compli-  
4 ance by the vehicle or engine with the emission standards  
5 with respect to which it has been certified pursuant to sec-  
6 tions 206 and 213(a). The Administrator shall take final  
7 action to grant or deny an application submitted under  
8 this paragraph, after public notice and comment, within  
9 270 days of the receipt of such an application.”.

10 **TITLE III—ENERGY SAVINGS**  
11 **THROUGH IMPROVED STAND-**  
12 **ARDS FOR APPLIANCE AND**  
13 **LIGHTING**  
14 **Subtitle A—Appliance Energy**  
15 **Efficiency**

16 **SEC. 301. EXTERNAL POWER SUPPLY EFFICIENCY STAND-**  
17 **ARDS.**

18 (a) DEFINITIONS.—Section 321 of the Energy Policy  
19 and Conservation Act (42 U.S.C. 6291) is amended—

20 (1) in paragraph (36)—

21 (A) by striking “(36) The” and inserting  
22 the following:

23 “(36) EXTERNAL POWER SUPPLY.—

24 “(A) IN GENERAL.—The”; and

25 (B) by adding at the end the following:

1           “(B) ACTIVE MODE.—The term ‘active  
2 mode’ means the mode of operation when an ex-  
3 ternal power supply is connected to the main  
4 electricity supply and the output is connected to  
5 a load.

6           “(C) CLASS A EXTERNAL POWER SUP-  
7 PLY.—

8           “(i) IN GENERAL.—The term ‘class A  
9 external power supply’ means a device  
10 that—

11           “(I) is designed to convert line  
12 voltage AC input into lower voltage  
13 AC or DC output;

14           “(II) is able to convert to only 1  
15 AC or DC output voltage at a time;

16           “(III) is sold with, or intended to  
17 be used with, a separate end-use prod-  
18 uct that constitutes the primary load;

19           “(IV) is contained in a separate  
20 physical enclosure from the end-use  
21 product;

22           “(V) is connected to the end-use  
23 product via a removable or hard-wired  
24 male/female electrical connection,  
25 cable, cord, or other wiring; and

1                   “(VI) has nameplate output  
2                   power that is less than or equal to  
3                   250 watts.

4                   “(ii) EXCLUSIONS.—The term ‘class  
5                   A external power supply’ does not include  
6                   any device that—

7                   “(I) requires Federal Food and  
8                   Drug Administration listing and ap-  
9                   proval as a medical device in accord-  
10                  ance with section 513 of the Federal  
11                  Food, Drug, and Cosmetic Act (21  
12                  U.S.C. 360e); or

13                  “(II) powers the charger of a de-  
14                  tachable battery pack or charges the  
15                  battery of a product that is fully or  
16                  primarily motor operated.

17                  “(D) NO-LOAD MODE.—The term ‘no-load  
18                  mode’ means the mode of operation when an ex-  
19                  ternal power supply is connected to the main  
20                  electricity supply and the output is not con-  
21                  nected to a load.”; and

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

23                  “(52) DETACHABLE BATTERY.—The term ‘de-  
24                  tachable battery’ means a battery that is—

1           “(A) contained in a separate enclosure  
2           from the product; and

3           “(B) intended to be removed or discon-  
4           nected from the product for recharging.”.

5           (b) TEST PROCEDURES.—Section 323(b) of the En-  
6           ergy Policy and Conservation Act (42 U.S.C. 6293(b)) is  
7           amended by adding at the end the following:

8           “(17) CLASS A EXTERNAL POWER SUPPLIES.—  
9           Test procedures for class A external power supplies  
10           shall be based on the ‘Test Method for Calculating  
11           the Energy Efficiency of Single-Voltage External  
12           AC–DC and AC–AC Power Supplies’ published by  
13           the Environmental Protection Agency on August 11,  
14           2004, except that the test voltage specified in section  
15           4(d) of that test method shall be only 115 volts, 60  
16           Hz.”.

17           (c) EFFICIENCY STANDARDS FOR CLASS A EXTER-  
18           NAL POWER SUPPLIES.—Section 325(u) of the Energy  
19           Policy and Conservation Act (42 U.S.C. 6295(u)) is  
20           amended by adding at the end the following:

21           “(6) EFFICIENCY STANDARDS FOR CLASS A EX-  
22           TERNAL POWER SUPPLIES.—

23           “(A) IN GENERAL.—Subject to subpara-  
24           graphs (B) through (D), a class A external  
25           power supply manufactured on or after the

1 later of July 1, 2008, or the date of enactment  
 2 of this paragraph shall meet the following  
 3 standards:

<b>“Active Mode</b>	
<b>“Nameplate Output</b>	<b>Required Efficiency (decimal equivalent of a per- centage)</b>
Less than 1 watt	0.5 times the Nameplate Output
From 1 watt to not more than 51 watts	The sum of 0.09 times the Natural Logarithm of the Nameplate Output and 0.5
Greater than 51 watts	0.85
<b>“No-Load Mode</b>	
<b>“Nameplate Output</b>	<b>Maximum Consumption</b>
Not more than 250 watts	0.5 watts

4 “(B) NONCOVERED SUPPLIES.—A class A  
 5 external power supply shall not be subject to  
 6 subparagraph (A) if the class A external power  
 7 supply is—

8 “(i) manufactured during the period  
 9 beginning on July 1, 2008, and ending on  
 10 June 30, 2015; and

11 “(ii) made available by the manufac-  
 12 turer as a service part or a spare part for  
 13 an end-use product—

14 “(I) that constitutes the primary  
 15 load; and

1                   “(II) was manufactured before  
2                   July 1, 2008.

3                   “(C) MARKING.—Any class A external  
4                   power supply manufactured on or after the  
5                   later of July 1, 2008 or the date of enactment  
6                   of this paragraph shall be clearly and perma-  
7                   nently marked in accordance with the External  
8                   Power Supply International Efficiency Marking  
9                   Protocol, as referenced in the ‘Energy Star Pro-  
10                  gram Requirements for Single Voltage External  
11                  AC-DC and AC-AC Power Supplies, version  
12                  1.1’ published by the Environmental Protection  
13                  Agency.

14                  “(D) AMENDMENT OF STANDARDS.—

15                   “(i) FINAL RULE BY JULY 1, 2011.—

16                   “(I) IN GENERAL.—Not later  
17                   than July 1, 2011, the Secretary shall  
18                   publish a final rule to determine  
19                   whether the standards established  
20                   under subparagraph (A) should be  
21                   amended.

22                   “(II) ADMINISTRATION.—The  
23                   final rule shall—

24                   “(aa) contain any amended  
25                   standards; and

1                   “(bb) apply to products  
2                   manufactured on or after July 1,  
3                   2013.

4                   “(ii) FINAL RULE BY JULY 1, 2015.—

5                   “(I) IN GENERAL.—Not later  
6                   than July 1, 2015 the Secretary shall  
7                   publish a final rule to determine  
8                   whether the standards then in effect  
9                   should be amended.

10                  “(II) ADMINISTRATION.—The  
11                  final rule shall—

12                   “(aa) contain any amended  
13                   standards; and

14                   “(bb) apply to products  
15                   manufactured on or after July 1,  
16                   2017.

17                  “(7) END-USE PRODUCTS.—An energy con-  
18                  servation standard for external power supplies shall  
19                  not constitute an energy conservation standard for  
20                  the separate end-use product to which the external  
21                  power supplies is connected.”.

22 **SEC. 302. UPDATING APPLIANCE TEST PROCEDURES.**

23                  (a) CONSUMER APPLIANCES.—Section 323(b)(1) of  
24                  the Energy Policy and Conservation Act (42 U.S.C.  
25                  6293(b)(1)) is amended by striking “(1)” and all that fol-

1 lows through the end of the paragraph and inserting the  
2 following:

3 “(1) TEST PROCEDURES.—

4 “(A) AMENDMENT.—At least once every 7  
5 years, the Secretary shall review test procedures  
6 for all covered products and—

7 “(i) amend test procedures with re-  
8 spect to any covered product, if the Sec-  
9 retary determines that amended test proce-  
10 dures would more accurately or fully com-  
11 ply with the requirements of paragraph  
12 (3); or

13 “(ii) publish notice in the Federal  
14 Register of any determination not to  
15 amend a test procedure.”.

16 (b) INDUSTRIAL EQUIPMENT.—Section 343(a) of the  
17 Energy Policy and Conservation Act (42 U.S.C. 6313(a))  
18 is amended by striking “(a)” and all that follows through  
19 the end of paragraph (1) and inserting the following:

20 “(a) PRESCRIPTION BY SECRETARY; REQUIRE-  
21 MENTS.—

22 “(1) TEST PROCEDURES.—

23 “(A) AMENDMENT.—At least once every 7  
24 years, the Secretary shall conduct an evaluation  
25 of each class of covered equipment and—

1           “(i) if the Secretary determines that  
2           amended test procedures would more accu-  
3           rately or fully comply with the require-  
4           ments of paragraphs (2) and (3), shall pre-  
5           scribe test procedures for the class in ac-  
6           cordance with this section; or

7           “(ii) shall publish notice in the Fed-  
8           eral Register of any determination not to  
9           amend a test procedure.”.

10 **SEC. 303. RESIDENTIAL BOILERS.**

11           Section 325(f) of the Energy Policy and Conservation  
12 Act (42 U.S.C. 6295(f)) is amended—

13           (1) in the subsection heading, by inserting  
14           “AND BOILERS” after “FURNACES”;

15           (2) by redesignating paragraph (3) as para-  
16           graph (4); and

17           (3) by inserting after paragraph (2) the fol-  
18           lowing:

19           “(3) BOILERS.—

20           “(A) IN GENERAL.—Subject to subpara-  
21           graphs (B) and (C), boilers manufactured on or  
22           after September 1, 2012, shall meet the fol-  
23           lowing requirements:

Boiler Type	Minimum Annual Fuel Utilization Efficiency	Design Requirements
Gas Hot Water .....	82%	No Constant Burning Pilot, Automatic Means for Adjusting Water Temperature
Gas Steam .....	80%	No Constant Burning Pilot
Oil Hot Water .....	84%	Automatic Means for Adjusting Temperature
Oil Steam .....	82%	None
Electric Hot Water .....	None	Automatic Means for Adjusting Temperature
Electric Steam .....	None	None

1                   “(B) AUTOMATIC MEANS FOR ADJUSTING  
2                   WATER TEMPERATURE.—

3                   “(i) IN GENERAL.—The manufacturer  
4                   shall equip each gas, oil, and electric hot  
5                   water boiler (other than a boiler equipped  
6                   with a tankless domestic water heating  
7                   coil) with automatic means for adjusting  
8                   the temperature of the water supplied by  
9                   the boiler to ensure that an incremental  
10                  change in inferred heat load produces a  
11                  corresponding incremental change in the  
12                  temperature of water supplied.

13                  “(ii) SINGLE INPUT RATE.—For a  
14                  boiler that fires at 1 input rate, the re-

1            requirements of this subparagraph may be  
2            satisfied by providing an automatic means  
3            that allows the burner or heating element  
4            to fire only when the means has deter-  
5            mined that the inferred heat load cannot  
6            be met by the residual heat of the water in  
7            the system.

8            “(iii) NO INFERRED HEAT LOAD.—  
9            When there is no inferred heat load with  
10           respect to a hot water boiler, the automatic  
11           means described in clause (i) and (ii) shall  
12           limit the temperature of the water in the  
13           boiler to not more than 140 degrees Fahr-  
14           enheit.

15           “(iv) OPERATION.—A boiler described  
16           in clause (i) or (ii) shall be operable only  
17           when the automatic means described in  
18           clauses (i), (ii), and (iii) is installed.

19           “(C) EXCEPTION.—A boiler that is manu-  
20           factured to operate without any need for elec-  
21           tricity or any electric connection, electric  
22           gauges, electric pumps, electric wires, or electric  
23           devices shall not be required to meet the re-  
24           quirements of this paragraph.”.

1 **SEC. 304. FURNACE FAN STANDARD PROCESS.**

2 Paragraph (4)(D) of section 325(f) of the Energy  
3 Policy and Conservation Act (42 U.S.C. 6295(f)) (as re-  
4 designated by section 303(4)) is amended by striking “the  
5 Secretary may” and inserting “not later than December  
6 31, 2013, the Secretary shall”.

7 **SEC. 305. IMPROVING SCHEDULE FOR STANDARDS UPDAT-**  
8 **ING AND CLARIFYING STATE AUTHORITY.**

9 (a) CONSUMER APPLIANCES.—Section 325 of the  
10 Energy Policy and Conservation Act (42 U.S.C. 6295) is  
11 amended by striking subsection (m) and inserting the fol-  
12 lowing:

13 “(m) AMENDMENT OF STANDARDS.—

14 “(1) IN GENERAL.—Not later than 6 years  
15 after issuance of any final rule establishing or  
16 amending a standard, as required for a product  
17 under this part, the Secretary shall publish—

18 “(A) a notice of the determination of the  
19 Secretary that standards for the product do not  
20 need to be amended, based on the criteria es-  
21 tablished under subsection (n)(2); or

22 “(B) a notice of proposed rulemaking in-  
23 cluding new proposed standards based on the  
24 criteria established under subsection (o) and the  
25 procedures established under subsection (p).



1 clothes dryers, fluorescent lamp ballasts,  
2 and kitchen ranges and ovens, such a  
3 product that is manufactured after the  
4 date that is 3 years after publication of the  
5 final rule establishing an applicable stand-  
6 ard; and

7 “(ii) with respect to central air condi-  
8 tioners, heat pumps, water heaters, pool  
9 heaters, direct heating equipment, and fur-  
10 naces, such a product that is manufactured  
11 after the date that is 5 years after publica-  
12 tion of the final rule establishing an appli-  
13 cable standard.

14 “(B) OTHER NEW STANDARDS.—A manu-  
15 facturer shall not be required to apply new  
16 standards to a product with respect to which  
17 other new standards have been required during  
18 the prior 6-year period.

19 “(5) REPORTS.—The Secretary shall promptly  
20 submit to the Committee on Energy and Commerce  
21 of the House of Representatives and the Committee  
22 on Energy and Natural Resources of the Senate—

23 “(A) a progress report every 180 days on  
24 compliance with this section, including a spe-  
25 cific plan to remedy any failures to comply with

1 deadlines for action established under this sec-  
2 tion; and

3 “(B) all required reports to the Court or to  
4 any party to the Consent Decree in State of  
5 New York v Bodman, Consolidated Civil Ac-  
6 tions No.05 Civ. 7807 and No.05 Civ. 7808.”.

7 (b) INDUSTRIAL EQUIPMENT.—Section 342(a)(6) of  
8 the Energy Policy and Conservation Act (42 U.S.C.  
9 6313(a)(6)) is amended—

10 (1) by redesignating subparagraph (C) as sub-  
11 paragraph (D); and

12 (2) by striking “(6)(A)(i)” and all that follows  
13 through the end of subparagraph (B) and inserting  
14 the following:

15 “(6) AMENDED ENERGY EFFICIENCY STAND-  
16 ARDS.—

17 “(A) IN GENERAL.—

18 “(i) ANALYSIS OF POTENTIAL ENERGY  
19 SAVINGS.—If ASHRAE/IES Standard  
20 90.1 is amended with respect to any small  
21 commercial package air conditioning and  
22 heating equipment, large commercial pack-  
23 age air conditioning and heating equip-  
24 ment, very large commercial package air  
25 conditioning and heating equipment, pack-

1 aged terminal air conditioners, packaged  
2 terminal heat pumps, warm-air furnaces,  
3 packaged boilers, storage water heaters, in-  
4 stantaneous water heaters, or unfired hot  
5 water storage tanks, not later than 180  
6 days after the amendment of the standard,  
7 the Secretary shall publish in the Federal  
8 Register for public comment an analysis of  
9 the energy savings potential of amended  
10 energy efficiency standards.

11 “(ii) AMENDED UNIFORM NATIONAL  
12 STANDARD FOR PRODUCTS.—

13 “(I) IN GENERAL.—Except as  
14 provided in subclause (II), not later  
15 than 18 months after the date of pub-  
16 lication of the amendment to the  
17 ASHRAE/IES Standard 90.1 for a  
18 product described in clause (i), the  
19 Secretary shall establish an amended  
20 uniform national standard for the  
21 product at the minimum level speci-  
22 fied in the amended ASHRAE/IES  
23 Standard 90.1.

24 “(II) MORE STRINGENT STAND-  
25 ARD.—Subclause (I) shall not apply if

1 the Secretary determines, by rule pub-  
2 lished in the Federal Register, and  
3 supported by clear and convincing evi-  
4 dence, that adoption of a uniform na-  
5 tional standard more stringent than  
6 the amended ASHRAE/IES Standard  
7 90.1 for the product would result in  
8 significant additional conservation of  
9 energy and is technologically feasible  
10 and economically justified.

11 “(B) RULE.—If the Secretary makes a de-  
12 termination described in clause (ii)(II) for a  
13 product described in clause (i), not later than  
14 30 months after the date of publication of the  
15 amendment to the ASHRAE/IES Standard  
16 90.1 for the product, the Secretary shall issue  
17 the rule establishing the amended standard.

18 “(C) AMENDMENT OF STANDARD.—

19 “(i) IN GENERAL.—Not later than 6  
20 years after issuance of any final rule estab-  
21 lishing or amending a standard, as re-  
22 quired for a product under this part, the  
23 Secretary shall publish—

24 “(I) a notice of the determination  
25 of the Secretary that standards for

1 the product do not need to be amend-  
2 ed, based on the criteria established  
3 under subparagraph (A); or

4 “(II) a notice of proposed rule-  
5 making including new proposed stand-  
6 ards based on the criteria and proce-  
7 dures established under subparagraph  
8 (B).

9 “(ii) NOTICE.—If the Secretary pub-  
10 lishes a notice under clause (i), the Sec-  
11 retary shall—

12 “(I) publish a notice stating that  
13 the analysis of the Department is  
14 publicly available; and

15 “(II) provide an opportunity for  
16 written comment.

17 “(iii) AMENDMENT OF STANDARD;  
18 NEW DETERMINATION.—

19 “(I) AMENDMENT OF STAND-  
20 ARD.—Not later than 2 years after a  
21 notice is issued under clause (i)(II),  
22 the Secretary shall publish a final rule  
23 amending the standard for the prod-  
24 uct.



1                   comply with deadlines for action estab-  
2                   lished under this subparagraph.”.

3 **SEC. 306. REGIONAL STANDARDS FOR FURNACES, CENTRAL**  
4 **AIR CONDITIONERS, AND HEAT PUMPS.**

5           (a) IN GENERAL.—Section 325(o) of the Energy Pol-  
6 icy and Conservation Act (42 U.S.C. 6295(o)) is amended  
7 by adding at the end the following:

8                   “(6) REGIONAL STANDARDS FOR FURNACES,  
9           CENTRAL AIR CONDITIONERS, AND HEAT PUMPS.—

10                   “(A) IN GENERAL.—In any rulemaking to  
11           establish a new or amended standard, the Sec-  
12           retary may consider the establishment of sepa-  
13           rate standards by geographic region for fur-  
14           naces (except boilers), central air conditioners,  
15           and heat pumps.

16                   “(B) NATIONAL AND REGIONAL STAND-  
17           ARDS.—

18                   “(i) NATIONAL STANDARD.—If the  
19           Secretary establishes a regional standard  
20           for a product, the Secretary shall establish  
21           a base national standard for the product.

22                   “(ii) REGIONAL STANDARDS.—If the  
23           Secretary establishes a regional standard  
24           for a product, the Secretary may establish

1 more restrictive standards for the product  
2 by geographic region as follows:

3 “(I) For furnaces, the Secretary  
4 may establish 1 additional standard  
5 that is applicable in a geographic re-  
6 gion defined by the Secretary.

7 “(II) For any cooling product,  
8 the Secretary may establish 1 or 2 ad-  
9 ditional standards that are applicable  
10 in 1 or 2 geographic regions as may  
11 be defined by the Secretary.

12 “(C) BOUNDARIES OF GEOGRAPHIC RE-  
13 GIONS.—

14 “(i) IN GENERAL.—Subject to clause  
15 (ii), the boundaries of additional geo-  
16 graphic regions established by the Sec-  
17 retary under this paragraph shall include  
18 only contiguous States.

19 “(ii) ALASKA AND HAWAII.—The  
20 States of Alaska and Hawaii may be in-  
21 cluded under this paragraph in a geo-  
22 graphic region that the States are not con-  
23 tiguous to.

1                   “(iii) INDIVIDUAL STATES.—Indi-  
2                   vidual States shall be placed only into a  
3                   single region under this paragraph.

4                   “(D) PREREQUISITES.—In establishing ad-  
5                   ditional regional standards under this para-  
6                   graph, the Secretary shall—

7                   “(i) establish additional regional  
8                   standards only if the Secretary determines  
9                   that—

10                   “(I) the establishment of addi-  
11                   tional regional standards will produce  
12                   significant energy savings in compari-  
13                   son to establishing only a single na-  
14                   tional standard; and

15                   “(II) the additional regional  
16                   standards are economically justified  
17                   under this paragraph; and

18                   “(ii) consider the impact of the addi-  
19                   tional regional standards on consumers,  
20                   manufacturers, and other market partici-  
21                   pants, including product distributors, deal-  
22                   ers, contractors, and installers.

23                   “(E) APPLICATION; EFFECTIVE DATE.—



1 separate regional standards for the prod-  
2 uct.

3 “(ii) REGIONAL STANDARD NO  
4 LONGER APPROPRIATE.—Except as pro-  
5 vided in clause (iii), if the Secretary deter-  
6 mines that regional standards are no  
7 longer appropriate for a product, beginning  
8 on the effective date of the amended stand-  
9 ard for the product—

10 “(I) there shall be 1 base na-  
11 tional standard for the product with  
12 Federal enforcement; and

13 “(II) State authority for enforce-  
14 ing a regional standard for the prod-  
15 uct shall terminate.

16 “(iii) REGIONAL STANDARD APPRO-  
17 PRIATE BUT STANDARD OR REGION  
18 CHANGED.—

19 “(I) STATE NO LONGER CON-  
20 TAINED IN REGION.—Subject to sub-  
21 clause (III), if a State is no longer  
22 contained in a region in which a re-  
23 gional standard that is more stringent  
24 than the base national standard ap-  
25 plies, the authority of the State to en-

1 force the regional standard shall ter-  
2minate.

3 “(II) STANDARD OR REGION RE-  
4VISED SO THAT EXISTING REGIONAL  
5STANDARD EQUALS BASE NATIONAL  
6STANDARD.—If the Secretary revises  
7a base national standard for a product  
8or the geographic definition of a re-  
9gion so that an existing regional  
10standard for a State is equal to the  
11revised base national standard—

12 “(aa) the authority of the  
13State to enforce the regional  
14standard shall terminate on the  
15effective date of the revised base  
16national standard; and

17 “(bb) the State shall be sub-  
18ject to the revised base national  
19standard.

20 “(III) STANDARD OR REGION RE-  
21VISED SO THAT EXISTING REGIONAL  
22STANDARD EQUALS BASE NATIONAL  
23STANDARD.—If the Secretary revises  
24a base national standard for a product  
25or the geographic definition of a re-

1                   gion so that the standard for a State  
2                   is lower than the previously approved  
3                   regional standard, the State may con-  
4                   tinue to enforce the previously ap-  
5                   proved standard level.

6                   “(iv) WAIVER OF FEDERAL PREEMP-  
7                   TION.—Nothing in this paragraph dimin-  
8                   ishes the authority of a State to enforce a  
9                   State regulation for which a waiver of Fed-  
10                  eral preemption has been granted under  
11                  section 327(d).

12                  “(G) ENFORCEMENT.—

13                  “(i) BASE NATIONAL STANDARD.—

14                         “(I) IN GENERAL.—The Sec-  
15                         retary shall enforce any base national  
16                         standard.

17                         “(II) TRADE ASSOCIATION CER-  
18                         TIFICATION PROGRAMS.—In enforcing  
19                         the base national standard, the Sec-  
20                         retary shall use, to the maximum ex-  
21                         tent practicable, national standard na-  
22                         tionally recognized certification pro-  
23                         grams of trade associations.

24                  “(ii) REGIONAL STANDARDS.—

1                   “(I) ENFORCEMENT PLAN.—Not  
2 later than 90 days after the date of  
3 the issuance of a final rule that estab-  
4 lishes a regional standard, the Sec-  
5 retary shall initiate a rulemaking to  
6 develop and implement an effective  
7 enforcement plan for regional stand-  
8 ards for the products that are covered  
9 by the final rule.

10                   “(II) RESPONSIBLE ENTITIES.—  
11 Any rules regarding enforcement of a  
12 regional standard shall clearly specify  
13 which entities are legally responsible  
14 for compliance with the standards and  
15 for making any required information  
16 or labeling disclosures.

17                   “(III) FINAL RULE.—Not later  
18 than 15 months after the date of the  
19 issuance of a final rule that estab-  
20 lishes a regional standard for a prod-  
21 uct, the Secretary shall promulgate a  
22 final rule covering enforcement of re-  
23 gional standards for the product.

24                   “(IV) INCORPORATION BY  
25 STATES AND LOCALITIES.—A State or

1 locality may incorporate any Federal  
2 regional standard into State or local  
3 building codes or State appliance  
4 standards.

5 “(V) STATE ENFORCEMENT.—A  
6 State agency may seek enforcement of  
7 a Federal regional standard in a Fed-  
8 eral court of competent jurisdiction.

9 “(H) INFORMATION DISCLOSURE.—

10 “(i) IN GENERAL.—Not later than 90  
11 days after the date of the publication of a  
12 final rule that establishes a regional stand-  
13 ard for a product, the Federal Trade Com-  
14 mission shall undertake a rulemaking to  
15 determine the appropriate 1 or more meth-  
16 ods for disclosing information so that con-  
17 sumers, distributors, contractors, and in-  
18 stallers can easily determine whether a  
19 specific piece of equipment that is installed  
20 in a specific building is in conformance  
21 with the regional standard that applies to  
22 the building.

23 “(ii) METHODS.—A method of dis-  
24 closing information under clause (i) may  
25 include—

1                   “(I) modifications to the Energy  
2                   Guide label; or

3                   “(II) other methods that make it  
4                   easy for consumers and installers to  
5                   use and understand at the point of in-  
6                   stallation.

7                   “(iii) COMPLETION OF RULE-  
8                   MAKING.—The rulemaking shall be com-  
9                   pleted not later 15 months after the date  
10                  of the publication of a final rule that es-  
11                  tablishes a regional standard for a prod-  
12                  uct.”.

13                  (b) PROHIBITED ACTS.—Section 332(a) of the En-  
14                  ergy Policy and Conservation Act (42 U.S.C. 6302(a)) is  
15                  amended—

16                   (1) in paragraph (4), by striking “or” after the  
17                   semicolon at the end;

18                   (2) in paragraph (5), by striking “part.” and  
19                   inserting “part, except to the extent that the new  
20                   covered product is covered by a regional standard  
21                   that is more stringent than the base national stand-  
22                   ard; or”; and

23                   (3) by adding at the end the following:

24                   “(6) for any manufacturer or private labeler to  
25                   knowingly sell a product to a distributor, contractor,

1 or dealer with knowledge that the entity routinely  
2 violates any regional standard applicable to the  
3 product.”.

4 (c) CONSIDERATION OF PRICES AND OPERATING  
5 PATTERNS.—Section 342(a)(6)(B) of the Energy Policy  
6 and Conservation Act (42 U.S.C. 6313(a)(6)(B)) is  
7 amended by adding at the end the following:

8 “(iii) CONSIDERATION OF PRICES AND  
9 OPERATING PATTERNS.—If the Secretary  
10 is considering revised standards for air-  
11 cooled 3-phase central air conditioners and  
12 central air conditioning heat pumps with  
13 less 65,000 Btu per hour (cooling capac-  
14 ity), the Secretary shall use commercial en-  
15 ergy prices and operating patterns in all  
16 analyses conducted by the Secretary.”.

17 **SEC. 307. PROCEDURE FOR PRESCRIBING NEW OR AMEND-**  
18 **ED STANDARDS.**

19 Section 325(p) of the Energy Policy and Conserva-  
20 tion Act (42 U.S.C. 6925(p)) is amended—

21 (1) by striking paragraph (1); and

22 (2) by redesignating paragraphs (2) through

23 (4) as paragraphs (1) through (3), respectively.

1 **SEC. 308. EXPEDITED RULEMAKINGS.**

2 (a) PROCEDURE FOR PRESCRIBING NEW OR AMEND-  
3 ED STANDARDS.—Section 325(p) of the Energy Policy  
4 and Conservation Act (42 U.S.C. 6295(p)) (as amended  
5 by section 307) is amended by adding at the end the fol-  
6 lowing:

7 “(4) DIRECT FINAL RULES.—

8 “(A) IN GENERAL.—On receipt of a state-  
9 ment that is submitted jointly by interested per-  
10 sons that are fairly representative of relevant  
11 points of view (including representatives of  
12 manufacturers of covered products, States, and  
13 efficiency advocates), as determined by the Sec-  
14 retary, and contains recommendations with re-  
15 spect to an energy or water conservation stand-  
16 ard—

17 “(i) if the Secretary determines that  
18 the recommended standard contained in  
19 the statement is in accordance with sub-  
20 section (o) or section 342(a)(6)(B), as ap-  
21 plicable, the Secretary may issue a final  
22 rule that establishes an energy or water  
23 conservation standard and is published si-  
24 multaneously with a notice of proposed  
25 rulemaking that proposes a new or amend-  
26 ed energy or water conservation standard

1 that is identical to the standard established  
2 in the final rule to establish the rec-  
3 ommended standard (referred to in this  
4 paragraph as a ‘direct final rule’); or

5 “(ii) if the Secretary determines that  
6 a direct final rule cannot be issued based  
7 on the statement, the Secretary shall pub-  
8 lish a notice of the determination, together  
9 with an explanation of the reasons for the  
10 determination.

11 “(B) PUBLIC COMMENT.—The Secretary  
12 shall solicit public comment for a period of at  
13 least 110 days with respect to each direct final  
14 rule issued by the Secretary under subpara-  
15 graph (A)(i).

16 “(C) WITHDRAWAL OF DIRECT FINAL  
17 RULES.—

18 “(i) IN GENERAL.—Not later than  
19 120 days after the date on which a direct  
20 final rule issued under subparagraph (A)(i)  
21 is published in the Federal Register, the  
22 Secretary shall withdraw the direct final  
23 rule if—

24 “(I) the Secretary receives 1 or  
25 more adverse public comments relat-



1 not be considered to be a final rule for  
2 purposes of subsection (o).

3 “(D) EFFECT OF PARAGRAPH.—Nothing  
4 in this paragraph authorizes the Secretary to  
5 issue a direct final rule based solely on receipt  
6 of more than 1 statement containing rec-  
7 ommended standards relating to the direct final  
8 rule.”.

9 (b) CONFORMING AMENDMENT.—Section 345(b)(1)  
10 of the Energy Policy and Conservation Act (42 U.S.C.  
11 6316(b)(1)) is amended in the first sentence by inserting  
12 “section 325(p)(5),” after “The provisions of”.

13 **SEC. 309. BATTERY CHARGERS.**

14 Section 325(u)(1)(E) of the Energy Policy and Con-  
15 servation Act (42 U.S.C. 6295(u)(1)(E)) is amended—

16 (1) by striking “(E)(i) Not” and inserting the  
17 following:

18 “(E) EXTERNAL POWER SUPPLIES AND  
19 BATTERY CHARGERS.—

20 “(i) ENERGY CONSERVATION STAND-  
21 ARDS.—

22 “(I) EXTERNAL POWER SUP-  
23 PLIES.—Not”;

24 (2) by striking “3 years” and inserting “2  
25 years”;

1           (3) by striking “battery chargers and” each  
2 place it appears; and

3           (4) by adding at the end the following :

4                               “(II) BATTERY CHARGERS.—Not  
5 later than July 1, 2011, the Secretary  
6 shall issue a final rule that prescribes  
7 energy conservation standards for bat-  
8 tery chargers or classes of battery  
9 chargers or determine that no energy  
10 conservation standard is technically  
11 feasible and economically justified.”.

12 **SEC. 310. STANDBY MODE.**

13       Section 325 of the Energy Policy and Conservation  
14 Act (42 U.S.C. 6295) is amended—

15           (1) in subsection (u)—

16                   (A) by striking paragraphs (2), (3), and  
17 (4); and

18                   (B) by redesignating paragraph (5) and  
19 (6) as paragraphs (2) and (3), respectively;

20           (2) by redesignating subsection (gg) as sub-  
21 section (hh);

22           (3) by inserting after subsection (ff) the fol-  
23 lowing:

24                   “(gg) STANDBY MODE ENERGY USE.—

25                               “(1) DEFINITIONS.—

1                   “(A) IN GENERAL.—Unless the Secretary  
2 determines otherwise pursuant to subparagraph  
3 (B), in this subsection:

4                   “(i) ACTIVE MODE.—The term ‘active  
5 mode’ means the condition in which an en-  
6 ergy-using product—

7                   “(I) is connected to a main  
8 power source;

9                   “(II) has been activated; and

10                   “(III) provides 1 or more main  
11 functions.

12                   “(ii) OFF MODE.—The term ‘off  
13 mode’ means the condition in which an en-  
14 ergy-using product—

15                   “(I) is connected to a main  
16 power source; and

17                   “(II) is not providing any stand-  
18 by or active mode function.

19                   “(iii) STANDBY MODE.—The term  
20 ‘standby mode’ means the condition in  
21 which an energy-using product—

22                   “(I) is connected to a main  
23 power source; and

1                   “(II) offers 1 or more of the fol-  
2                   lowing user-oriented or protective  
3                   functions:

4                           “(aa) To facilitate the acti-  
5                           vation or deactivation of other  
6                           functions (including active mode)  
7                           by remote switch (including re-  
8                           mote control), internal sensor, or  
9                           timer.

10                           “(bb) Continuous functions,  
11                           including information or status  
12                           displays (including clocks) or sen-  
13                           sor-based functions.

14                   “(B) AMENDED DEFINITIONS.—The Sec-  
15                   retary may, by rule, amend the definitions  
16                   under subparagraph (A), taking into consider-  
17                   ation the most current versions of Standards  
18                   62301 and 62087 of the International Electro-  
19                   technical Commission.

20                   “(2) TEST PROCEDURES.—

21                           “(A) IN GENERAL.—Test procedures for  
22                           all covered products shall be amended pursuant  
23                           to section 323 to include standby mode and off  
24                           mode energy consumption, taking into consider-  
25                           ation the most current versions of Standards

1           62301 and 62087 of the International Electro-  
2           technical Commission, with such energy con-  
3           sumption integrated into the overall energy effi-  
4           ciency, energy consumption, or other energy  
5           descriptor for each covered product, unless the  
6           Secretary determines that—

7                   “(i) the current test procedures for a  
8                   covered product already fully account for  
9                   and incorporate the standby mode and off  
10                  mode energy consumption of the covered  
11                  product; or

12                   “(ii) such an integrated test procedure  
13                   is technically infeasible for a particular  
14                   covered product, in which case the Sec-  
15                   retary shall prescribe a separate standby  
16                   mode and off mode energy use test proce-  
17                   dure for the covered product, if technically  
18                   feasible.

19                  “(B) DEADLINES.—The test procedure  
20                  amendments required by subparagraph (A)  
21                  shall be prescribed in a final rule no later than  
22                  the following dates:

23                   “(i) December 31, 2008, for battery  
24                   chargers and external power supplies.

1                   “(ii) March 31, 2009, for clothes dry-  
2                   ers, room air conditioners, and fluorescent  
3                   lamp ballasts.

4                   “(iii) June 30, 2009, for residential  
5                   clothes washers.

6                   “(iv) September 30, 2009, for residen-  
7                   tial furnaces and boilers.

8                   “(v) March 31, 2010, for residential  
9                   water heaters, direct heating equipment,  
10                  and pool heaters.

11                  “(vi) March 31, 2011, for residential  
12                  dishwashers, ranges and ovens, microwave  
13                  ovens, and dehumidifiers.

14                  “(C) PRIOR PRODUCT STANDARDS.—The  
15                  test procedure amendments adopted pursuant  
16                  to subparagraph (B) shall not be used to deter-  
17                  mine compliance with product standards estab-  
18                  lished prior to the adoption of the amended test  
19                  procedures.

20                  “(3) INCORPORATION INTO STANDARD.—

21                  “(A) IN GENERAL.—Subject to subpara-  
22                  graph (B), based on the test procedures re-  
23                  quired under paragraph (2), any final rule es-  
24                  tablishing or revising a standard for a covered  
25                  product, adopted after July 1, 2010, shall in-

1 corporate standby mode and off mode energy  
 2 use into a single amended or new standard,  
 3 pursuant to subsection (o), if feasible.

4 “(B) SEPARATE STANDARDS.—If not fea-  
 5 sible, the Secretary shall prescribe within the  
 6 final rule a separate standard for standby mode  
 7 and off mode energy consumption, if justified  
 8 under subsection (o).”; and

9 (4) in paragraph (2) of subsection (hh) (as re-  
 10 designated by paragraph (2)) , by striking “(ff)”  
 11 each place it appears and inserting “(gg)”.

12 **SEC. 311. ENERGY STANDARDS FOR HOME APPLIANCES.**

13 (a) APPLIANCES.—

14 (1) DEHUMIDIFIERS.—Section 325(cc) of the  
 15 Energy Policy and Conservation Act (42 U.S.C.  
 16 6295(cc)) is amended by striking paragraph (2) and  
 17 inserting the following:

18 “(2) DEHUMIDIFIERS MANUFACTURED ON OR  
 19 AFTER OCTOBER 1, 2012.—Dehumidifiers manufac-  
 20 tured on or after October 1, 2012, shall have an En-  
 21 ergy Factor that meets or exceeds the following val-  
 22 ues:

<b>“Product Capacity (pints/day):</b>	<b>Minimum Energy Factor (liters/ KWh)</b>
Up to 35.00 .....	1.35
35.01-45.00 .....	1.50
45.01-54.00 .....	1.60

54.01-75.00 .....	1.70
Greater than 75.00 .....	2.5.”.

1           (2) RESIDENTIAL CLOTHES WASHERS AND RES-  
2           IDENTIAL DISHWASHERS.—Section 325(g) of the  
3           Energy Policy and Conservation Act (42 U.S.C.  
4           6295(g)) is amended by adding at the end the fol-  
5           lowing:

6           “(9) RESIDENTIAL CLOTHES WASHERS MANU-  
7           FACTURED ON OR AFTER JANUARY 1, 2011.—

8           “(A) IN GENERAL.—A top-loading or  
9           front-loading standard-size residential clothes  
10          washer manufactured on or after January 1,  
11          2011, shall have—

12                   “(i) a Modified Energy Factor of at  
13                   least 1.26; and

14                   “(ii) a water factor of not more than  
15                   9.5.

16          “(B) AMENDMENT OF STANDARDS.—

17                   “(i) IN GENERAL.—Not later than  
18                   December 31, 2011, the Secretary shall  
19                   publish a final rule determining whether to  
20                   amend the standards in effect for clothes  
21                   washers manufactured on or after January  
22                   1, 2015.

1                   “(ii) AMENDED STANDARDS.—The  
2                   final rule shall contain any amended stand-  
3                   ards.

4                   “(10) RESIDENTIAL DISHWASHERS MANUFAC-  
5                   TURED ON OR AFTER JANUARY 1, 2010.—

6                   “(A) IN GENERAL.—A dishwasher manu-  
7                   factured on or after January 1, 2010, shall—

8                   “(i) for a standard size dishwasher  
9                   not exceed 355 kwh/year and 6.5 gallon  
10                  per cycle; and

11                  “(ii) for a compact size dishwasher  
12                  not exceed 260 kwh/year and 4.5 gallons  
13                  per cycle.

14                  “(B) AMENDMENT OF STANDARDS.—

15                  “(i) IN GENERAL.—Not later than  
16                  January 1, 2015, the Secretary shall pub-  
17                  lish a final rule determining whether to  
18                  amend the standards for dishwashers man-  
19                  ufactured on or after January 1, 2018.

20                  “(ii) AMENDED STANDARDS.—The  
21                  final rule shall contain any amended stand-  
22                  ards.”.

23                  (3) REFRIGERATORS AND FREEZERS.—Section  
24                  325(b) of the Energy Policy and Conservation Act

1 (42 U.S.C. 6295(b)) is amended by adding at the  
2 end the following:

3 “(4) REFRIGERATORS AND FREEZERS MANU-  
4 FACTURED ON OR AFTER JANUARY 1, 2014.—

5 “(A) IN GENERAL.—Not later than De-  
6 cember 31, 2010, the Secretary shall publish a  
7 final rule determining whether to amend the  
8 standards in effect for refrigerators, refrig-  
9 erator-freezers, and freezers manufactured on  
10 or after January 1, 2014.

11 “(B) AMENDED STANDARDS.—The final  
12 rule shall contain any amended standards.”.

13 (b) ENERGY STAR.—Section 324A(d)(2) of the En-  
14 ergy Policy and Conservation Act (42 U.S.C. 6294a(d)(2))  
15 is amended by striking “January 1, 2010” and inserting  
16 “July 1, 2009”.

17 **SEC. 312. WALK-IN COOLERS AND WALK-IN FREEZERS.**

18 (a) DEFINITIONS.—Section 340 of the Energy Policy  
19 and Conservation Act (42 U.S.C. 6311) is amended—

20 (1) in paragraph (1)—

21 (A) by redesignating subparagraphs (G)  
22 through (K) as subparagraphs (H) through (L),  
23 respectively; and

24 (B) by inserting after subparagraph (F)  
25 the following:

1           “(G) Walk-in coolers and walk-in freez-  
2           ers.”;

3           (2) by redesignating paragraphs (20) and (21)  
4           as paragraphs (21) and (22), respectively; and

5           (3) by inserting after paragraph (19) the fol-  
6           lowing:

7           “(20) WALK-IN COOLER; WALK-IN FREEZER.—

8           “(A) IN GENERAL.—The terms ‘walk-in  
9           cooler’ and ‘walk-in freezer’ mean an enclosed  
10          storage space refrigerated to temperatures, re-  
11          spectively, above, and at or below 32 degrees  
12          Fahrenheit that can be walked into, and has a  
13          total chilled storage area of less than 3,000  
14          square feet.

15          “(B) EXCLUSION.—The terms ‘walk-in  
16          cooler’ and ‘walk-in freezer’ do not include  
17          products designed and marketed exclusively for  
18          medical, scientific, or research purposes.”.

19          (b) STANDARDS.—Section 342 of the Energy Policy  
20          and Conservation Act (42 U.S.C. 6313) is amended by  
21          adding at the end the following:

22          “(f) WALK-IN COOLERS AND WALK-IN FREEZERS.—

23          “(1) IN GENERAL.—Subject to paragraphs (2)  
24          through (5), each walk-in cooler or walk-in freezer  
25          manufactured on or after January 1, 2009, shall—

1           “(A) have automatic door closers that  
2           firmly close all walk-in doors that have been  
3           closed to within 1 inch of full closure, except  
4           that this subparagraph shall not apply to doors  
5           wider than 3 feet 9 inches or taller than 7 feet;

6           “(B) have strip doors, spring hinged doors,  
7           or other method of minimizing infiltration when  
8           doors are open;

9           “(C) contain wall, ceiling, and door insula-  
10          tion of at least R-25 for coolers and R-32 for  
11          freezers, except that this subparagraph shall  
12          not apply to glazed portions of doors nor to  
13          structural members;

14          “(D) contain floor insulation of at least R-  
15          28 for freezers;

16          “(E) for evaporator fan motors of under 1  
17          horsepower and less than 460 volts, use—

18                 “(i) electronically commutated motors  
19                 (brushless direct current motors); or

20                 “(ii) 3-phase motors;

21          “(F) for condenser fan motors of under 1  
22          horsepower, use—

23                 “(i) electronically commutated motors;

24                 “(ii) permanent split capacitor-type  
25                 motors; or

1 “(iii) 3-phase motors; and

2 “(G) for all interior lights, use light  
3 sources with an efficacy of 40 lumens per watt  
4 or more, including ballast losses (if any), except  
5 that light sources with an efficacy of 40 lumens  
6 per watt or less, including ballast losses (if  
7 any), may be used in conjunction with a timer  
8 or device that turns off the lights within 15  
9 minutes of when the walk-in cooler or walk-in  
10 freezer is not occupied by people.

11 “(2) ELECTRONICALLY COMMUTATED MO-  
12 TORS.—

13 “(A) IN GENERAL.—The requirements of  
14 paragraph (1)(E)(i) for electronically com-  
15 mulated motors shall take effect January 1,  
16 2009, unless, prior to that date, the Secretary  
17 determines that such motors are only available  
18 from 1 manufacturer.

19 “(B) OTHER TYPES OF MOTORS.—In car-  
20 rying out paragraph (1)(E)(i) and subpara-  
21 graph (A), the Secretary may allow other types  
22 of motors if the Secretary determines that, on  
23 average, those other motors use no more energy  
24 in evaporator fan applications than electroni-  
25 cally commutated motors.

1                   “(C) MAXIMUM ENERGY CONSUMPTION  
2                   LEVEL.—The Secretary shall establish the max-  
3                   imum energy consumption level under subpara-  
4                   graph (B) not later than January 1, 2010.

5                   “(3) ADDITIONAL SPECIFICATIONS.—Each  
6                   walk-in cooler or walk-in freezer with transparent  
7                   reach-in doors manufactured on or after January 1,  
8                   2009, shall also meet the following specifications:

9                   “(A) Transparent reach-in doors for walk-  
10                  in freezers and windows in walk-in freezer doors  
11                  shall be of triple-pane glass with either heat-re-  
12                  flective treated glass or gas fill.

13                  “(B) Transparent reach-in doors for walk-  
14                  in coolers and windows in walk-in cooler doors  
15                  shall be—

16                         “(i) double-pane glass with heat-re-  
17                         flective treated glass and gas fill; or

18                         “(ii) triple-pane glass with either  
19                         heat-reflective treated glass or gas fill.

20                  “(C) If the appliance has an antisweat  
21                  heater without antisweat heat controls, the ap-  
22                  pliance shall have a total door rail, glass, and  
23                  frame heater power draw of not more than 7.1  
24                  watts per square foot of door opening (for

1 freezers) and 3.0 watts per square foot of door  
2 opening (for coolers).

3 “(D) If the appliance has an antisweat  
4 heater with antisweat heat controls, and the  
5 total door rail, glass, and frame heater power  
6 draw is more than 7.1 watts per square foot of  
7 door opening (for freezers) and 3.0 watts per  
8 square foot of door opening (for coolers), the  
9 antisweat heat controls shall reduce the energy  
10 use of the antisweat heater in a quantity cor-  
11 responding to the relative humidity in the air  
12 outside the door or to the condensation on the  
13 inner glass pane.

14 “(4) PERFORMANCE-BASED STANDARDS.—

15 “(A) IN GENERAL.—Not later than Janu-  
16 ary 1, 2012, the Secretary shall publish per-  
17 formance-based standards for walk-in coolers  
18 and walk-in freezers that achieve the maximum  
19 improvement in energy that the Secretary de-  
20 termines is technologically feasible and economi-  
21 cally justified.

22 “(B) APPLICATION.—

23 “(i) IN GENERAL.—Except as pro-  
24 vided in clause (ii), the standards shall  
25 apply to products described in subpara-

1 graph (A) that are manufactured begin-  
2 ning on the date that is 3 years after the  
3 final rule is published.

4 “(ii) DELAYED EFFECTIVE DATE.—If  
5 the Secretary determines, by rule, that a 3-  
6 year period is inadequate, the Secretary  
7 may establish an effective date for prod-  
8 ucts manufactured beginning on the date  
9 that is not more than 5 years after the  
10 date of publication of a final rule for the  
11 products.

12 “(5) AMENDMENT OF STANDARDS.—

13 “(A) IN GENERAL.—Not later than Janu-  
14 ary 1, 2020, the Secretary shall publish a final  
15 rule to determine if the standards established  
16 under paragraph (4) should be amended.

17 “(B) APPLICATION.—

18 “(i) IN GENERAL.—Except as pro-  
19 vided in clause (ii), the rule shall provide  
20 that the standards shall apply to products  
21 manufactured beginning on the date that  
22 is 3 years after the final rule is published.

23 “(ii) DELAYED EFFECTIVE DATE.—If  
24 the Secretary determines, by rule, that a 3-  
25 year period is inadequate, the Secretary

1                   may establish an effective date for prod-  
2                   ucts manufactured beginning on the date  
3                   that is not more than 5 years after the  
4                   date of publication of a final rule for the  
5                   products.”.

6           (c) TEST PROCEDURES.—Section 343(a) of the En-  
7   ergy Policy and Conservation Act (42 U.S.C. 6314(a)) is  
8   amended by adding at the end the following:

9                   “(9) WALK-IN COOLERS AND WALK-IN FREEZ-  
10           ERS.—

11                   “(A) IN GENERAL.—For the purpose of  
12                   test procedures for walk-in coolers and walk-in  
13                   freezers:

14                   “(i) The R value shall be the 1/K fac-  
15                   tor multiplied by the thickness of the  
16                   panel.

17                   “(ii) The K factor shall be based on  
18                   ASTM test procedure C518-2004.

19                   “(iii) For calculating the R value for  
20                   freezers, the K factor of the foam at 20°F  
21                   (average foam temperature) shall be used.

22                   “(iv) For calculating the R value for  
23                   coolers, the K factor of the foam at 55°F  
24                   (average foam temperature) shall be used.

25                   “(B) TEST PROCEDURE.—



1                   “(i) IN GENERAL.—Except as other-  
2                   wise provided in this subsection, section  
3                   327 shall apply to walk-in coolers and  
4                   walk-in freezers for which standards have  
5                   been established under paragraphs (1), (2),  
6                   and (3) of section 342(f) to the same ex-  
7                   tent and in the same manner as the sec-  
8                   tion applies under part A on the date of  
9                   enactment of this subsection.

10                   “(ii) STATE STANDARDS.—Any State  
11                   standard prescribed before the date of en-  
12                   actment of this subsection shall not be pre-  
13                   empted until the standards established  
14                   under paragraphs (1) and (2) of section  
15                   342(f) take effect.

16                   “(B) ADMINISTRATION.—In applying sec-  
17                   tion 327 to equipment under subparagraph (A),  
18                   paragraphs (1), (2), and (3) of subsection (a)  
19                   shall apply.

20                   “(2) FINAL RULE NOT TIMELY.—

21                   “(A) IN GENERAL.—If the Secretary does  
22                   not issue a final rule for a specific type of walk-  
23                   in cooler or walk-in freezer within the time  
24                   frame established under paragraph (4) or (5) of  
25                   section 342(f), subsections (b) and (c) of sec-

1           tion 327 shall no longer apply to the specific  
2           type of walk-in cooler or walk-in freezer during  
3           the period—

4                   “(i) beginning on the day after the  
5                   scheduled date for a final rule; and

6                   “(ii) ending on the date on which the  
7                   Secretary publishes a final rule covering  
8                   the specific type of walk-in cooler or walk-  
9                   in freezer.

10           “(B) STATE STANDARDS.—Any State  
11           standard issued before the publication of the  
12           final rule shall not be preempted until the  
13           standards established in the final rule take ef-  
14           fect.

15           “(3) CALIFORNIA.—Any standard issued in the  
16           State of California before January 1, 2011, under  
17           title 20 of the California Code of Regulations, that  
18           refers to walk-in coolers and walk-in freezers, for  
19           which standards have been established under para-  
20           graphs (1), (2), and (3) of section 342(f), shall not  
21           be preempted until the standards established under  
22           section 342(f)(3) take effect.”.

1 **SEC. 313. ELECTRIC MOTOR EFFICIENCY STANDARDS.**

2 (a) DEFINITIONS.—Section 340(13) of the Energy  
3 Policy and Conservation Act (42 U.S.C. 6311(13)) is  
4 amended—

5 (1) by redesignating subparagraphs (B)  
6 through (H) as subparagraphs (C) through (I), re-  
7 spectively; and

8 (2) by striking “(13)(A)” and all that follows  
9 through the end of subparagraph (A) and inserting  
10 the following:

11 “(13) ELECTRIC MOTOR.—

12 “(A) GENERAL PURPOSE ELECTRIC MOTOR  
13 (SUBTYPE I).—The term ‘general purpose elec-  
14 tric motor (subtype I)’ means any motor that  
15 meets the definition of ‘General Purpose’ as es-  
16 tablished in the final rule issued by the Depart-  
17 ment of Energy entitled ‘Energy Efficiency  
18 Program for Certain Commercial and Industrial  
19 Equipment: Test Procedures, Labeling, and  
20 Certification Requirements for Electric Motors’  
21 (10 C.F.R. 431), as in effect on the date of en-  
22 actment of the Energy Independence and Secu-  
23 rity Act of 2007.

24 “(B) GENERAL PURPOSE ELECTRIC MOTOR  
25 (SUBTYPE II).—The term ‘general purpose elec-  
26 tric motor (subtype II)’ means motors incor-

1           porating the design elements of a general pur-  
2           pose electric motor (subtype I) that are config-  
3           ured as 1 of the following:

4                   “(i) A U-Frame Motor.

5                   “(ii) A Design C Motor.

6                   “(iii) A close-coupled pump motor.

7                   “(iv) A Footless motor.

8                   “(v) A vertical solid shaft normal  
9           thrust motor (as tested in a horizontal con-  
10          figuration).

11                   “(vi) An 8-pole motor (900 rpm).

12                   “(vii) A poly-phase motor with voltage  
13          of not more than 600 volts (other than 230  
14          or 460 volts.”.

15          (b) STANDARDS.—

16               (1) AMENDMENT.—Section 342(b) of the En-  
17          ergy Policy and Conservation Act (42 U.S.C.  
18          6313(b)) is amended—

19                   (A) by redesignating paragraphs (2) and  
20          (3) as paragraphs (3) and (4), respectively; and

21                   (B) by inserting after paragraph (1) the  
22          following:

23                   “(2) ELECTRIC MOTORS.—

24                           “(A) GENERAL PURPOSE ELECTRIC MO-  
25          TORS (SUBTYPE I).—Except as provided in sub-

1 paragraph (B), each general purpose electric  
2 motor (subtype I) with a power rating of 1  
3 horsepower or greater, but not greater than 200  
4 horsepower, manufactured (alone or as a com-  
5 ponent of another piece of equipment) after the  
6 3-year period beginning on the date of enact-  
7 ment of the Energy Independence and Security  
8 Act of 2007, shall have a nominal full load effi-  
9 ciency that is not less than as defined in  
10 NEMA MG-1 (2006) Table 12-12.

11 “(B) FIRE PUMP MOTORS.—Each fire  
12 pump motor manufactured (alone or as a com-  
13 ponent of another piece of equipment) after the  
14 3-year period beginning on the date of enact-  
15 ment of the Energy Independence and Security  
16 Act of 2007 shall have nominal full load effi-  
17 ciency that is not less than as defined in  
18 NEMA MG-1 (2006) Table 12-11.

19 “(C) GENERAL PURPOSE ELECTRIC MO-  
20 TORS (SUBTYPE II).—Each general purpose  
21 electric motor (subtype II) with a power rating  
22 of 1 horsepower or greater, but not greater  
23 than 200 horsepower, manufactured (alone or  
24 as a component of another piece of equipment)  
25 after the 3-year period beginning on the date of

1           enactment of the Energy Independence and Se-  
2           curity Act of 2007, shall have a nominal full  
3           load efficiency that is not less than as defined  
4           in NEMA MG-1 (2006) Table 12-11.

5           “(D) NEMA DESIGN B, GENERAL PUR-  
6           POSE ELECTRIC MOTORS.—Each NEMA Design  
7           B, general purpose electric motor with a power  
8           rating of more than 200 horsepower, but not  
9           greater than 500 horsepower, manufactured  
10          (alone or as a component of another piece of  
11          equipment) after the 3-year period beginning on  
12          the date of enactment of the Energy Independ-  
13          ence and Security Act of 2007, shall have a  
14          nominal full load efficiency that is not less than  
15          as defined in NEMA MG-1 (2006) Table 12-  
16          11.”.

17          (2) EFFECTIVE DATE.—The amendments made  
18          by paragraph (1) take effect on the date that is 3  
19          years after the date of enactment of this Act.

20   **SEC. 314. STANDARDS FOR SINGLE PACKAGE VERTICAL AIR**  
21                           **CONDITIONERS AND HEAT PUMPS.**

22          (a) DEFINITIONS.—Section 340 of the Energy Policy  
23          and Conservation Act (42 U.S.C. 6311) is amended by  
24          adding at the end the following:

1           “(22) SINGLE PACKAGE VERTICAL AIR CONDI-  
2           TIONER.—The term ‘single package vertical air con-  
3           ditioner’ means air-cooled commercial package air  
4           conditioning and heating equipment that—

5                   “(A) is factory-assembled as a single pack-  
6           age that—

7                           “(i) has major components that are  
8                           arranged vertically;

9                           “(ii) is an encased combination of  
10                          cooling and optional heating components;  
11                          and

12                           “(iii) is intended for exterior mount-  
13                          ing on, adjacent interior to, or through an  
14                          outside wall;

15                          “(B) is powered by a single- or 3-phase  
16           current;

17                          “(C) may contain 1 or more separate in-  
18                          door grilles, outdoor louvers, various ventilation  
19                          options, indoor free air discharges, ductwork,  
20                          well plenum, or sleeves; and

21                          “(D) has heating components that may in-  
22                          clude electrical resistance, steam, hot water, or  
23                          gas, but may not include reverse cycle refrigera-  
24                          tion as a heating means.

1           “(23) SINGLE PACKAGE VERTICAL HEAT  
2 PUMP.—The term ‘single package vertical heat  
3 pump’ means a single package vertical air condi-  
4 tioner that—

5                   “(A) uses reverse cycle refrigeration as its  
6 primary heat source; and

7                   “(B) may include secondary supplemental  
8 heating by means of electrical resistance, steam,  
9 hot water, or gas.”.

10       (b) STANDARDS.—Section 342(a) of the Energy Pol-  
11 icy and Conservation Act (42 U.S.C. 6313(a)) is amend-  
12 ed—

13           (1) in the first sentence of each of paragraphs  
14 (1) and (2), by inserting “(including single package  
15 vertical air conditioners and single package vertical  
16 heat pumps)” after “heating equipment” each place  
17 it appears;

18           (2) in paragraph (1), by striking “but before  
19 January 1, 2010,”;

20           (3) in the first sentence of each of paragraphs  
21 (7), (8), and (9), by inserting “(other than single  
22 package vertical air conditioners and single package  
23 vertical heat pumps)” after “heating equipment”  
24 each place it appears;

25           (4) in paragraph (7)—

1 (A) by striking “manufactured on or after  
2 January 1, 2010,”;

3 (B) in each of subparagraphs (A), (B), and  
4 (C), by striking “The” and inserting “For  
5 equipment manufactured on or after January 1,  
6 2010, the”; and

7 (C) by adding at the end the following:

8 “(D) For equipment manufactured on or after  
9 the later of January 1, 2008, or the date that is 180  
10 days after the date of enactment of the Energy  
11 Independence and Security Act of 2007—

12 “(i) the minimum seasonal energy effi-  
13 ciency ratio of air-cooled 3-phase electric cen-  
14 tral air conditioners and central air condi-  
15 tioning heat pumps less than 65,000 Btu per  
16 hour (cooling capacity), split systems, shall be  
17 13.0;

18 “(ii) the minimum seasonal energy effi-  
19 ciency ratio of air-cooled 3-phase electric cen-  
20 tral air conditioners and central air condi-  
21 tioning heat pumps less than 65,000 Btu per  
22 hour (cooling capacity), single package, shall be  
23 13.0;

24 “(iii) the minimum heating seasonal per-  
25 formance factor of air-cooled 3-phase electric

1 central air conditioning heat pumps less than  
2 65,000 Btu per hour (cooling capacity), split  
3 systems, shall be 7.7; and

4 “(iv) the minimum heating seasonal per-  
5 formance factor of air-cooled three-phase elec-  
6 tric central air conditioning heat pumps less  
7 than 65,000 Btu per hour (cooling capacity),  
8 single package, shall be 7.7.”; and

9 (5) by adding at the end the following:

10 “(10) SINGLE PACKAGE VERTICAL AIR CONDI-  
11 TIONERS AND SINGLE PACKAGE VERTICAL HEAT  
12 PUMPS.—

13 “(A) IN GENERAL.—Single package  
14 vertical air conditioners and single package  
15 vertical heat pumps manufactured on or after  
16 January 1, 2010, shall meet the following  
17 standards:

18 “(i) The minimum energy efficiency  
19 ratio of single package vertical air condi-  
20 tioners less than 65,000 Btu per hour  
21 (cooling capacity), single-phase, shall be  
22 9.0.

23 “(ii) The minimum energy efficiency  
24 ratio of single package vertical air condi-  
25 tioners less than 65,000 Btu per hour

1 (cooling capacity), three-phase, shall be  
2 9.0.

3 “(iii) The minimum energy efficiency  
4 ratio of single package vertical air condi-  
5 tioners at or above 65,000 Btu per hour  
6 (cooling capacity) but less than 135,000  
7 Btu per hour (cooling capacity), shall be  
8 8.9.

9 “(iv) The minimum energy efficiency  
10 ratio of single package vertical air condi-  
11 tioners at or above 135,000 Btu per hour  
12 (cooling capacity) but less than 240,000  
13 Btu per hour (cooling capacity), shall be  
14 8.6.

15 “(v) The minimum energy efficiency  
16 ratio of single package vertical heat pumps  
17 less than 65,000 Btu per hour (cooling ca-  
18 pacity), single-phase, shall be 9.0 and the  
19 minimum coefficient of performance in the  
20 heating mode shall be 3.0.

21 “(vi) The minimum energy efficiency  
22 ratio of single package vertical heat pumps  
23 less than 65,000 Btu per hour (cooling ca-  
24 pacity), three-phase, shall be 9.0 and the

1 minimum coefficient of performance in the  
2 heating mode shall be 3.0.

3 “(vii) The minimum energy efficiency  
4 ratio of single package vertical heat pumps  
5 at or above 65,000 Btu per hour (cooling  
6 capacity) but less than 135,000 Btu per  
7 hour (cooling capacity), shall be 8.9 and  
8 the minimum coefficient of performance in  
9 the heating mode shall be 3.0.

10 “(viii) The minimum energy efficiency  
11 ratio of single package vertical heat pumps  
12 at or above 135,000 Btu per hour (cooling  
13 capacity) but less than 240,000 Btu per  
14 hour (cooling capacity), shall be 8.6 and  
15 the minimum coefficient of performance in  
16 the heating mode shall be 2.9.

17 “(B) REVIEW.—Not later than 3 years  
18 after the date of enactment of this paragraph,  
19 the Secretary shall review the most recently  
20 published ASHRAE/IES Standard 90.1 with  
21 respect to single package vertical air condi-  
22 tioners and single package vertical heat pumps  
23 in accordance with the procedures established  
24 under paragraph (6).”.

1 **SEC. 315. IMPROVED ENERGY EFFICIENCY FOR APPLI-**  
2 **ANCES AND BUILDINGS IN COLD CLIMATES.**

3 (a) RESEARCH.—Section 911(a)(2) of the Energy  
4 Policy Act of 2005 (42 U.S.C. 16191(a)(2)) is amended—

5 (1) in subparagraph (C), by striking “and” at  
6 the end;

7 (2) in subparagraph (D), by striking the period  
8 at the end and inserting “; and”; and

9 (3) by adding at the end the following:

10 “(E) technologies to improve the energy ef-  
11 ficiency of appliances and mechanical systems  
12 for buildings in cold climates, including com-  
13 bined heat and power units and increased use  
14 of renewable resources, including fuel.”.

15 (b) REBATES.—Section 124 of the Energy Policy Act  
16 of 2005 (42 U.S.C. 15821) is amended—

17 (1) in subsection (b)(1), by inserting “, or prod-  
18 ucts with improved energy efficiency in cold cli-  
19 mates,” after “residential Energy Star products”;  
20 and

21 (2) in subsection (e), by inserting “or product  
22 with improved energy efficiency in a cold climate”  
23 after “residential Energy Star product” each place  
24 it appears.

25 **SEC. 316. TECHNICAL CORRECTIONS.**

26 (a) DEFINITION OF F96T12 LAMP.—

1           (1) IN GENERAL.—Section 135(a)(1)(A)(ii) of  
2           the Energy Policy Act of 2005 (Public Law 109–58;  
3           119 Stat. 624) is amended by striking “C78.1–  
4           1978(R1984)” and inserting “C78.3–1978(R1984)”.

5           (2) EFFECTIVE DATE.—The amendment made  
6           by paragraph (1) takes effect on August 8, 2005.

7           (b) DEFINITION OF FLUORESCENT LAMP.—Section  
8           321(30)(B)(viii) of the Energy Policy and Conservation  
9           Act (42 U.S.C. 6291(30)(B)(viii)) is amended by striking  
10          “82” and inserting “87”.

11          (c) MERCURY VAPOR LAMP BALLASTS.—

12           (1) DEFINITIONS.—Section 321 of the Energy  
13           Policy and Conservation Act (42 U.S.C. 6291) (as  
14           amended by section 301(a)(2)) is amended—

15           (A) by striking paragraphs (46) through  
16           (48) and inserting the following:

17           “(46) HIGH INTENSITY DISCHARGE LAMP.—

18           “(A) IN GENERAL.—The term ‘high inten-  
19           sity discharge lamp’ means an electric-discharge  
20           lamp in which—

21           “(i) the light-producing arc is sta-  
22           bilized by the arc tube wall temperature;  
23           and

24           “(ii) the arc tube wall loading is in ex-  
25           cess of 3 Watts/cm<sup>2</sup>.

1           “(B) INCLUSIONS.—The term ‘high inten-  
2           sity discharge lamp’ includes mercury vapor,  
3           metal halide, and high-pressure sodium lamps  
4           described in subparagraph (A).

5           “(47) MERCURY VAPOR LAMP.—

6           “(A) IN GENERAL.—The term ‘mercury  
7           vapor lamp’ means a high intensity discharge  
8           lamp in which the major portion of the light is  
9           produced by radiation from mercury typically  
10          operating at a partial vapor pressure in excess  
11          of 100,000 Pa (approximately 1 atm).

12          “(B) INCLUSIONS.—The term ‘mercury  
13          vapor lamp’ includes clear, phosphor-coated,  
14          and self-ballasted screw base lamps described in  
15          subparagraph (A).

16          “(48) MERCURY VAPOR LAMP BALLAST.—The  
17          term ‘mercury vapor lamp ballast’ means a device  
18          that is designed and marketed to start and operate  
19          mercury vapor lamps intended for general illumina-  
20          tion by providing the necessary voltage and cur-  
21          rent.”; and

22                 (B) by adding at the end the following:

23          “(53) SPECIALTY APPLICATION MERCURY  
24          VAPOR LAMP BALLAST.—The term ‘specialty applica-

1       tion mercury vapor lamp ballast’ means a mercury  
2       vapor lamp ballast that—

3               “(A) is designed and marketed for oper-  
4               ation of mercury vapor lamps used in quality  
5               inspection, industrial processing, or scientific  
6               use, including fluorescent microscopy and ultra-  
7               violet curing; and

8               “(B) in the case of a specialty application  
9               mercury vapor lamp ballast, the label of  
10              which—

11               “(i) provides that the specialty appli-  
12               cation mercury vapor lamp ballast is ‘For  
13               specialty applications only, not for general  
14               illumination’; and

15               “(ii) specifies the specific applications  
16               for which the ballast is designed.”.

17              (2) STANDARD SETTING AUTHORITY.—Section  
18              325(ee) of the Energy Policy and Conservation Act  
19              (42 U.S.C. 6295(ee)) is amended by inserting  
20              “(other than specialty application mercury vapor  
21              lamp ballasts)” after “ballasts”.

22              (d) ENERGY CONSERVATION STANDARDS.—Section  
23              325 of the Energy Policy and Conservation Act (42 U.S.C.  
24              6295) is amended—

25              (1) in subsection (v)—

1 (A) in the subsection heading, by striking  
2 “CEILING FANS AND”;

3 (B) by striking paragraph (1); and

4 (C) by redesignating paragraphs (2)  
5 through (4) as paragraphs (1) through (3), re-  
6 spectively; and

7 (2) in subsection (ff)—

8 (A) in paragraph (1)(A)—

9 (i) by striking clause (iii);

10 (ii) by redesignating clause (iv) as  
11 clause (iii); and

12 (iii) in clause (iii)(II) (as so redesign-  
13 nated), by inserting “fans sold for” before  
14 “outdoor”; and

15 (B) in paragraph (4)(C)—

16 (i) in the matter preceding clause (i),  
17 by striking “subparagraph (B)” and in-  
18 serting “subparagraph (A)”; and

19 (ii) by striking clause (ii) and insert-  
20 ing the following:

21 “(ii) shall be packaged with lamps to fill all  
22 sockets.”;

23 (C) in paragraph (6), by redesignating  
24 subparagraphs (C) and (D) as clauses (i) and  
25 (ii), respectively, of subparagraph (B); and

1 (D) in paragraph (7), by striking “327”  
2 the second place it appears and inserting  
3 “324”.

4 **Subtitle B—Lighting Energy**  
5 **Efficiency**

6 **SEC. 321. EFFICIENT LIGHT BULBS.**

7 (a) ENERGY EFFICIENCY STANDARDS FOR GENERAL  
8 SERVICE INCANDESCENT LAMPS.—

9 (1) DEFINITION OF GENERAL SERVICE INCAN-  
10 DESCENT LAMP.—Section 321(30) of the Energy  
11 Policy and Conservation Act (42 U.S.C. 6291(30))  
12 is amended—

13 (A) by striking subparagraph (D) and in-  
14 serting the following:

15 “(D) GENERAL SERVICE INCANDESCENT  
16 LAMP.—

17 “(i) IN GENERAL.—The term ‘general  
18 service incandescent lamp’ means a stand-  
19 ard incandescent or halogen type lamp  
20 that—

21 “(I) is intended for general serv-  
22 ice applications;

23 “(II) has a medium screw base;

1                   “(III) has a lumen range of not  
2                   less than 310 lumens and not more  
3                   than 2,600 lumens; and

4                   “(IV) is capable of being oper-  
5                   ated at a voltage range at least par-  
6                   tially within 110 and 130 volts.

7                   “(ii) EXCLUSIONS.—The term ‘gen-  
8                   eral service incandescent lamp’ does not in-  
9                   clude the following incandescent lamps:

10                   “(I) An appliance lamp.

11                   “(II) A black light lamp.

12                   “(III) A bug lamp.

13                   “(IV) A colored lamp.

14                   “(V) An infrared lamp.

15                   “(VI) A left-hand thread lamp.

16                   “(VII) A marine lamp.

17                   “(VIII) A marine signal service  
18                   lamp.

19                   “(IX) A mine service lamp.

20                   “(X) A plant light lamp.

21                   “(XI) A reflector lamp.

22                   “(XII) A rough service lamp.

23                   “(XIII) A shatter-resistant lamp  
24                   (including a shatter-proof lamp and a  
25                   shatter-protected lamp).

1 “(XIV) A sign service lamp.

2 “(XV) A silver bowl lamp.

3 “(XVI) A showcase lamp.

4 “(XVII) A 3-way incandescent  
5 lamp.

6 “(XVIII) A traffic signal lamp.

7 “(XIX) A vibration service lamp.

8 “(XX) A G shape lamp (as de-  
9 fined in ANSI C78.20 -2003  
10 and C79.1-2002 with a diameter of 5  
11 inches or more.

12 “(XXI) A T shape lamp (as de-  
13 fined in ANSIC78.20-2003 and  
14 C79.1-2002) and that uses not more  
15 than 40 watts or has a length of more  
16 than 10 inches.

17 “(XXII) A B, BA, CA, F, G16-  
18 1/2, G-25, G30, S, or M-14 lamp (as  
19 defined in ANSI C79.1-2002 and  
20 ANSI C78.20-2003) of 40 watts or  
21 less.”; and

22 (B) by adding at the end the following:

23 “(T) APPLIANCE LAMP.—The term ‘appli-  
24 ance lamp’ means any lamp that—

1                   “(i) is specifically designed to operate  
2                   in a household appliance, has a maximum  
3                   wattage of 40 watts, and is sold at retail,  
4                   including an oven lamp, refrigerator lamp,  
5                   and vacuum cleaner lamp; and

6                   “(ii) is designated and marketed for  
7                   the intended application, with—

8                                 “(I) the designation on the lamp  
9                                 packaging; and

10                                “(II) marketing materials that  
11                                identify the lamp as being for appli-  
12                                ance use.

13                   “(U) CANDELABRA BASE INCANDESCENT  
14                   LAMP.—The term ‘candelabra base incandes-  
15                   cent lamp’ means a lamp that uses candelabra  
16                   screw base as described in ANSI C81.61–2006,  
17                   Specifications for Electric Bases, common des-  
18                   ignations E11 and E12.

19                   “(V) INTERMEDIATE BASE INCANDESCENT  
20                   LAMP.—The term ‘intermediate base incandes-  
21                   cent lamp’ means a lamp that uses an inter-  
22                   mediate screw base as described in ANSI  
23                   C81.61–2006, Specifications for Electric Bases,  
24                   common designation E17.

1                   “(W) MODIFIED SPECTRUM.—The term  
2                   ‘modified spectrum’ means, with respect to an  
3                   incandescent lamp, an incandescent lamp  
4                   that—

5                   “(i) is not a colored incandescent  
6                   lamp; and

7                   “(ii) when operated at the rated volt-  
8                   age and wattage of the incandescent  
9                   lamp—

10                   “(I) has a color point with (x,y)  
11                   chromaticity coordinates on the Com-  
12                   mission Internationale de l’Eclairage  
13                   (C.I.E.) 1931 chromaticity diagram  
14                   that lies below the black-body locus;  
15                   and

16                   “(II) has a color point with (x,y)  
17                   chromaticity coordinates on the C.I.E.  
18                   1931 chromaticity diagram that lies  
19                   at least 4 MacAdam steps (as ref-  
20                   erenced in IESNA LM16) distant  
21                   from the color point of a clear lamp  
22                   with the same filament and bulb  
23                   shape, operated at the same rated  
24                   voltage and wattage.

1                   “(X) ROUGH SERVICE LAMP.—The term  
2                   ‘rough service lamp’ means a lamp that—

3                   “(i) has a minimum of 5 supports  
4                   with filament configurations that are C-  
5                   7A, C-11, C-17, and C-22 as listed in  
6                   Figure 6-12 of the 9th edition of the  
7                   IESNA Lighting handbook, or similar con-  
8                   figurations where lead wires are not count-  
9                   ed as supports; and

10                   “(ii) is designated and marketed spe-  
11                   cifically for ‘rough service’ applications,  
12                   with—

13                   “(I) the designation appearing on  
14                   the lamp packaging; and

15                   “(II) marketing materials that  
16                   identify the lamp as being for rough  
17                   service.

18                   “(Y) 3-WAY INCANDESCENT LAMP.—The  
19                   term ‘3-way incandescent lamp’ includes an in-  
20                   candescent lamp that—

21                   “(i) employs 2 filaments, operated  
22                   separately and in combination, to provide 3  
23                   light levels; and

1                   “(ii) is designated on the lamp pack-  
2                   aging and marketing materials as being a  
3                   3-way incandescent lamp.

4                   “(Z) SHATTER-RESISTANT LAMP, SHAT-  
5                   TER-PROOF LAMP, OR SHATTER-PROTECTED  
6                   LAMP.—The terms ‘shatter-resistant lamp’,  
7                   ‘shatter-proof lamp’, and ‘shatter-protected  
8                   lamp’ mean a lamp that—

9                   “(i) has a coating or equivalent tech-  
10                   nology that is compliant with NSF/ANSI  
11                   51 and is designed to contain the glass if  
12                   the glass envelope of the lamp is broken;  
13                   and

14                   “(ii) is designated and marketed for  
15                   the intended application, with—

16                   “(I) the designation on the lamp  
17                   packaging; and

18                   “(II) marketing materials that  
19                   identify the lamp as being shatter-re-  
20                   sistant, shatter-proof, or shatter-pro-  
21                   tected.

22                   “(AA) VIBRATION SERVICE LAMP.—The  
23                   term ‘vibration service lamp’ means a lamp  
24                   that—

1 “(i) has filament configurations that  
2 are C-5, C-7A, or C-9, as listed in Figure  
3 6-12 of the 9th Edition of the IESNA  
4 Lighting Handbook or similar configura-  
5 tions;

6 “(ii) has a maximum wattage of 60  
7 watts;

8 “(iii) is sold at retail in packages of 2  
9 lamps or less; and

10 “(iv) is designated and marketed spe-  
11 cifically for vibration service or vibration-  
12 resistant applications, with—

13 “(I) the designation appearing on  
14 the lamp packaging; and

15 “(II) marketing materials that  
16 identify the lamp as being vibration  
17 service only.

18 “(BB) GENERAL SERVICE LAMP.—

19 “(i) IN GENERAL.—The term ‘general  
20 service lamp’ includes—

21 “(I) general service incandescent  
22 lamps;

23 “(II) compact fluorescent lamps;

1                   “(III) general service light-emit-  
2                   ting diode (LED or OLED) lamps;  
3                   and

4                   “(IV) any other lamps that the  
5                   Secretary determines are used to sat-  
6                   isfy lighting applications traditionally  
7                   served by general service incandescent  
8                   lamps.

9                   “(ii) EXCLUSIONS.—The term ‘gen-  
10                  eral service lamp’ does not include—

11                  “(I) any lighting application or  
12                  bulb shape described in any of sub-  
13                  clauses (I) through (XXII) of sub-  
14                  paragraph (D)(ii); or

15                  “(II) any general service fluores-  
16                  cent lamp or incandescent reflector  
17                  lamp.

18                  “(CC) LIGHT-EMITTING DIODE; LED.—

19                  “(i) IN GENERAL.—The terms ‘light-  
20                  emitting diode’ and ‘LED’ means a p-n  
21                  junction solid state device the radiated out-  
22                  put of which is a function of the physical  
23                  construction, material used, and exciting  
24                  current of the device.

1                   “(ii) OUTPUT.—The output of a light-  
2                   emitting diode may be in—

3                   “(I) the infrared region;

4                   “(II) the visible region; or

5                   “(III) the ultraviolet region.

6                   “(DD) ORGANIC LIGHT-EMITTING DIODE;  
7                   OLED.—The terms ‘organic light-emitting  
8                   diode’ and ‘OLED’ mean a thin-film light-emit-  
9                   ting device that typically consists of a series of  
10                  organic layers between 2 electrical contacts  
11                  (electrodes).

12                  “(EE) COLORED INCANDESCENT LAMP.—  
13                  The term ‘colored incandescent lamp’ means an  
14                  incandescent lamp designated and marketed as  
15                  a colored lamp that has—

16                  “(i) a color rendering index of less  
17                  than 50, as determined according to the  
18                  test method given in C.I.E. publication  
19                  13.3–1995; or

20                  “(ii) a correlated color temperature of  
21                  less than 2,500K, or greater than 4,600K,  
22                  where correlated temperature is computed  
23                  according to the Journal of Optical Society  
24                  of America, Vol. 58, pages 1528–1595  
25                  (1986).”.

1           (2) **COVERAGE.**—Section 322(a)(14) of the En-  
2           ergy Policy and Conservation Act (42 U.S.C.  
3           6292(a)(14)) is amended by inserting “, general  
4           service incandescent lamps,” after “fluorescent  
5           lamps”.

6           (3) **ENERGY CONSERVATION STANDARDS.**—Sec-  
7           tion 325 of the Energy Policy and Conservation Act  
8           (42 U.S.C. 6295) is amended—

9                   (A) in subsection (i)—

10                           (i) in the section heading, by inserting  
11                           “, GENERAL SERVICE INCANDESCENT  
12                           LAMPS, INTERMEDIATE BASE INCANDES-  
13                           CENT LAMPS, CANDELABRA BASE INCAN-  
14                           DESCENT LAMPS,” after “FLUORESCENT  
15                           LAMPS”;

16                           (ii) in paragraph (1)—

17                                   (I) in subparagraph (A)—

18   (aa) by inserting “, general  
19   service incandescent lamps, inter-  
20   mediate base incandescent lamps,  
21   candelabra base incandescent  
22   lamps,” after “fluorescent  
23   lamps”;

225

1 (bb) by inserting “, new  
2 maximum wattage,” after “lamp  
3 efficacy”; and

4 (cc) by inserting after the  
5 table entitled “INCANDESCENT  
6 REFLECTOR LAMPS” the fol-  
7 lowing:

## “GENERAL SERVICE INCANDESCENT LAMPS

Rated Lumen Ranges	Maximum Rate Wattage	Minimum Rate Life- time	Effective Date
1490–2600	72	1,000 hrs	1/1/2012
1050–1489	53	1,000 hrs	1/1/2013
750–1049	43	1,000 hrs	1/1/2014
310–749	29	1,000 hrs	1/1/2014

## “MODIFIED SPECTRUM GENERAL SERVICE INCANDESCENT LAMPS

Rated Lumen Ranges	Maximum Rate Wattage	Minimum Rate Life- time	Effective Date
1118–1950	72	1,000 hrs	1/1/2012
788–1117	53	1,000 hrs	1/1/2013
563–787	43	1,000 hrs	1/1/2014
232–562	29	1,000 hrs	1/1/2014”;

8 and

9 (II) by striking subparagraph (B)

10 and inserting the following:

11 “(B) APPLICATION.—

12 “(i) APPLICATION CRITERIA.—This  
13 subparagraph applies to each lamp that—

1 “(I) is intended for a general  
2 service or general illumination applica-  
3 tion (whether incandescent or not);

4 “(II) has a medium screw base  
5 or any other screw base not defined in  
6 ANSI C81.61–2006;

7 “(III) is capable of being oper-  
8 ated at a voltage at least partially  
9 within the range of 110 to 130 volts;  
10 and

11 “(IV) is manufactured or im-  
12 ported after December 31, 2011.

13 “(ii) REQUIREMENT.—For purposes  
14 of this paragraph, each lamp described in  
15 clause (i) shall have a color rendering  
16 index that is greater than or equal to—

17 “(I) 80 for nonmodified spectrum  
18 lamps; or

19 “(II) 75 for modified spectrum  
20 lamps.

21 “(C) CANDELABRA INCANDESCENT LAMPS  
22 AND INTERMEDIATE BASE INCANDESCENT  
23 LAMPS.—

24 “(i) CANDELABRA BASE INCANDES-  
25 CENT LAMPS.—A candelabra base incan-

1 descent lamp shall not exceed 60 rated  
2 watts.

3 “(ii) INTERMEDIATE BASE INCANDES-  
4 CENT LAMPS.—An intermediate base in-  
5 candescent lamp shall not exceed 40 rated  
6 watts.

7 “(D) EXEMPTIONS.—

8 “(i) PETITION.—Any person may peti-  
9 tion the Secretary for an exemption for a  
10 type of general service lamp from the re-  
11 quirements of this subsection.

12 “(ii) CRITERIA.—The Secretary may  
13 grant an exemption under clause (i) only  
14 to the extent that the Secretary finds,  
15 after a hearing and opportunity for public  
16 comment, that it is not technically feasible  
17 to serve a specialized lighting application  
18 (such as a military, medical, public safety,  
19 or certified historic lighting application)  
20 using a lamp that meets the requirements  
21 of this subsection.

22 “(iii) ADDITIONAL CRITERION.—To  
23 grant an exemption for a product under  
24 this subparagraph, the Secretary shall in-  
25 clude, as an additional criterion, that the



1 used in general lighting applications;  
2 and

3 “(II) significant energy savings  
4 could be achieved by covering exempt-  
5 ed products, as determined by the  
6 Secretary based on sales data pro-  
7 vided to the Secretary from manufac-  
8 turers and importers.

9 “(iv) NO PRESUMPTION.—The grant  
10 of a petition under this subparagraph shall  
11 create no presumption with respect to the  
12 determination of the Secretary with respect  
13 to any criteria under a rulemaking con-  
14 ducted under this section.

15 “(v) EXPEDITED PROCEEDING.—If  
16 the Secretary grants a petition for a lamp  
17 shape or base under this subparagraph,  
18 the Secretary shall—

19 “(I) conduct a rulemaking to de-  
20 termine standards for the exempted  
21 lamp shape or base; and

22 “(II) complete the rulemaking  
23 not later than 18 months after the  
24 date on which notice is provided  
25 granting the petition.

1 “(F) DEFINITION OF EFFECTIVE DATE.—

2 In this paragraph, except as otherwise provided  
3 in a table contained in subparagraph (A), the  
4 term ‘effective date’ means the last day of the  
5 month specified in the table that follows Octo-  
6 ber 24, 1992.”;

7 (iii) in paragraph (5), in the first sen-  
8 tence, by striking “and general service in-  
9 candescent lamps”;

10 (iv) by redesignating paragraphs (6)  
11 and (7) as paragraphs (7) and (8), respec-  
12 tively; and

13 (v) by inserting after paragraph (5)  
14 the following:

15 “(6) STANDARDS FOR GENERAL SERVICE  
16 LAMPS.—

17 “(A) RULEMAKING BEFORE JANUARY 1,  
18 2014.—

19 “(i) IN GENERAL.—Not later than  
20 January 1, 2014, the Secretary shall ini-  
21 tiate a rulemaking procedure to determine  
22 whether—

23 “(I) standards in effect for gen-  
24 eral service lamps should be amended  
25 to establish more stringent standards

1 than the standards specified in para-  
2 graph (1)(A); and

3 “(II) the exemptions for certain  
4 incandescent lamps should be main-  
5 tained or discontinued based, in part,  
6 on exempted lamp sales collected by  
7 the Secretary from manufacturers.

8 “(ii) SCOPE.—The rulemaking—

9 “(I) shall not be limited to incan-  
10 descent lamp technologies; and

11 “(II) shall include consideration  
12 of a minimum standard of 45 lumens  
13 per watt for general service lamps.

14 “(iii) AMENDED STANDARDS.—If the  
15 Secretary determines that the standards in  
16 effect for general service incandescent  
17 lamps should be amended, the Secretary  
18 shall publish a final rule not later than  
19 January 1, 2017, with an effective date  
20 that is not earlier than 3 years after the  
21 date on which the final rule is published.

22 “(iv) PHASED-IN EFFECTIVE  
23 DATES.—The Secretary shall consider  
24 phased-in effective dates under this sub-  
25 paragraph after considering—

1                   “(I) the impact of any amend-  
2                   ment on manufacturers, retiring and  
3                   repurposing existing equipment,  
4                   stranded investments, labor contracts,  
5                   workers, and raw materials; and

6                   “(II) the time needed to work  
7                   with retailers and lighting designers  
8                   to revise sales and marketing strate-  
9                   gies.

10                  “(v) BACKSTOP REQUIREMENT.—If  
11                  the Secretary fails to complete a rule-  
12                  making in accordance with clauses (i)  
13                  through (iv) or if the final rule does not  
14                  produce savings that are greater than or  
15                  equal to the savings from a minimum effi-  
16                  cacy standard of 45 lumens per watt, effec-  
17                  tive beginning January 1, 2020, the Sec-  
18                  retary shall prohibit the sale of any general  
19                  service lamp that does not meet a min-  
20                  imum efficacy standard of 45 lumens per  
21                  watt.

22                  “(vi) STATE PREEMPTION.—Neither  
23                  section 327(b) nor any other provision of  
24                  law shall preclude California or Nevada

1 from adopting, effective beginning on or  
2 after January 1, 2018—

3 “(I) a final rule adopted by the  
4 Secretary in accordance with clauses  
5 (i) through (iv);

6 “(II) if a final rule described in  
7 subclause (I) has not been adopted,  
8 the backstop requirement under  
9 clause (v); or

10 “(III) in the case of California, if  
11 a final rule described in subclause (I)  
12 has not been adopted, any California  
13 regulations relating to these covered  
14 products adopted pursuant to State  
15 statute in effect as of the date of en-  
16 actment of the Energy Independence  
17 and Security Act of 2007.

18 “(B) RULEMAKING BEFORE JANUARY 1,  
19 2020.—

20 “(i) IN GENERAL.—Not later than  
21 January 1, 2020, the Secretary shall ini-  
22 tiate a rulemaking procedure to determine  
23 whether—

24 “(I) standards in effect for gen-  
25 eral service incandescent lamps should

1 be amended to reflect lumen ranges  
2 with more stringent maximum watt-  
3 age than the standards specified in  
4 paragraph (1)(A); and

5 “(II) the exemptions for certain  
6 incandescent lamps should be main-  
7 tained or discontinued based, in part,  
8 on exempted lamp sales data collected  
9 by the Secretary from manufacturers.

10 “(ii) SCOPE.—The rulemaking shall  
11 not be limited to incandescent lamp tech-  
12 nologies.

13 “(iii) AMENDED STANDARDS.—If the  
14 Secretary determines that the standards in  
15 effect for general service incandescent  
16 lamps should be amended, the Secretary  
17 shall publish a final rule not later than  
18 January 1, 2022, with an effective date  
19 that is not earlier than 3 years after the  
20 date on which the final rule is published.

21 “(iv) PHASED-IN EFFECTIVE  
22 DATES.—The Secretary shall consider  
23 phased-in effective dates under this sub-  
24 paragraph after considering—

1                   “(I) the impact of any amend-  
2                   ment on manufacturers, retiring and  
3                   repurposing existing equipment,  
4                   stranded investments, labor contracts,  
5                   workers, and raw materials; and

6                   “(II) the time needed to work  
7                   with retailers and lighting designers  
8                   to revise sales and marketing strate-  
9                   gies.”; and

10                   (B) in subsection (l), by adding at the end  
11                   the following:

12                   “(4) ENERGY EFFICIENCY STANDARDS FOR  
13                   CERTAIN LAMPS.—

14                   “(A) IN GENERAL.—The Secretary shall  
15                   prescribe an energy efficiency standard for  
16                   rough service lamps, vibration service lamps, 3-  
17                   way incandescent lamps, 2,601–3,300 lumen  
18                   general service incandescent lamps, and shatter-  
19                   resistant lamps only in accordance with this  
20                   paragraph.

21                   “(B) BENCHMARKS.—Not later than 1  
22                   year after the date of enactment of this para-  
23                   graph, the Secretary, in consultation with the  
24                   National Electrical Manufacturers Association,  
25                   shall—



1           pare the lamp sales in that year with  
2           the sales predicted by the comparison  
3           benchmark for each of the 5 types of  
4           lamps described in subparagraph (A).

5           “(ii) CONTINUATION OF TRACKING.—

6                   “(I)       DETERMINATION.—Not  
7           later than January 1, 2023, the Sec-  
8           retary shall determine if actual sales  
9           data should be tracked for the lamp  
10          types described in subparagraph (A)  
11          after calendar year 2025.

12                   “(II)   CONTINUATION.—If the  
13          Secretary finds that the market share  
14          of a lamp type described in subpara-  
15          graph (A) could significantly erode  
16          the market share for general service  
17          lamps, the Secretary shall continue to  
18          track the actual sales data for the  
19          lamp type.

20          “(D) ROUGH SERVICE LAMPS.—

21                   “(i) IN GENERAL.—Effective begin-  
22          ning with the first year that the reported  
23          annual sales rate for rough service lamps  
24          demonstrates actual unit sales of rough  
25          service lamps that achieve levels that are

1 at least 100 percent higher than modeled  
2 unit sales for that same year, the Sec-  
3 retary shall—

4 “(I) not later than 90 days after  
5 the end of the previous calendar year,  
6 issue a finding that the index has  
7 been exceeded; and

8 “(II) not later than the date that  
9 is 1 year after the end of the previous  
10 calendar year, complete an accelerated  
11 rulemaking to establish an energy  
12 conservation standard for rough serv-  
13 ice lamps.

14 “(ii) BACKSTOP REQUIREMENT.—If  
15 the Secretary fails to complete an acceler-  
16 ated rulemaking in accordance with clause  
17 (i)(II), effective beginning 1 year after the  
18 date of the issuance of the finding under  
19 clause (i)(I), the Secretary shall require  
20 rough service lamps to—

21 “(I) have a shatter-proof coating  
22 or equivalent technology that is com-  
23 pliant with NSF/ANSI 51 and is de-  
24 signed to contain the glass if the glass  
25 envelope of the lamp is broken and to

1 provide effective containment over the  
2 life of the lamp;

3 “(II) have a maximum 40-watt  
4 limitation; and

5 “(III) be sold at retail only in a  
6 package containing 1 lamp.

7 “(E) VIBRATION SERVICE LAMPS.—

8 “(i) IN GENERAL.—Effective begin-  
9 ning with the first year that the reported  
10 annual sales rate for vibration service  
11 lamps demonstrates actual unit sales of vi-  
12 bration service lamps that achieve levels  
13 that are at least 100 percent higher than  
14 modeled unit sales for that same year, the  
15 Secretary shall—

16 “(I) not later than 90 days after  
17 the end of the previous calendar year,  
18 issue a finding that the index has  
19 been exceeded; and

20 “(II) not later than the date that  
21 is 1 year after the end of the previous  
22 calendar year, complete an accelerated  
23 rulemaking to establish an energy  
24 conservation standard for vibration  
25 service lamps.

1                   “(ii) BACKSTOP REQUIREMENT.—If  
2                   the Secretary fails to complete an acceler-  
3                   ated rulemaking in accordance with clause  
4                   (i)(II), effective beginning 1 year after the  
5                   date of the issuance of the finding under  
6                   clause (i)(I), the Secretary shall require vi-  
7                   bration service lamps to—

8                                 “(I) have a maximum 40-watt  
9                                 limitation; and

10                                “(II) be sold at retail only in a  
11                                package containing 1 lamp.

12                   “(F) 3-WAY INCANDESCENT LAMPS.—

13                                “(i) IN GENERAL.—Effective begin-  
14                                ning with the first year that the reported  
15                                annual sales rate for 3-way incandescent  
16                                lamps demonstrates actual unit sales of 3-  
17                                way incandescent lamps that achieve levels  
18                                that are at least 100 percent higher than  
19                                modeled unit sales for that same year, the  
20                                Secretary shall—

21                                “(I) not later than 90 days after  
22                                the end of the previous calendar year,  
23                                issue a finding that the index has  
24                                been exceeded; and

1                   “(II) not later than the date that  
2                   is 1 year after the end of the previous  
3                   calendar year, complete an accelerated  
4                   rulemaking to establish an energy  
5                   conservation standard for 3-way in-  
6                   candescent lamps.

7                   “(ii) BACKSTOP REQUIREMENT.—If  
8                   the Secretary fails to complete an acceler-  
9                   ated rulemaking in accordance with clause  
10                  (i)(II), effective beginning 1 year after the  
11                  date of issuance of the finding under  
12                  clause (i)(I), the Secretary shall require  
13                  that—

14                   “(I) each filament in a 3-way in-  
15                   candescent lamp meet the new max-  
16                   imum wattage requirements for the  
17                   respective lumen range established  
18                   under subsection (i)(1)(A); and

19                   “(II) 3-way lamps be sold at re-  
20                   tail only in a package containing 1  
21                   lamp.

22                   “(G) 2,601–3,300 LUMEN GENERAL SERV-  
23                   ICE INCANDESCENT LAMPS.—Effective begin-  
24                   ning with the first year that the reported an-  
25                   nual sales rate demonstrates actual unit sales

1 of 2,601–3,300 lumen general service incandes-  
2 cent lamps in the lumen range of 2,601 through  
3 3,300 lumens (or, in the case of a modified  
4 spectrum, in the lumen range of 1,951 through  
5 2,475 lumens) that achieve levels that are at  
6 least 100 percent higher than modeled unit  
7 sales for that same year, the Secretary shall im-  
8 pose—

9 “(i) a maximum 95-watt limitation on  
10 general service incandescent lamps in the  
11 lumen range of 2,601 through 3,300  
12 lumens; and

13 “(ii) a requirement that those lamps  
14 be sold at retail only in a package con-  
15 taining 1 lamp.

16 “(H) SHATTER-RESISTANT LAMPS.—

17 “(i) IN GENERAL.—Effective begin-  
18 ning with the first year that the reported  
19 annual sales rate for shatter-resistant  
20 lamps demonstrates actual unit sales of  
21 shatter-resistant lamps that achieve levels  
22 that are at least 100 percent higher than  
23 modeled unit sales for that same year, the  
24 Secretary shall—

1                   “(I) not later than 90 days after  
2                   the end of the previous calendar year,  
3                   issue a finding that the index has  
4                   been exceeded; and

5                   “(II) not later than the date that  
6                   is 1 year after the end of the previous  
7                   calendar year, complete an accelerated  
8                   rulemaking to establish an energy  
9                   conservation standard for shatter-re-  
10                  sistant lamps.

11                  “(ii) BACKSTOP REQUIREMENT.—If  
12                  the Secretary fails to complete an acceler-  
13                  ated rulemaking in accordance with clause  
14                  (i)(II), effective beginning 1 year after the  
15                  date of issuance of the finding under  
16                  clause (i)(I), the Secretary shall impose—

17                         “(I) a maximum wattage limita-  
18                         tion of 40 watts on shatter resistant  
19                         lamps; and

20                         “(II) a requirement that those  
21                         lamps be sold at retail only in a pack-  
22                         age containing 1 lamp.

23                   “(I) RULEMAKINGS BEFORE JANUARY 1,  
24                   2025.—

1                   “(i) IN GENERAL.—Except as pro-  
2                   vided in clause (ii), if the Secretary issues  
3                   a final rule prior to January 1, 2025, es-  
4                   tablishing an energy conservation standard  
5                   for any of the 5 types of lamps for which  
6                   data collection is required under any of  
7                   subparagraphs (D) through (G), the re-  
8                   quirement to collect and model data for  
9                   that type of lamp shall terminate unless,  
10                  as part of the rulemaking, the Secretary  
11                  determines that continued tracking is nec-  
12                  essary.

13                  “(ii) BACKSTOP REQUIREMENT.—If  
14                  the Secretary imposes a backstop require-  
15                  ment as a result of a failure to complete  
16                  an accelerated rulemaking in accordance  
17                  with clause (i)(II) of any of subparagraphs  
18                  (D) through (G), the requirement to collect  
19                  and model data for the applicable type of  
20                  lamp shall continue for an additional 2  
21                  years after the effective date of the back-  
22                  stop requirement.”.

23                  (b) CONSUMER EDUCATION AND LAMP LABELING.—  
24                  Section 324(a)(2)(C) of the Energy Policy and Conserva-

1 tion Act (42 U.S.C. 6294(a)(2)(C)) is amended by adding  
2 at the end the following:

3 “(iii) RULEMAKING TO CONSIDER EF-  
4 FECTIVENESS OF LAMP LABELING.—

5 “(I) IN GENERAL.—Not later  
6 than 1 year after the date of enact-  
7 ment of this clause, the Commission  
8 shall initiate a rulemaking to con-  
9 sider—

10 “(aa) the effectiveness of  
11 current lamp labeling for power  
12 levels or watts, light output or  
13 lumens, and lamp lifetime; and

14 “(bb) alternative labeling  
15 approaches that will help con-  
16 sumers to understand new high-  
17 efficiency lamp products and to  
18 base the purchase decisions of  
19 the consumers on the most ap-  
20 propriate source that meets the  
21 requirements of the consumers  
22 for lighting level, light quality,  
23 lamp lifetime, and total lifecycle  
24 cost.

1                   “(II) COMPLETION.—The Com-  
2                   mission shall—

3                   “(aa) complete the rule-  
4                   making not later than the date  
5                   that is 30 months after the date  
6                   of enactment of this clause; and

7                   “(bb) consider reopening the  
8                   rulemaking not later than 180  
9                   days before the effective dates of  
10                  the standards for general service  
11                  incandescent lamps established  
12                  under section 325(i)(1)(A), if the  
13                  Commission determines that fur-  
14                  ther labeling changes are needed  
15                  to help consumers understand  
16                  lamp alternatives.”.

17                  (c) MARKET ASSESSMENTS AND CONSUMER AWARE-  
18                  NESS PROGRAM.—

19                  (1) IN GENERAL.—In cooperation with the Ad-  
20                  ministrator of the Environmental Protection Agency,  
21                  the Secretary of Commerce, the Federal Trade Com-  
22                  mission, lighting and retail industry associations, en-  
23                  ergy efficiency organizations, and any other entities  
24                  that the Secretary of Energy determines to be ap-  
25                  propriate, the Secretary of Energy shall—

1 (A) conduct an annual assessment of the  
2 market for general service lamps and compact  
3 fluorescent lamps—

4 (i) to identify trends in the market  
5 shares of lamp types, efficiencies, and light  
6 output levels purchased by residential and  
7 nonresidential consumers; and

8 (ii) to better understand the degree to  
9 which consumer decisionmaking is based  
10 on lamp power levels or watts, light output  
11 or lumens, lamp lifetime, and other fac-  
12 tors, including information required on la-  
13 bels mandated by the Federal Trade Com-  
14 mission;

15 (B) provide the results of the market as-  
16 sessment to the Federal Trade Commission for  
17 consideration in the rulemaking described in  
18 section 324(a)(2)(C)(iii) of the Energy Policy  
19 and Conservation Act (42 U.S.C.  
20 6294(a)(2)(C)(iii)); and

21 (C) in cooperation with industry trade as-  
22 sociations, lighting industry members, utilities,  
23 and other interested parties, carry out a  
24 proactive national program of consumer aware-  
25 ness, information, and education that broadly

1           uses the media and other effective communica-  
2           tion techniques over an extended period of time  
3           to help consumers understand the lamp labels  
4           and make energy-efficient lighting choices that  
5           meet the needs of consumers.

6           (2) AUTHORIZATION OF APPROPRIATIONS.—

7           There is authorized to be appropriated to carry out  
8           this subsection \$10,000,000 for each of fiscal years  
9           2009 through 2012.

10          (d) GENERAL RULE OF PREEMPTION FOR ENERGY  
11 CONSERVATION STANDARDS BEFORE FEDERAL STAND-  
12 ARD BECOMES EFFECTIVE FOR A PRODUCT.—Section  
13 327(b)(1) of the Energy Policy and Conservation Act (42  
14 U.S.C. 6297(b)(1)) is amended—

15           (1) by inserting “(A)” after “(1)”;

16           (2) by inserting “or” after the semicolon at the  
17           end; and

18           (3) by adding at the end the following:

19           “(B) in the case of any portion of any regula-  
20           tion that establishes requirements for general service  
21           incandescent lamps, intermediate base incandescent  
22           lamps, or candelabra base lamps, was enacted or  
23           adopted by the States of California or Nevada before  
24           December 4, 2007, except that—

1           “(i) the regulation adopted by the Cali-  
2           fornia Energy Commission with an effective  
3           date of January 1, 2008, shall only be effective  
4           until the effective date of the Federal standard  
5           for the applicable lamp category under subpara-  
6           graphs (A), (B), and (C) of section 325(i)(1);

7           “(ii) the States of California and Nevada  
8           may, at any time, modify or adopt a State  
9           standard for general service lamps to conform  
10          with Federal standards with effective dates no  
11          earlier than 12 months prior to the Federal ef-  
12          fective dates prescribed under subparagraphs  
13          (A), (B), and (C) of section 325(i)(1), at which  
14          time any prior regulations adopted by the  
15          States of California or Nevada shall no longer  
16          be effective; and

17          “(iii) all other States may, at any time,  
18          modify or adopt a State standard for general  
19          service lamps to conform with Federal stand-  
20          ards and effective dates.”.

21          (e) PROHIBITED ACTS.—Section 332(a) of the En-  
22          ergy Policy and Conservation Act (42 U.S.C. 6302(a)) is  
23          amended—

24                 (1) in paragraph (4), by striking “or” at the  
25          end;

1           (2) in paragraph (5), by striking the period at  
2           the end and inserting “; or”; and

3           (3) by adding at the end the following:

4           “(6) for any manufacturer, distributor, retailer,  
5           or private labeler to distribute in commerce an  
6           adapter that—

7                   “(A) is designed to allow an incandescent  
8                   lamp that does not have a medium screw base  
9                   to be installed into a fixture or lampholder with  
10                  a medium screw base socket; and

11                   “(B) is capable of being operated at a volt-  
12                  age range at least partially within 110 and 130  
13                  volts.”.

14           (f) ENFORCEMENT.—Section 334 of the Energy Pol-  
15           icy and Conservation Act (42 U.S.C. 6304) is amended  
16           by inserting after the second sentence the following: “Any  
17           such action to restrain any person from distributing in  
18           commerce a general service incandescent lamp that does  
19           not comply with the applicable standard established under  
20           section 325(i) or an adapter prohibited under section  
21           332(a)(6) may also be brought by the attorney general of  
22           a State in the name of the State.”.

23           (g) RESEARCH AND DEVELOPMENT PROGRAM.—

1           (1) IN GENERAL.—The Secretary may carry out  
2 a lighting technology research and development pro-  
3 gram—

4           (A) to support the research, development,  
5 demonstration, and commercial application of  
6 lamps and related technologies sold, offered for  
7 sale, or otherwise made available in the United  
8 States; and

9           (B) to assist manufacturers of general  
10 service lamps in the manufacturing of general  
11 service lamps that, at a minimum, achieve the  
12 wattage requirements imposed as a result of the  
13 amendments made by subsection (a).

14           (2) AUTHORIZATION OF APPROPRIATIONS.—  
15 There are authorized to be appropriated to carry out  
16 this subsection \$10,000,000 for each of fiscal years  
17 2008 through 2013.

18           (3) TERMINATION OF AUTHORITY.—The pro-  
19 gram under this subsection shall terminate on Sep-  
20 tember 30, 2015.

21           (h) REPORTS TO CONGRESS.—

22           (1) REPORT ON MERCURY USE AND RE-  
23 LEASE.—Not later than 1 year after the date of en-  
24 actment of this Act, the Secretary , in cooperation  
25 with the Administrator of the Environmental Protec-

1       tion Agency, shall submit to Congress a report de-  
2       scribing recommendations relating to the means by  
3       which the Federal Government may reduce or pre-  
4       vent the release of mercury during the manufacture,  
5       transportation, storage, or disposal of light bulbs.

6               (2) REPORT ON RULEMAKING SCHEDULE.—Be-  
7       ginning on July 1, 2013 and semiannually through  
8       July 1, 2016, the Secretary shall submit to the Com-  
9       mittee on Energy and Commerce of the House of  
10      Representatives and the Committee on Energy and  
11      Natural Resources of the Senate a report on—

12               (A) whether the Secretary will meet the  
13      deadlines for the rulemakings required under  
14      this section;

15               (B) a description of any impediments to  
16      meeting the deadlines; and

17               (C) a specific plan to remedy any failures,  
18      including recommendations for additional legis-  
19      lation or resources.

20               (3) NATIONAL ACADEMY REVIEW.—

21               (A) IN GENERAL.—Not later than Decem-  
22      ber 31, 2009, the Secretary shall enter into an  
23      arrangement with the National Academy of  
24      Sciences to provide a report by December 31,

1           2013, and an updated report by July 31, 2015.

2           The report should include—

3                   (i) the status of advanced solid state  
4                   lighting research, development, demonstra-  
5                   tion and commercialization;

6                   (ii) the impact on the types of lighting  
7                   available to consumers of an energy con-  
8                   servation standard requiring a minimum of  
9                   45 lumens per watt for general service  
10                  lighting effective in 2020; and

11                  (iii) the time frame for the commer-  
12                  cialization of lighting that could replace  
13                  current incandescent and halogen incan-  
14                  descent lamp technology and any other  
15                  new technologies developed to meet the  
16                  minimum standards required under sub-  
17                  section (a) (3) of this section.

18                  (B) REPORTS.—The reports shall be trans-  
19                  mitted to the Committee on Energy and Com-  
20                  merce of the House of Representatives and the  
21                  Committee on Energy and Natural Resources of  
22                  the Senate.

1 **SEC. 322. INCANDESCENT REFLECTOR LAMP EFFICIENCY**  
2 **STANDARDS.**

3 (a) DEFINITIONS.—Section 321 of the Energy Policy  
4 and Conservation Act (42 U.S.C. 6291) (as amended by  
5 section 316(c)(1)(D)) is amended—

6 (1) in paragraph (30)(C)(ii)—

7 (A) in the matter preceding subclause  
8 (I)—

9 (i) by striking “or similar bulb shapes  
10 (excluding ER or BR)” and inserting “ER,  
11 BR, BPAR, or similar bulb shapes”; and

12 (ii) by striking “2.75” and inserting  
13 “2.25”; and

14 (B) by striking “is either—” and all that  
15 follows through subclause (II) and inserting  
16 “has a rated wattage that is 40 watts or high-  
17 er”; and

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

19 “(54) BPAR INCANDESCENT REFLECTOR  
20 LAMP.—The term ‘BPAR incandescent reflector  
21 lamp’ means a reflector lamp as shown in figure  
22 C78.21–278 on page 32 of ANSI C78.21–2003.

23 “(55) BR INCANDESCENT REFLECTOR LAMP;  
24 BR30; BR40.—

1           “(A) BR INCANDESCENT REFLECTOR  
2 LAMP.—The term ‘BR incandescent reflector  
3 lamp’ means a reflector lamp that has—

4           “(i) a bulged section below the major  
5 diameter of the bulb and above the approx-  
6 imate baseline of the bulb, as shown in fig-  
7 ure 1 (RB) on page 7 of ANSI C79.1–  
8 1994, incorporated by reference in section  
9 430.22 of title 10, Code of Federal Regula-  
10 tions (as in effect on the date of enactment  
11 of this paragraph); and

12           “(ii) a finished size and shape shown  
13 in ANSI C78.21–1989, including the ref-  
14 erenced reflective characteristics in part 7  
15 of ANSI C78.21–1989, incorporated by  
16 reference in section 430.22 of title 10,  
17 Code of Federal Regulations (as in effect  
18 on the date of enactment of this para-  
19 graph).

20           “(B) BR30.—The term ‘BR30’ means a  
21 BR incandescent reflector lamp with a diameter  
22 of 30/8ths of an inch.

23           “(C) BR40.—The term ‘BR40’ means a  
24 BR incandescent reflector lamp with a diameter  
25 of 40/8ths of an inch.

1           “(56) ER INCANDESCENT REFLECTOR LAMP;  
2 ER30; ER40.—

3           “(A) ER INCANDESCENT REFLECTOR  
4 LAMP.—The term ‘ER incandescent reflector  
5 lamp’ means a reflector lamp that has—

6           “(i) an elliptical section below the  
7 major diameter of the bulb and above the  
8 approximate baseline of the bulb, as shown  
9 in figure 1 (RE) on page 7 of ANSI  
10 C79.1–1994, incorporated by reference in  
11 section 430.22 of title 10, Code of Federal  
12 Regulations (as in effect on the date of en-  
13 actment of this paragraph); and

14           “(ii) a finished size and shape shown  
15 in ANSI C78.21–1989, incorporated by  
16 reference in section 430.22 of title 10,  
17 Code of Federal Regulations (as in effect  
18 on the date of enactment of this para-  
19 graph).

20           “(B) ER30.—The term ‘ER30’ means an  
21 ER incandescent reflector lamp with a diameter  
22 of 30/8ths of an inch.

23           “(C) ER40.—The term ‘ER40’ means an  
24 ER incandescent reflector lamp with a diameter  
25 of 40/8ths of an inch.

1           “(57) R20 INCANDESCENT REFLECTOR  
2 LAMP.—The term ‘R20 incandescent reflector lamp’  
3 means a reflector lamp that has a face diameter of  
4 approximately 2.5 inches, as shown in figure 1(R)  
5 on page 7 of ANSI C79.1–1994.”.

6           (b) STANDARDS FOR FLUORESCENT LAMPS AND IN-  
7 CANDESCENT REFLECTOR LAMPS.—Section 325(i) of the  
8 Energy Policy and Conservation Act (42 U.S.C. 6995(i))  
9 is amended by striking paragraph (1) and inserting the  
10 following:

11           “(1) STANDARDS.—

12           “(A) DEFINITION OF EFFECTIVE DATE.—

13           In this paragraph (other than subparagraph  
14 (D)), the term ‘effective date’ means, with re-  
15 spect to each type of lamp specified in a table  
16 contained in subparagraph (B), the last day of  
17 the period of months corresponding to that type  
18 of lamp (as specified in the table) that follows  
19 October 24, 1992.

20           “(B) MINIMUM STANDARDS.—Each of the  
21 following general service fluorescent lamps and  
22 incandescent reflector lamps manufactured  
23 after the effective date specified in the tables  
24 contained in this paragraph shall meet or ex-

1                   ceed the following lamp efficacy and CRI stand-  
2                   ards:

“FLUORESCENT LAMPS

Lamp Type	Nominal Lamp Wattage	Minimum CRI	Minimum Average Lamp Efficacy (LPW)	Effective Date (Pe- riod of Months)
4-foot medium bi-pin .....	>35 W	69	75.0	36
	≤35 W	45	75.0	36
2-foot U-shaped .....	>35 W	69	68.0	36
	≤35 W	45	64.0	36
8-foot slimline .....	65 W	69	80.0	18
	≤65 W	45	80.0	18
8-foot high output .....	>100 W	69	80.0	18
	≤100 W	45	80.0	18

“INCANDESCENT REFLECTOR LAMPS

Nominal Lamp Wattage	Minimum Average Lamp Efficacy (LPW)	Effective Date (Pe- riod of Months)
40–50 .....	10.5	36
51–66 .....	11.0	36
67–85 .....	12.5	36
86–115 .....	14.0	36
116–155 .....	14.5	36
156–205 .....	15.0	36

3                   “(C) EXEMPTIONS.—The standards speci-  
4                   fied in subparagraph (B) shall not apply to the  
5                   following types of incandescent reflector lamps:

6                   “(i) Lamps rated at 50 watts or less  
7                   that are ER30, BR30, BR40, or ER40  
8                   lamps.

9                   “(ii) Lamps rated at 65 watts that  
10                  are BR30, BR40, or ER40 lamps.

11                  “(iii) R20 incandescent reflector  
12                  lamps rated 45 watts or less.

13                  “(D) EFFECTIVE DATES.—

1                   “(i) ER, BR, AND BPAR LAMPS.—The  
2 standards specified in subparagraph (B)  
3 shall apply with respect to ER incandes-  
4 cent reflector lamps, BR incandescent re-  
5 flector lamps, BPAR incandescent reflector  
6 lamps, and similar bulb shapes on and  
7 after January 1, 2008.

8                   “(ii) LAMPS BETWEEN 2.25–2.75  
9 INCHES IN DIAMETER.—The standards  
10 specified in subparagraph (B) shall apply  
11 with respect to incandescent reflector  
12 lamps with a diameter of more than 2.25  
13 inches, but not more than 2.75 inches, on  
14 and after the later of January 1, 2008, or  
15 the date that is 180 days after the date of  
16 enactment of the Energy Independence  
17 and Security Act of 2007.”.

18 **SEC. 323. PUBLIC BUILDING ENERGY EFFICIENT AND RE-**  
19 **NEWABLE ENERGY SYSTEMS.**

20           (a) ESTIMATE OF ENERGY PERFORMANCE IN PRO-  
21 SPECTUS.—Section 3307(b) of title 40, United States  
22 Code, is amended—

23                   (1) by striking “and” at the end of paragraph  
24                   (5);

1           (2) by striking the period at the end of para-  
2           graph (6) and inserting “; and”; and

3           (3) by inserting after paragraph (6) the fol-  
4           lowing:

5           “(7) with respect to any prospectus for the con-  
6           struction, alteration, or acquisition of any building  
7           or space to be leased, an estimate of the future en-  
8           ergy performance of the building or space and a spe-  
9           cific description of the use of energy efficient and re-  
10          newable energy systems, including photovoltaic sys-  
11          tems, in carrying out the project.”.

12          (b) MINIMUM PERFORMANCE REQUIREMENTS FOR  
13          LEASED SPACE.—Section 3307 of such of title is amend-  
14          ed—

15           (1) by redesignating subsections (f) and (g) as  
16           subsections (g) and (h), respectively; and

17           (2) by inserting after subsection (e) the fol-  
18           lowing:

19           “(f) MINIMUM PERFORMANCE REQUIREMENTS FOR  
20          LEASED SPACE.—With respect to space to be leased, the  
21          Administrator shall include, to the maximum extent prac-  
22          ticable, minimum performance requirements requiring en-  
23          ergy efficiency and the use of renewable energy.”.

24          (c) USE OF ENERGY EFFICIENT LIGHTING FIX-  
25          TURES AND BULBS.—

1           (1) IN GENERAL.—Chapter 33 of such title is  
2 amended—

3           (A) by redesignating sections 3313, 3314,  
4 and 3315 as sections 3314, 3315, and 3316, re-  
5 spectively; and

6           (B) by inserting after section 3312 the fol-  
7 lowing:

8 **“§ 3313. Use of energy efficient lighting fixtures and**  
9 **bulbs**

10       “(a) CONSTRUCTION, ALTERATION, AND ACQUI-  
11 SITION OF PUBLIC BUILDINGS.—Each public building con-  
12 structed, altered, or acquired by the Administrator of Gen-  
13 eral Services shall be equipped, to the maximum extent  
14 feasible as determined by the Administrator, with lighting  
15 fixtures and bulbs that are energy efficient.

16       “(b) MAINTENANCE OF PUBLIC BUILDINGS.—Each  
17 lighting fixture or bulb that is replaced by the Adminis-  
18 trator in the normal course of maintenance of public build-  
19 ings shall be replaced, to the maximum extent feasible,  
20 with a lighting fixture or bulb that is energy efficient.

21       “(c) CONSIDERATIONS.—In making a determination  
22 under this section concerning the feasibility of installing  
23 a lighting fixture or bulb that is energy efficient, the Ad-  
24 ministrator shall consider—

1           “(1) the life-cycle cost effectiveness of the fix-  
2           ture or bulb;

3           “(2) the compatibility of the fixture or bulb  
4           with existing equipment;

5           “(3) whether use of the fixture or bulb could re-  
6           sult in interference with productivity;

7           “(4) the aesthetics relating to use of the fixture  
8           or bulb; and

9           “(5) such other factors as the Administrator  
10          determines appropriate.

11          “(d) ENERGY STAR.—A lighting fixture or bulb shall  
12          be treated as being energy efficient for purposes of this  
13          section if—

14               “(1) the fixture or bulb is certified under the  
15               Energy Star program established by section 324A of  
16               the Energy Policy and Conservation Act (42 U.S.C.  
17               6294a);

18               “(2) in the case of all light-emitting diode  
19               (LED) luminaires, lamps, and systems whose effi-  
20               cacy (lumens per watt) and Color Rendering Index  
21               (CRI) meet the Department of Energy requirements  
22               for minimum luminaire efficacy and CRI for the En-  
23               ergy Star certification, as verified by an independent  
24               third-party testing laboratory that the Administrator  
25               and the Secretary of Energy determine conducts its

1 tests according to the procedures and recommenda-  
2 tions of the Illuminating Engineering Society of  
3 North America, even if the luminaires, lamps, and  
4 systems have not received such certification; or

5 “(3) the Administrator and the Secretary of  
6 Energy have otherwise determined that the fixture  
7 or bulb is energy efficient.

8 “(e) ADDITIONAL ENERGY EFFICIENT LIGHTING  
9 DESIGNATIONS.—The Administrator of the Environ-  
10 mental Protection Agency and the Secretary of Energy  
11 shall give priority to establishing Energy Star performance  
12 criteria or Federal Energy Management Program designa-  
13 tions for additional lighting product categories that are  
14 appropriate for use in public buildings.

15 “(f) GUIDELINES.—The Administrator shall develop  
16 guidelines for the use of energy efficient lighting tech-  
17 nologies that contain mercury in child care centers in pub-  
18 lic buildings.

19 “(g) APPLICABILITY OF BUY AMERICAN ACT.—Ac-  
20 quisitions carried out pursuant to this section shall be sub-  
21 ject to the requirements of the Buy American Act (41  
22 U.S.C. 10c et seq.).

23 “(h) EFFECTIVE DATE.—The requirements of sub-  
24 sections (a) and (b) shall take effect one year after the  
25 date of enactment of this subsection.”.

1           (2) CLERICAL AMENDMENT.—The analysis for  
2           such chapter is amended by striking the items relat-  
3           ing to sections 3313, 3314, and 3315 and inserting  
4           the following:

“3313. Use of energy efficient lighting fixtures and bulbs.

“3314. Delegation.

“3315. Report to Congress.

“3316. Certain authority not affected.”.

5           (d) EVALUATION FACTOR.—Section 3310 of such  
6           title is amended—

7           (1) by redesignating paragraphs (3), (4), and  
8           (5) as paragraphs (4), (5), and (6), respectively; and

9           (2) by inserting after paragraph (2) the fol-  
10          lowing:

11          “(3) shall include in the solicitation for any  
12          lease requiring a prospectus under section 3307 an  
13          evaluation factor considering the extent to which the  
14          offeror will promote energy efficiency and the use of  
15          renewable energy;”.

16 **SEC. 324. METAL HALIDE LAMP FIXTURES.**

17          (a) DEFINITIONS.—Section 321 of the Energy Policy  
18          and Conservation Act (42 U.S.C. 6291) (as amended by  
19          section 322(a)(2)) is amended by adding at the end the  
20          following:

21          “(58) BALLAST.—The term ‘ballast’ means a  
22          device used with an electric discharge lamp to obtain

1 necessary circuit conditions (voltage, current, and  
2 waveform) for starting and operating.

3 “(59) BALLAST EFFICIENCY.—

4 “(A) IN GENERAL.—The term ‘ballast effi-  
5 ciency’ means, in the case of a high intensity  
6 discharge fixture, the efficiency of a lamp and  
7 ballast combination, expressed as a percentage,  
8 and calculated in accordance with the following  
9 formula:  $\text{Efficiency} = P_{\text{out}}/P_{\text{in}}$ .

10 “(B) EFFICIENCY FORMULA.—For the  
11 purpose of subparagraph (A)—

12 “(i)  $P_{\text{out}}$  shall equal the measured op-  
13 erating lamp wattage;

14 “(ii)  $P_{\text{in}}$  shall equal the measured op-  
15 erating input wattage;

16 “(iii) the lamp, and the capacitor  
17 when the capacitor is provided, shall con-  
18 stitute a nominal system in accordance  
19 with the ANSI Standard C78.43-2004;

20 “(iv) for ballasts with a frequency of  
21 60 Hz,  $P_{\text{in}}$  and  $P_{\text{out}}$  shall be measured  
22 after lamps have been stabilized according  
23 to section 4.4 of ANSI Standard C82.6-  
24 2005 using a wattmeter with accuracy

1 specified in section 4.5 of ANSI Standard  
2 C82.6-2005; and

3 “(v) for ballasts with a frequency  
4 greater than 60 Hz,  $P_{in}$  and  $P_{out}$  shall  
5 have a basic accuracy of  $\pm 0.5$  percent at  
6 the higher of—

7 “(I) 3 times the output operating  
8 frequency of the ballast; or

9 “(II) 2 kHz for ballast with a  
10 frequency greater than 60 Hz.

11 “(C) MODIFICATION.—The Secretary may,  
12 by rule, modify the definition of ‘ballast effi-  
13 ciency’ if the Secretary determines that the  
14 modification is necessary or appropriate to  
15 carry out the purposes of this Act.

16 “(60) ELECTRONIC BALLAST.—The term ‘elec-  
17 tronic ballast’ means a device that uses semiconduc-  
18 tors as the primary means to control lamp starting  
19 and operation.

20 “(61) GENERAL LIGHTING APPLICATION.—The  
21 term ‘general lighting application’ means lighting  
22 that provides an interior or exterior area with overall  
23 illumination.

1           “(62) METAL HALIDE BALLAST.—The term  
2           ‘metal halide ballast’ means a ballast used to start  
3           and operate metal halide lamps.

4           “(63) METAL HALIDE LAMP.—The term ‘metal  
5           halide lamp’ means a high intensity discharge lamp  
6           in which the major portion of the light is produced  
7           by radiation of metal halides and their products of  
8           dissociation, possibly in combination with metallic  
9           vapors.

10           “(64) METAL HALIDE LAMP FIXTURE.—The  
11           term ‘metal halide lamp fixture’ means a light fix-  
12           ture for general lighting application designed to be  
13           operated with a metal halide lamp and a ballast for  
14           a metal halide lamp.

15           “(65) PROBE-START METAL HALIDE BAL-  
16           LAST.—The term ‘probe-start metal halide ballast’  
17           means a ballast that—

18                   “(A) starts a probe-start metal halide lamp  
19                   that contains a third starting electrode (probe)  
20                   in the arc tube; and

21                   “(B) does not generally contain an igniter  
22                   but instead starts lamps with high ballast open  
23                   circuit voltage.

24           “(66) PULSE-START METAL HALIDE BAL-  
25           LAST.—

1           “(A) IN GENERAL.—The term ‘pulse-start  
2 metal halide ballast’ means an electronic or  
3 electromagnetic ballast that starts a pulse-start  
4 metal halide lamp with high voltage pulses.

5           “(B) STARTING PROCESS.—For the pur-  
6 pose of subparagraph (A)—

7                   “(i) lamps shall be started by first  
8 providing a high voltage pulse for ioniza-  
9 tion of the gas to produce a glow dis-  
10 charge; and

11                   “(ii) to complete the starting process,  
12 power shall be provided by the ballast to  
13 sustain the discharge through the glow-to-  
14 arc transition.”.

15           (b) COVERAGE.—Section 322(a) of the Energy Policy  
16 and Conservation Act (42 U.S.C. 6292(a)) is amended—

17                   (1) by redesignating paragraph (19) as para-  
18 graph (20); and

19                   (2) by inserting after paragraph (18) the fol-  
20 lowing:

21                   “(19) Metal halide lamp fixtures.”.

22           (c) TEST PROCEDURES.—Section 323(b) of the En-  
23 ergy Policy and Conservation Act (42 U.S.C. 6293(b)) (as  
24 amended by section 301(b)) is amended by adding at the  
25 end the following:

1           “(18) METAL HALIDE LAMP BALLASTS.—Test  
2           procedures for metal halide lamp ballasts shall be  
3           based on ANSI Standard C82.6-2005, entitled ‘Bal-  
4           lasts for High Intensity Discharge Lamps—Method  
5           of Measurement’.”.

6           (d) LABELING.—Section 324(a)(2) of the Energy  
7 Policy and Conservation Act (42 U.S.C. 6294(a)(2)) is  
8 amended—

9           (1) by redesignating subparagraphs (C) through  
10          (G) as subparagraphs (D) through (H), respectively;  
11          and

12          (2) by inserting after subparagraph (B) the fol-  
13          lowing:

14               “(C) METAL HALIDE LAMP FIXTURES.—

15                   “(i) IN GENERAL.—The Commission  
16                   shall issue labeling rules under this section  
17                   applicable to the covered product specified  
18                   in section 322(a)(19) and to which stand-  
19                   ards are applicable under section 325.

20                   “(ii) LABELING.—The rules shall pro-  
21                   vide that the labeling of any metal halide  
22                   lamp fixture manufactured on or after the  
23                   later of January 1, 2009, or the date that  
24                   is 270 days after the date of enactment of  
25                   this subparagraph, shall indicate conspicu-

1                   ously, in a manner prescribed by the Com-  
2                   mission under subsection (b) by July 1,  
3                   2008, a capital letter ‘E’ printed within a  
4                   circle on the packaging of the fixture, and  
5                   on the ballast contained in the fixture.”.

6           (e) STANDARDS.—Section 325 of the Energy Policy  
7 and Conservation Act (42 U.S.C. 6295) (as amended by  
8 section 310) is amended—

9                   (1) by redesignating subsection (hh) as sub-  
10                  section (ii);

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

13           “(hh) METAL HALIDE LAMP FIXTURES.—

14                   “(1) STANDARDS.—

15                           “(A) IN GENERAL.—Subject to subpara-  
16                           graphs (B) and (C), metal halide lamp fixtures  
17                           designed to be operated with lamps rated great-  
18                           er than or equal to 150 watts but less than or  
19                           equal to 500 watts shall contain—

20                                   “(i) a pulse-start metal halide ballast  
21                                   with a minimum ballast efficiency of 88  
22                                   percent;

23                                   “(ii) a magnetic probe-start ballast  
24                                   with a minimum ballast efficiency of 94  
25                                   percent; or

1 “(iii) a nonpulse-start electronic bal-  
2 last with—

3 “(I) a minimum ballast efficiency  
4 of 92 percent for wattages greater  
5 than 250 watts; and

6 “(II) a minimum ballast effi-  
7 ciency of 90 percent for wattages less  
8 than or equal to 250 watts.

9 “(B) EXCLUSIONS.—The standards estab-  
10 lished under subparagraph (A) shall not apply  
11 to—

12 “(i) fixtures with regulated lag bal-  
13 lasts;

14 “(ii) fixtures that use electronic bal-  
15 lasts that operate at 480 volts; or

16 “(iii) fixtures that—

17 “(I) are rated only for 150 watt  
18 lamps;

19 “(II) are rated for use in wet lo-  
20 cations, as specified by the National  
21 Electrical Code 2002, section  
22 410.4(A); and

23 “(III) contain a ballast that is  
24 rated to operate at ambient air tem-

1                   peratures above 50° C, as specified by  
2                   UL 1029–2001.

3                   “(C) APPLICATION.—The standards estab-  
4                   lished under subparagraph (A) shall apply to  
5                   metal halide lamp fixtures manufactured on or  
6                   after the later of—

7                   “(i) January 1, 2009; or

8                   “(ii) the date that is 270 days after  
9                   the date of enactment of this subsection.

10                  “(2) FINAL RULE BY JANUARY 1, 2012.—

11                  “(A) IN GENERAL.—Not later than Janu-  
12                  ary 1, 2012, the Secretary shall publish a final  
13                  rule to determine whether the standards estab-  
14                  lished under paragraph (1) should be amended.

15                  “(B) ADMINISTRATION.—The final rule  
16                  shall—

17                  “(i) contain any amended standard;

18                  and

19                  “(ii) apply to products manufactured  
20                  on or after January 1, 2015.

21                  “(3) FINAL RULE BY JANUARY 1, 2019.—

22                  “(A) IN GENERAL.—Not later than Janu-  
23                  ary 1, 2019, the Secretary shall publish a final  
24                  rule to determine whether the standards then in  
25                  effect should be amended.

1           “(B) ADMINISTRATION.—The final rule  
2           shall—

3                   “(i) contain any amended standards;  
4                   and

5                   “(ii) apply to products manufactured  
6                   after January 1, 2022.

7           “(4) DESIGN AND PERFORMANCE REQUIRE-  
8           MENTS.—Notwithstanding any other provision of  
9           law, any standard established pursuant to this sub-  
10          section may contain both design and performance re-  
11          quirements.”; and

12           (3) in paragraph (2) of subsection (ii) (as re-  
13          designated by paragraph (2)), by striking “(gg)”  
14          each place it appears and inserting “(hh)”.

15          (f) EFFECT ON OTHER LAW.—Section 327(e) of the  
16          Energy Policy and Conservation Act (42 U.S.C. 6297(e))  
17          is amended—

18           (1) in paragraph (8)(B), by striking the period  
19          at the end and inserting “; and”; and

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

21                   “(9) is a regulation concerning metal halide  
22          lamp fixtures adopted by the California Energy  
23          Commission on or before January 1, 2011, except  
24          that—

1           “(A) if the Secretary fails to issue a final  
2 rule within 180 days after the deadlines for  
3 rulemakings in section 325(hh), notwith-  
4 standing any other provision of this section,  
5 preemption shall not apply to a regulation con-  
6 cerning metal halide lamp fixtures adopted by  
7 the California Energy Commission—

8                   “(i) on or before July 1, 2015, if the  
9 Secretary fails to meet the deadline speci-  
10 fied in section 325(hh)(2); or

11                   “(ii) on or before July 1, 2022, if the  
12 Secretary fails to meet the deadline speci-  
13 fied in section 325(hh)(3).”.

14 **SEC. 325. ENERGY EFFICIENCY LABELING FOR CONSUMER**  
15 **ELECTRONIC PRODUCTS.**

16       (a) IN GENERAL.—Section 324(a) of the Energy Pol-  
17 icy and Conservation Act (42 U.S.C. 6294(a)) (as amend-  
18 ed by section 324(d)) is amended—

19           (1) in paragraph (2), by adding at the end the  
20 following:

21                   “(I) LABELING REQUIREMENTS.—

22                           “(i) IN GENERAL.—Subject to clauses  
23 (ii) through (iv), not later than 18 months  
24 after the date of issuance of applicable De-  
25 partment of Energy testing procedures, the

1 Commission, in consultation with the Sec-  
2 retary and the Administrator of the Envi-  
3 ronmental Protection Agency (acting  
4 through the Energy Star program), shall,  
5 by regulation, prescribe labeling or other  
6 disclosure requirements for the energy use  
7 of—

8 “(I) televisions;

9 “(II) personal computers;

10 “(III) cable or satellite set-top  
11 boxes;

12 “(IV) stand-alone digital video  
13 recorder boxes; and

14 “(V) personal computer monitors.

15 “(ii) ALTERNATE TESTING PROCE-  
16 DURES.—In the absence of applica-  
17 ble testing procedures described in clause (i) for  
18 products described in subclauses (I)  
19 through (V) of that clause, the Commis-  
20 sion may, by regulation, prescribe labeling  
21 or other disclosure requirements for a con-  
22 sumer product category described in clause  
23 (i) if the Commission—

1                   “(I) identifies adequate non-De-  
2                   partment of Energy testing proce-  
3                   dures for those products; and

4                   “(II) determines that labeling of,  
5                   or other disclosures relating to, those  
6                   products is likely to assist consumers  
7                   in making purchasing decisions.

8                   “(iii) DEADLINE AND REQUIREMENTS  
9                   FOR LABELING.—

10                   “(I) DEADLINE.—Not later than  
11                   18 months after the date of promulga-  
12                   tion of any requirements under clause  
13                   (i) or (ii), the Commission shall re-  
14                   quire labeling of, or other disclosure  
15                   requirements for, electronic products  
16                   described in clause (i).

17                   “(II) REQUIREMENTS.—The re-  
18                   quirements prescribed under clause (i)  
19                   or (ii) may include specific require-  
20                   ments for each electronic product to  
21                   be labeled with respect to the place-  
22                   ment, size, and content of Energy  
23                   Guide labels.

24                   “(iv) DETERMINATION OF FEASI-  
25                   BILITY.—Clause (i) or (ii) shall not apply

1 in any case in which the Commission de-  
2 termines that labeling in accordance with  
3 this subsection—

4 “(I) is not technologically or eco-  
5 nomically feasible; or

6 “(II) is not likely to assist con-  
7 sumers in making purchasing deci-  
8 sions.”; and

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

10 “(6) AUTHORITY TO INCLUDE ADDITIONAL  
11 PRODUCT CATEGORIES.—The Commission may, by  
12 regulation, require labeling or other disclosures in  
13 accordance with this subsection for any consumer  
14 product not specified in this subsection or section  
15 322 if the Commission determines that labeling for  
16 the product is likely to assist consumers in making  
17 purchasing decisions.”.

18 (b) CONTENT OF LABEL.—Section 324(c) of the En-  
19 ergy Policy and Conservation Act (42 U.S.C. 6924(c)) is  
20 amended by adding at the end the following:

21 “(9) DISCRETIONARY APPLICATION.—The Com-  
22 mission may apply paragraphs (1), (2), (3), (5), and  
23 (6) of this subsection to the labeling of any product  
24 covered by paragraph (2)(I) or (6) of subsection  
25 (a).”.

1     **TITLE IV—ENERGY SAVINGS IN**  
2             **BUILDINGS AND INDUSTRY**

3     **SEC. 401. DEFINITIONS.**

4             In this title:

5                 (1) ADMINISTRATOR.—The term “Adminis-  
6             trator” means the Administrator of General Serv-  
7             ices.

8                 (2) ADVISORY COMMITTEE.—The term “Advi-  
9             sory Committee” means the Green Building Advi-  
10            sory Committee established under section 484.

11                (3) COMMERCIAL DIRECTOR.—The term “Com-  
12             mercial Director” means the individual appointed to  
13             the position established under section 421.

14                (4) CONSORTIUM.—The term “Consortium”  
15             means the High-Performance Green Building Part-  
16             nership Consortium created in response to section  
17             436(c)(1) to represent the private sector in a public-  
18             private partnership to promote high-performance  
19             green buildings and zero-net-energy commercial  
20             buildings.

21                (5) COST-EFFECTIVE LIGHTING TECH-  
22             NOLOGY.—

23                         (A) IN GENERAL.—The term “cost-effec-  
24             tive lighting technology” means a lighting tech-  
25             nology that—

1 (i) will result in substantial oper-  
2 ational cost savings by ensuring an in-  
3 stalled consumption of not more than 1  
4 watt per square foot; or

5 (ii) is contained in a list under—

6 (I) section 553 of Public Law  
7 95–619 (42 U.S.C. 8259b);

8 (II) Federal acquisition regula-  
9 tion 23–203; and

10 (III) is at least as energy-con-  
11 serving as required by other provi-  
12 sions of this Act, including the re-  
13 quirements of this title and title III  
14 which shall be applicable to the extent  
15 that they would achieve greater en-  
16 ergy savings than provided under  
17 clause (i) or this clause.

18 (B) INCLUSIONS.—The term “cost-effec-  
19 tive lighting technology” includes—

20 (i) lamps;

21 (ii) ballasts;

22 (iii) luminaires;

23 (iv) lighting controls;

24 (v) daylighting; and

1 (vi) early use of other highly cost-ef-  
2 fective lighting technologies.

3 (6) COST-EFFECTIVE TECHNOLOGIES AND  
4 PRACTICES.—The term “cost-effective technologies  
5 and practices” means a technology or practice  
6 that—

7 (A) will result in substantial operational  
8 cost savings by reducing electricity or fossil fuel  
9 consumption, water, or other utility costs, in-  
10 cluding use of geothermal heat pumps;

11 (B) complies with the provisions of section  
12 553 of Public Law 95–619 (42 U.S.C. 8259b)  
13 and Federal acquisition regulation 23–203; and

14 (C) is at least as energy and water con-  
15 serving as required under this title, including  
16 sections 431 through 435, and title V, including  
17 section 511 through 525, which shall be appli-  
18 cable to the extent that they are more stringent  
19 or require greater energy or water savings than  
20 required by this section.

21 (7) FEDERAL DIRECTOR.—The term “Federal  
22 Director” means the individual appointed to the po-  
23 sition established under section 436(a).

24 (8) FEDERAL FACILITY.—The term “Federal  
25 facility” means any building that is constructed, ren-

1           ovated, leased, or purchased in part or in whole for  
2           use by the Federal Government.

3           (9) OPERATIONAL COST SAVINGS.—

4                   (A) IN GENERAL.—The term “operational  
5           cost savings” means a reduction in end-use  
6           operational costs through the application of  
7           cost-effective technologies and practices or geo-  
8           thermal heat pumps, including a reduction in  
9           electricity consumption relative to consumption  
10          by the same customer or at the same facility in  
11          a given year, as defined in guidelines promul-  
12          gated by the Administrator pursuant to section  
13          329(b) of the Clean Air Act, that achieves cost  
14          savings sufficient to pay the incremental addi-  
15          tional costs of using cost-effective technologies  
16          and practices including geothermal heat pumps  
17          by not later than the later of the date estab-  
18          lished under sections 431 through 434, or—

19                           (i) for cost-effective technologies and  
20                           practices, the date that is 5 years after the  
21                           date of installation; and

22                           (ii) for geothermal heat pumps, as  
23                           soon as practical after the date of installa-  
24                           tion of the applicable geothermal heat  
25                           pump.

1 (B) INCLUSIONS.—The term “operational  
2 cost savings” includes savings achieved at a fa-  
3 cility as a result of—

4 (i) the installation or use of cost-effec-  
5 tive technologies and practices; or

6 (ii) the planting of vegetation that  
7 shades the facility and reduces the heating,  
8 cooling, or lighting needs of the facility.

9 (C) EXCLUSION.—The term “operational  
10 cost savings” does not include savings from  
11 measures that would likely be adopted in the  
12 absence of cost-effective technology and prac-  
13 tices programs, as determined by the Adminis-  
14 trator.

15 (10) GEOTHERMAL HEAT PUMP.—The term  
16 “geothermal heat pump” means any heating or air  
17 conditioning technology that—

18 (A) uses the ground or ground water as a  
19 thermal energy source to heat, or as a thermal  
20 energy sink to cool, a building; and

21 (B) meets the requirements of the Energy  
22 Star program of the Environmental Protection  
23 Agency applicable to geothermal heat pumps on  
24 the date of purchase of the technology.

25 (11) GSA FACILITY.—

1 (A) IN GENERAL.—The term “GSA facil-  
2 ity” means any building, structure, or facility,  
3 in whole or in part (including the associated  
4 support systems of the building, structure, or  
5 facility) that—

6 (i) is constructed (including facilities  
7 constructed for lease), renovated, or pur-  
8 chased, in whole or in part, by the Admin-  
9 istrator for use by the Federal Govern-  
10 ment; or

11 (ii) is leased, in whole or in part, by  
12 the Administrator for use by the Federal  
13 Government—

14 (I) except as provided in sub-  
15 clause (II), for a term of not less than  
16 5 years; or

17 (II) for a term of less than 5  
18 years, if the Administrator determines  
19 that use of cost-effective technologies  
20 and practices would result in the pay-  
21 back of expenses.

22 (B) INCLUSION.—The term “GSA facility”  
23 includes any group of buildings, structures, or  
24 facilities described in subparagraph (A) (includ-  
25 ing the associated energy-consuming support

1 systems of the buildings, structures, and facili-  
2 ties).

3 (C) EXEMPTION.—The Administrator may  
4 exempt from the definition of “GSA facility”  
5 under this paragraph a building, structure, or  
6 facility that meets the requirements of section  
7 543(c) of Public Law 95–619 (42 U.S.C.  
8 8253(c)).

9 (12) HIGH-PERFORMANCE BUILDING.—The  
10 term “high performance building” means a building  
11 that integrates and optimizes on a life cycle basis all  
12 major high performance attributes, including energy  
13 conservation, environment, safety, security, dura-  
14 bility, accessibility, cost-benefit, productivity, sus-  
15 tainability, functionality, and operational consider-  
16 ations.

17 (13) HIGH-PERFORMANCE GREEN BUILDING.—  
18 The term “high-performance green building” means  
19 a high-performance building that, during its life-  
20 cycle, as compared with similar buildings (as meas-  
21 ured by Commercial Buildings Energy Consumption  
22 Survey or Residential Energy Consumption Survey  
23 data from the Energy Information Agency)—

24 (A) reduces energy, water, and material re-  
25 source use;

1 (B) improves indoor environmental quality,  
2 including reducing indoor pollution, improving  
3 thermal comfort, and improving lighting and  
4 acoustic environments that affect occupant  
5 health and productivity;

6 (C) reduces negative impacts on the envi-  
7 ronment throughout the life-cycle of the build-  
8 ing, including air and water pollution and waste  
9 generation;

10 (D) increases the use of environmentally  
11 preferable products, including biobased, recycled  
12 content, and nontoxic products with lower life-  
13 cycle impacts;

14 (E) increases reuse and recycling opportu-  
15 nities;

16 (F) integrates systems in the building;

17 (G) reduces the environmental and energy  
18 impacts of transportation through building loca-  
19 tion and site design that support a full range  
20 of transportation choices for users of the build-  
21 ing; and

22 (H) considers indoor and outdoor effects of  
23 the building on human health and the environ-  
24 ment, including—

- 1 (i) improvements in worker produc-  
2 tivity;
- 3 (ii) the life-cycle impacts of building  
4 materials and operations; and
- 5 (iii) other factors that the Federal Di-  
6 rector or the Commercial Director consider  
7 to be appropriate.

8 (14) LIFE-CYCLE.—The term “life-cycle”, with  
9 respect to a high-performance green building, means  
10 all stages of the useful life of the building (including  
11 components, equipment, systems, and controls of the  
12 building) beginning at conception of a high-perform-  
13 ance green building project and continuing through  
14 site selection, design, construction, landscaping,  
15 commissioning, operation, maintenance, renovation,  
16 deconstruction or demolition, removal, and recycling  
17 of the high-performance green building.

18 (15) LIFE-CYCLE ASSESSMENT.—The term  
19 “life-cycle assessment” means a comprehensive sys-  
20 tem approach for measuring the environmental per-  
21 formance of a product or service over the life of the  
22 product or service, beginning at raw materials acqui-  
23 sition and continuing through manufacturing, trans-  
24 portation, installation, use, reuse, and end-of-life  
25 waste management.

1           (16) LIFE-CYCLE COSTING.—The term “life-  
2       cycle costing”, with respect to a high-performance  
3       green building, means a technique of economic eval-  
4       uation that—

5           (A) sums, over a given study period, the  
6       costs of initial investment (less resale value), re-  
7       placements, operations (including energy use),  
8       and maintenance and repair of an investment  
9       decision; and

10          (B) is expressed—

11           (i) in present value terms, in the case  
12       of a study period equivalent to the longest  
13       useful life of the building, determined by  
14       taking into consideration the typical life of  
15       such a building in the area in which the  
16       building is to be located; or

17           (ii) in annual value terms, in the case  
18       of any other study period.

19          (17) OFFICE OF COMMERCIAL HIGH-PERFORM-  
20       ANCE GREEN BUILDINGS.—The term “Office of  
21       Commercial High-Performance Green Buildings”  
22       means the Office of Commercial High-Performance  
23       Green Buildings established under section 421(a).

24          (18) OFFICE OF FEDERAL HIGH-PERFORMANCE  
25       GREEN BUILDINGS.—The term “Office of Federal

1 High-Performance Green Buildings” means the Of-  
2 fice of Federal High-Performance Green Buildings  
3 established under section 436(a).

4 (19) PRACTICES.—The term “practices” means  
5 design, financing, permitting, construction, commis-  
6 sioning, operation and maintenance, and other prac-  
7 tices that contribute to achieving zero-net-energy  
8 buildings or facilities.

9 (20) ZERO-NET-ENERGY COMMERCIAL BUILD-  
10 ING.—The term “zero-net-energy commercial build-  
11 ing” means a commercial building that is designed,  
12 constructed, and operated to—

13 (A) require a greatly reduced quantity of  
14 energy to operate;

15 (B) meet the balance of energy needs from  
16 sources of energy that do not produce green-  
17 house gases;

18 (C) therefore result in no net emissions of  
19 greenhouse gases; and

20 (D) be economically viable.

1     **Subtitle A—Residential Building**  
2                     **Efficiency**

3     **SEC. 411. REAUTHORIZATION OF WEATHERIZATION ASSIST-**  
4                     **ANCE PROGRAM.**

5             (a) IN GENERAL.—Section 422 of the Energy Con-  
6     servation and Production Act (42 U.S.C. 6872) is amend-  
7     ed by striking “ appropriated \$500,000,000 for fiscal year  
8     2006, \$600,000,000 for fiscal year 2007, and  
9     \$700,000,000 for fiscal year 2008” and inserting “apro-  
10    priated—

11                 “(1) \$750,000,000 for fiscal year 2008;

12                 “(2) \$900,000,000 for fiscal year 2009;

13                 “(3) \$1,050,000,000 for fiscal year 2010;

14                 “(4) \$1,200,000,000 for fiscal year 2011; and

15                 “(5) \$1,400,000,000 for fiscal year 2012.”.

16             (b) SUSTAINABLE ENERGY RESOURCES FOR CON-  
17     SUMERS GRANTS.—

18                 (1) IN GENERAL.—The Secretary may make  
19     funding available to local weatherization agencies  
20     from amounts authorized under the amendment  
21     made by subsection (a) to expand the weatherization  
22     assistance program for residential buildings to in-  
23     clude materials, benefits, and renewable and domes-  
24     tic energy technologies not covered by the program  
25     (as of the date of enactment of this Act), if the

1 State weatherization grantee certifies that the appli-  
2 cant has the capacity to carry out the proposed ac-  
3 tivities and that the grantee will include the project  
4 in the financial oversight of the grantee of the  
5 weatherization assistance program.

6 (2) PRIORITY.—In selecting grant recipients  
7 under this subsection, the Secretary shall give pri-  
8 ority to—

9 (A) the expected effectiveness and benefits  
10 of the proposed project to low- and moderate-  
11 income energy consumers;

12 (B) the potential for replication of success-  
13 ful results;

14 (C) the impact on the health and safety  
15 and energy costs of consumers served; and

16 (D) the extent of partnerships with other  
17 public and private entities that contribute to  
18 the resources and implementation of the pro-  
19 gram, including financial partnerships.

20 (3) FUNDING.—

21 (A) IN GENERAL.—Except as provided in  
22 paragraph (2), the amount of funds used for  
23 projects described in paragraph (1) may equal  
24 up to 2 percent of the amount of funds made  
25 available for any fiscal year under section 422

1 of the Energy Conservation and Production Act  
2 (42 U.S.C. 6872).

3 (B) EXCEPTION.—No funds may be used  
4 for sustainable energy resources for consumers  
5 grants for a fiscal year under this subsection if  
6 the amount of funds made available for the fis-  
7 cal year to carry out the Weatherization Assist-  
8 ance Program for Low-Income Persons estab-  
9 lished under part A of title IV of the Energy  
10 Conservation and Production Act (42 U.S.C.  
11 6861 et seq.) is less than \$275,000,000.

12 (c) DEFINITION OF STATE.—Section 412 of the En-  
13 ergy Conservation and Production Act (42 U.S.C. 6862)  
14 is amended by striking paragraph (8) and inserting the  
15 following:

16 “(8) STATE.—The term ‘State’ means—  
17 “(A) a State;  
18 “(B) the District of Columbia;  
19 “(C) the Commonwealth of Puerto Rico;  
20 and  
21 “(D) any other territory or possession of  
22 the United States.”.

1 **SEC. 412. STUDY OF RENEWABLE ENERGY REBATE PRO-**  
2 **GRAMS.**

3 (a) IN GENERAL.—Not later than 120 days after the  
4 date of enactment of this Act, the Secretary shall conduct,  
5 and submit to Congress a report on, a study regarding  
6 the rebate programs established under sections 124 and  
7 206(c) of the Energy Policy Act of 2005 (42 U.S.C.  
8 15821, 15853).

9 (b) COMPONENTS.—In conducting the study, the Sec-  
10 retary shall—

11 (1) develop a plan for how the rebate programs  
12 would be carried out if the programs were funded;  
13 and

14 (2) determine the minimum amount of funding  
15 the program would need to receive in order to ac-  
16 complish the goals of the programs.

17 **SEC. 413. ENERGY CODE IMPROVEMENTS APPLICABLE TO**  
18 **MANUFACTURED HOUSING.**

19 (a) ESTABLISHMENT OF STANDARDS.—

20 (1) IN GENERAL.—Not later than 4 years after  
21 the date of enactment of this Act, the Secretary  
22 shall by regulation establish standards for energy ef-  
23 ficiency in manufactured housing.

24 (2) NOTICE, COMMENT, AND CONSULTATION.—  
25 Standards described in paragraph (1) shall be estab-  
26 lished after—

1 (A) notice and an opportunity for comment  
2 by manufacturers of manufactured housing and  
3 other interested parties; and

4 (B) consultation with the Secretary of  
5 Housing and Urban Development, who may  
6 seek further counsel from the Manufactured  
7 Housing Consensus Committee.

8 (b) REQUIREMENTS.—

9 (1) INTERNATIONAL ENERGY CONSERVATION  
10 CODE.—The energy conservation standards estab-  
11 lished under this section shall be based on the most  
12 recent version of the International Energy Conserva-  
13 tion Code (including supplements), except in cases in  
14 which the Secretary finds that the code is not cost-  
15 effective, or a more stringent standard would be  
16 more cost-effective, based on the impact of the code  
17 on the purchase price of manufactured housing and  
18 on total life-cycle construction and operating costs.

19 (2) CONSIDERATIONS.—The energy conserva-  
20 tion standards established under this section may—

21 (A) take into consideration the design and  
22 factory construction techniques of manufac-  
23 tured homes;

24 (B) be based on the climate zones estab-  
25 lished by the Department of Housing and

1 Urban Development rather than the climate  
2 zones under the International Energy Conserva-  
3 tion Code; and

4 (C) provide for alternative practices that  
5 result in net estimated energy consumption  
6 equal to or less than the specified standards.

7 (3) UPDATING.—The energy conservation  
8 standards established under this section shall be up-  
9 dated not later than—

10 (A) 1 year after the date of enactment of  
11 this Act; and

12 (B) 1 year after any revision to the Inter-  
13 national Energy Conservation Code.

14 (c) ENFORCEMENT.—Any manufacturer of manufac-  
15 tured housing that violates a provision of the regulations  
16 under subsection (a) is liable to the United States for a  
17 civil penalty in an amount not exceeding 1 percent of the  
18 manufacturer's retail list price of the manufactured hous-  
19 ing.

20 **Subtitle B—High-Performance**  
21 **Commercial Buildings**

22 **SEC. 421. COMMERCIAL HIGH-PERFORMANCE GREEN**  
23 **BUILDINGS.**

24 (a) DIRECTOR OF COMMERCIAL HIGH-PERFORM-  
25 ANCE GREEN BUILDINGS.—Notwithstanding any other

1 provision of law, the Secretary, acting through the Assist-  
2 ant Secretary of Energy Efficiency and Renewable En-  
3 ergy, shall appoint a Director of Commercial High-Per-  
4 formance Green Buildings to a position in the career-re-  
5 served Senior Executive service, with the principal respon-  
6 sibility to—

7 (1) establish and manage the Office of Com-  
8 mercial High-Performance Green Buildings; and

9 (2) carry out other duties as required under  
10 this subtitle.

11 (b) QUALIFICATIONS.—The Commercial Director  
12 shall be an individual, who by reason of professional back-  
13 ground and experience, is specifically qualified to carry out  
14 the duties required under this subtitle.

15 (c) DUTIES.—The Commercial Director shall, with  
16 respect to development of high-performance green build-  
17 ings and zero-energy commercial buildings nationwide—

18 (1) coordinate the activities of the Office of  
19 Commercial High-Performance Green Buildings with  
20 the activities of the Office of Federal High-Perform-  
21 ance Green Buildings;

22 (2) develop the legal predicates and agreements  
23 for, negotiate, and establish one or more public-pri-  
24 vate partnerships with the Consortium, members of  
25 the Consortium, and other capable parties meeting

1 the qualifications of the Consortium, to further such  
2 development;

3 (3) represent the public and the Department in  
4 negotiating and performing in accord with such pub-  
5 lic-private partnerships;

6 (4) use appropriated funds in an effective man-  
7 ner to encourage the maximum investment of private  
8 funds to achieve such development;

9 (5) promote research and development of high  
10 performance green buildings, consistent with section  
11 423; and

12 (6) jointly establish with the Federal Director a  
13 national high-performance green building clearing-  
14 house in accordance with section 423(1), which shall  
15 provide high-performance green building information  
16 and disseminate research results through—

17 (A) outreach;

18 (B) education; and

19 (C) the provision of technical assistance.

20 (d) REPORTING.—The Commercial Director shall re-  
21 port directly to the Assistant Secretary for Energy Effi-  
22 ciency and Renewable Energy, or to other senior officials  
23 in a way that facilitates the integrated program of this  
24 subtitle for both energy efficiency and renewable energy

1 and both technology development and technology deploy-  
2 ment.

3 (e) COORDINATION.—The Commercial Director shall  
4 ensure full coordination of high-performance green build-  
5 ing information and activities, including activities under  
6 this subtitle, within the Federal Government by working  
7 with the General Services Administration and all relevant  
8 agencies, including, at a minimum—

9 (1) the Environmental Protection Agency;

10 (2) the Office of the Federal Environmental  
11 Executive;

12 (3) the Office of Federal Procurement Policy;

13 (4) the Department of Energy, particularly the  
14 Federal Energy Management Program;

15 (5) the Department of Health and Human  
16 Services;

17 (6) the Department of Housing and Urban De-  
18 velopment;

19 (7) the Department of Defense;

20 (8) the National Institute of Standards and  
21 Technology;

22 (9) the Department of Transportation;

23 (10) the Office of Science Technology and Pol-  
24 icy; and

1           (11) such nonprofit high-performance green  
2 building rating and analysis entities as the Commer-  
3 cial Director determines can offer support, expertise,  
4 and review services.

5           (f) HIGH-PERFORMANCE GREEN BUILDING PART-  
6 NERSHIP CONSORTIUM.—

7           (1) RECOGNITION.—Not later than 90 days  
8 after the date of enactment of this Act, the Commer-  
9 cial Director shall formally recognize one or more  
10 groups that qualify as a high-performance green  
11 building partnership consortium.

12           (2) REPRESENTATION TO QUALIFY.—To qualify  
13 under this section, any consortium shall include rep-  
14 resentation from—

15           (A) the design professions, including na-  
16 tional associations of architects and of profes-  
17 sional engineers;

18           (B) the development, construction, finan-  
19 cial, and real estate industries;

20           (C) building owners and operators from  
21 the public and private sectors;

22           (D) academic and research organizations,  
23 including at least one national laboratory with  
24 extensive commercial building energy expertise;

1           (E) building code agencies and organiza-  
2           tions, including a model energy code-setting or-  
3           ganization;

4           (F) independent high-performance green  
5           building associations or councils;

6           (G) experts in indoor air quality and envi-  
7           ronmental factors;

8           (H) experts in intelligent buildings and in-  
9           tegrated building information systems;

10          (I) utility energy efficiency programs;

11          (J) manufacturers and providers of equip-  
12          ment and techniques used in high performance  
13          green buildings;

14          (K) public transportation industry experts;  
15          and

16          (L) nongovernmental energy efficiency or-  
17          ganizations.

18          (3) FUNDING.—The Secretary may make pay-  
19          ments to the Consortium pursuant to the terms of  
20          a public-private partnership for such activities of the  
21          Consortium undertaken under such a partnership as  
22          described in this subtitle directly to the Consortium  
23          or through one or more of its members.

24          (g) REPORT.—Not later than 2 years after the date  
25 of enactment of this Act, and biennially thereafter, the

1 Commercial Director, in consultation with the Consor-  
2 tium, shall submit to Congress a report that—

3 (1) describes the status of the high-performance  
4 green building initiatives under this subtitle and  
5 other Federal programs affecting commercial high-  
6 performance green buildings in effect as of the date  
7 of the report, including—

8 (A) the extent to which the programs are  
9 being carried out in accordance with this sub-  
10 title; and

11 (B) the status of funding requests and ap-  
12 propriations for those programs; and

13 (2) summarizes and highlights development, at  
14 the State and local level, of high-performance green  
15 building initiatives, including executive orders, poli-  
16 cies, or laws adopted promoting high-performance  
17 green building (including the status of implementa-  
18 tion of those initiatives).

19 **SEC. 422. ZERO NET ENERGY COMMERCIAL BUILDINGS INI-**  
20 **TIATIVE.**

21 (a) **DEFINITIONS.**—In this section:

22 (1) **CONSORTIUM.**—The term “consortium”  
23 means a High-Performance Green Building Consor-  
24 tium selected by the Commercial Director.

1           (2) INITIATIVE.—The term “initiative” means  
2           the Zero-Net-Energy Commercial Buildings Initia-  
3           tive established under subsection (b)(1).

4           (3) ZERO-NET-ENERGY COMMERCIAL BUILD-  
5           ING.—The term “zero-net-energy commercial build-  
6           ing” means a high-performance commercial building  
7           that is designed, constructed, and operated—

8                   (A) to require a greatly reduced quantity  
9                   of energy to operate;

10                   (B) to meet the balance of energy needs  
11                   from sources of energy that do not produce  
12                   greenhouse gases;

13                   (C) in a manner that will result in no net  
14                   emissions of greenhouse gases; and

15                   (D) to be economically viable.

16           (b) ESTABLISHMENT.—

17                   (1) IN GENERAL.—The Commercial Director  
18                   shall establish an initiative, to be known as the  
19                   “Zero-Net-Energy Commercial Buildings Initia-  
20                   tive”—

21                           (A) to reduce the quantity of energy con-  
22                           sumed by commercial buildings located in the  
23                           United States; and

1 (B) to achieve the development of zero net  
2 energy commercial buildings in the United  
3 States.

4 (2) CONSORTIUM.—

5 (A) IN GENERAL.—Not later than 180  
6 days after the date of enactment of this Act,  
7 the Commercial Director shall competitively se-  
8 lect, and enter into an agreement with, a con-  
9 sortium to develop and carry out the initiative.

10 (B) AGREEMENTS.—In entering into an  
11 agreement with a consortium under subpara-  
12 graph (A), the Commercial Director shall use  
13 the authority described in section 646(g) of the  
14 Department of Energy Organization Act (42  
15 U.S.C. 7256(g)), to the maximum extent prac-  
16 ticable.

17 (c) GOAL OF INITIATIVE.—The goal of the initiative  
18 shall be to develop and disseminate technologies, practices,  
19 and policies for the development and establishment of zero  
20 net energy commercial buildings for—

21 (1) any commercial building newly constructed  
22 in the United States by 2030;

23 (2) 50 percent of the commercial building stock  
24 of the United States by 2040; and

1           (3) all commercial buildings in the United  
2 States by 2050.

3           (d) COMPONENTS.—In carrying out the initiative, the  
4 Commercial Director, in consultation with the consortium,  
5 may—

6           (1) conduct research and development on build-  
7 ing science, design, materials, components, equip-  
8 ment and controls, operation and other practices, in-  
9 tegration, energy use measurement, and  
10 benchmarking;

11           (2) conduct pilot programs and demonstration  
12 projects to evaluate replicable approaches to achiev-  
13 ing energy efficient commercial buildings for a vari-  
14 ety of building types in a variety of climate zones;

15           (3) conduct deployment, dissemination, and  
16 technical assistance activities to encourage wide-  
17 spread adoption of technologies, practices, and poli-  
18 cies to achieve energy efficient commercial buildings;

19           (4) conduct other research, development, dem-  
20 onstration, and deployment activities necessary to  
21 achieve each goal of the initiative, as determined by  
22 the Commercial Director, in consultation with the  
23 consortium;

1           (5) develop training materials and courses for  
2 building professionals and trades on achieving cost-  
3 effective high-performance energy efficient buildings;

4           (6) develop and disseminate public education  
5 materials to share information on the benefits and  
6 cost-effectiveness of high-performance energy effi-  
7 cient buildings;

8           (7) support code-setting organizations and  
9 State and local governments in developing minimum  
10 performance standards in building codes that recog-  
11 nize the ready availability of many technologies uti-  
12 lized in high-performance energy efficient buildings;

13           (8) develop strategies for overcoming the split  
14 incentives between builders and purchasers, and  
15 landlords and tenants, to ensure that energy effi-  
16 ciency and high-performance investments are made  
17 that are cost-effective on a lifecycle basis; and

18           (9) develop improved means of measurement  
19 and verification of energy savings and performance  
20 for public dissemination.

21       (e) COST SHARING.—In carrying out this section, the  
22 Commercial Director shall require cost sharing in accord-  
23 ance with section 988 of the Energy Policy Act of 2005  
24 (42 U.S.C. 16352).

1 (f) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to carry out this sec-  
3 tion—

4 (1) \$20,000,000 for fiscal year 2008;

5 (2) \$50,000,000 for each of fiscal years 2009  
6 and 2010;

7 (3) \$100,000,000 for each of fiscal years 2011  
8 and 2012; and

9 (4) \$200,000,000 for each of fiscal years 2013  
10 through 2018.

11 **SEC. 423. PUBLIC OUTREACH.**

12 The Commercial Director and Federal Director, in  
13 coordination with the Consortium, shall carry out public  
14 outreach to inform individuals and entities of the informa-  
15 tion and services available Governmentwide by—

16 (1) establishing and maintaining a national  
17 high-performance green building clearinghouse, in-  
18 cluding on the internet, that—

19 (A) identifies existing similar efforts and  
20 coordinates activities of common interest; and

21 (B) provides information relating to high-  
22 performance green buildings, including  
23 hyperlinks to internet sites that describe the ac-  
24 tivities, information, and resources of—

25 (i) the Federal Government;

- 1 (ii) State and local governments;
- 2 (iii) the private sector (including non-
- 3 governmental and nonprofit entities and
- 4 organizations); and
- 5 (iv) international organizations;
- 6 (2) identifying and recommending educational
- 7 resources for implementing high-performance green
- 8 building practices, including security and emergency
- 9 benefits and practices;
- 10 (3) providing access to technical assistance,
- 11 tools, and resources for constructing high-perform-
- 12 ance green buildings, particularly tools to conduct
- 13 life-cycle costing and life-cycle assessment;
- 14 (4) providing information on application proc-
- 15 esses for certifying a high-performance green build-
- 16 ing, including certification and commissioning;
- 17 (5) providing to the public, through the Com-
- 18 mercial Director, technical and research information
- 19 or other forms of assistance or advice that would be
- 20 useful in planning and constructing high-perform-
- 21 ance green buildings;
- 22 (6) using such additional methods as are deter-
- 23 mined by the Commercial Director to be appropriate
- 24 to conduct public outreach;

- 1 (7) surveying existing research and studies re-
- 2 lating to high-performance green buildings; and
- 3 (8) coordinating activities of common interest.

4 **Subtitle C—High-Performance**

5 **Federal Buildings**

6 **SEC. 431. ENERGY REDUCTION GOALS FOR FEDERAL**

7 **BUILDINGS.**

8 Section 543(a)(1) of the National Energy Conserva-

9 tion Policy Act (42 U.S.C. 8253(a)(1)) is amended by

10 striking the table and inserting the following:

<b>“Fiscal Year</b>	<b>Percentage reduction</b>
2006 .....	2
2007 .....	4
2008 .....	9
2009 .....	12
2010 .....	15
2011 .....	18
2012 .....	21
2013 .....	24
2014 .....	27
2015 .....	30.”

11 **SEC. 432. MANAGEMENT OF ENERGY AND WATER EFFI-**

12 **CIENCY IN FEDERAL BUILDINGS.**

13 Section 543 of the National Energy Conservation

14 Policy Act (42 U.S.C. 8253) is amended by adding at the

15 end the following:

16 **“(f) USE OF ENERGY AND WATER EFFICIENCY**

17 **MEASURES IN FEDERAL BUILDINGS.—**

18 **“(1) DEFINITIONS.—**In this subsection:

1                   “(A) COMMISSIONING.—The term ‘commis-  
2                   sioning’, with respect to a facility, means a sys-  
3                   tematic process—

4                   “(i) of ensuring, using appropriate  
5                   verification and documentation, during the  
6                   period beginning on the initial day of the  
7                   design phase of the facility and ending not  
8                   earlier than 1 year after the date of com-  
9                   pletion of construction of the facility, that  
10                  all facility systems perform interactively in  
11                  accordance with—

12                  “(I) the design documentation  
13                  and intent of the facility; and

14                  “(II) the operational needs of the  
15                  owner of the facility, including prepa-  
16                  ration of operation personnel; and

17                  “(ii) the primary goal of which is to  
18                  ensure fully functional systems that can be  
19                  properly operated and maintained during  
20                  the useful life of the facility.

21                  “(B) ENERGY MANAGER.—

22                  “(i) IN GENERAL.—The term ‘energy  
23                  manager’, with respect to a facility, means  
24                  the individual who is responsible for—

1                   “(I) ensuring compliance with  
2                   this subsection by the facility; and

3                   “(II) reducing energy use at the  
4                   facility.

5                   “(ii) INCLUSIONS.—The term ‘energy  
6                   manager’ may include—

7                   “(I) a contractor of a facility;

8                   “(II) a part-time employee of a  
9                   facility; and

10                   “(III) an individual who is re-  
11                   sponsible for multiple facilities.

12                   “(C) FACILITY.—

13                   “(i) IN GENERAL.—The term ‘facility’  
14                   means any building, installation, structure,  
15                   or other property (including any applicable  
16                   fixtures) owned or operated by, or con-  
17                   structed or manufactured and leased to,  
18                   the Federal Government.

19                   “(ii) INCLUSIONS.—The term ‘facility’  
20                   includes—

21                   “(I) a group of facilities at a sin-  
22                   gle location or multiple locations man-  
23                   aged as an integrated operation; and



1                   “(aa) net savings in esti-  
2                   mated energy and water costs;  
3                   and

4                   “(bb) operations, mainte-  
5                   nance, repair, replacement, and  
6                   other direct costs.

7                   “(ii) MODIFICATIONS AND EXCEP-  
8                   TIONS.—The Secretary, in guidelines  
9                   issued pursuant to paragraph (6), may  
10                  make such modifications and provide such  
11                  exceptions to the calculation of the pay-  
12                  back period of a measure as the Secretary  
13                  determines to be appropriate to achieve the  
14                  purposes of this Act.

15                  “(F) RECOMMISSIONING.—The term ‘re-  
16                  commissioning’ means a process—

17                         “(i) of commissioning a facility or sys-  
18                         tem beyond the project development and  
19                         warranty phases of the facility or system;  
20                         and

21                         “(ii) the primary goal of which is to  
22                         ensure optimum performance of a facility,  
23                         in accordance with design or current oper-  
24                         ating needs, over the useful life of the fa-

1                   cility, while meeting building occupancy re-  
2                   quirements.

3                   “(G) RETROCOMMISSIONING.—The term  
4                   ‘retrocommissioning’ means a process of com-  
5                   missioning a facility or system that was not  
6                   commissioned at time of construction of the fa-  
7                   cility or system.

8                   “(2) FACILITY ENERGY MANAGERS.—

9                   “(A) IN GENERAL.—Each Federal agency  
10                  shall designate an energy manager responsible  
11                  for implementing this subsection and reducing  
12                  energy use at each facility that meets criteria  
13                  under subparagraph (B).

14                  “(B) COVERED FACILITIES.—The Sec-  
15                  retary shall develop criteria, after consultation  
16                  with affected agencies, energy efficiency advo-  
17                  cates, and energy and utility service providers,  
18                  that cover, at a minimum, Federal facilities, in-  
19                  cluding central utility plants and distribution  
20                  systems and other energy intensive operations,  
21                  that constitute at least 75 percent of facility en-  
22                  ergy use at each agency.

23                  “(3) ENERGY AND WATER EVALUATIONS.—

24                  “(A) EVALUATIONS.—Effective beginning  
25                  on the date that is 180 days after the date of

1 enactment of this subsection and annually  
2 thereafter, energy managers shall complete, for  
3 each calendar year, a comprehensive energy and  
4 water evaluation for approximately 25 percent  
5 of the facilities of each agency that meet the  
6 criteria under paragraph (2)(B) in a manner  
7 that ensures that an evaluation of each such fa-  
8 cility is completed at least once every 4 years.

9 “(B) RECOMMISSIONING AND  
10 RETROCOMMISSIONING.—As part of the evalua-  
11 tion under subparagraph (A), the energy man-  
12 ager shall identify and assess recommissioning  
13 measures (or, if the facility has never been com-  
14 missioned, retrocommissioning measures) for  
15 each such facility.

16 “(4) IMPLEMENTATION OF IDENTIFIED ENERGY  
17 AND WATER EFFICIENCY MEASURES.—Not later  
18 than 2 years after the completion of each evaluation  
19 under paragraph (3), each energy manager may—

20 “(A) implement any energy- or water-sav-  
21 ing measure that the Federal agency identified  
22 in the evaluation conducted under paragraph  
23 (3) that is life cycle cost-effective; and

24 “(B) bundle individual measures of varying  
25 paybacks together into combined projects.

1           “(5) FOLLOW-UP ON IMPLEMENTED MEAS-  
2           URES.—For each measure implemented under para-  
3           graph (4), each energy manager shall ensure that—

4                   “(A) equipment, including building and  
5                   equipment controls, is fully commissioned at ac-  
6                   ceptance to be operating at design specifica-  
7                   tions;

8                   “(B) a plan for appropriate operations,  
9                   maintenance, and repair of the equipment is in  
10                  place at acceptance and is followed;

11                  “(C) equipment and system performance is  
12                  measured during its entire life to ensure proper  
13                  operations, maintenance, and repair; and

14                  “(D) energy and water savings are meas-  
15                  ured and verified.

16           “(6) GUIDELINES.—

17                   “(A) IN GENERAL.—The Secretary shall  
18                   issue guidelines and necessary criteria that each  
19                   Federal agency shall follow for implementation  
20                   of—

21                           “(i) paragraphs (2) and (3) not later  
22                           than 180 days after the date of enactment  
23                           of this subsection; and

1                   “(ii) paragraphs (4) and (5) not later  
2                   than 1 year after the date of enactment of  
3                   this subsection.

4                   “(B)   RELATIONSHIP   TO   FUNDING  
5                   SOURCE.—The guidelines issued by the Sec-  
6                   retary under subparagraph (A) shall be appro-  
7                   priate and uniform for measures funded with  
8                   each type of funding made available under  
9                   paragraph (10), but may distinguish between  
10                  different types of measures project size, and  
11                  other criteria the Secretary determines are rel-  
12                  evant.

13                  “(7) WEB-BASED CERTIFICATION.—

14                  “(A) IN GENERAL.—For each facility that  
15                  meets the criteria established by the Secretary  
16                  under paragraph (2)(B), the energy manager  
17                  shall use the web-based tracking system under  
18                  subparagraph (B) to certify compliance with the  
19                  requirements for—

20                         “(i) energy and water evaluations  
21                         under paragraph (3);

22                         “(ii) implementation of identified en-  
23                         ergy and water measures under paragraph  
24                         (4); and

1 “(iii) follow-up on implemented meas-  
2 ures under paragraph (5).

3 “(B) DEPLOYMENT.—

4 “(i) IN GENERAL.—Not later than 1  
5 year after the date of enactment of this  
6 subsection, the Secretary shall develop and  
7 deploy a web-based tracking system re-  
8 quired under this paragraph in a manner  
9 that tracks, at a minimum—

10 “(I) the covered facilities;

11 “(II) the status of meeting the  
12 requirements specified in subpara-  
13 graph (A);

14 “(III) the estimated cost and  
15 savings for measures required to be  
16 implemented in a facility;

17 “(IV) the measured savings and  
18 persistence of savings for implemented  
19 measures; and

20 “(V) the benchmarking informa-  
21 tion disclosed under paragraph (8)(C).

22 “(ii) EASE OF COMPLIANCE.—The  
23 Secretary shall ensure that energy man-  
24 ager compliance with the requirements in

1           this paragraph, to the maximum extent  
2           practicable—

3                   “(I) can be accomplished with  
4                   the use of streamlined procedures and  
5                   templates that minimize the time de-  
6                   mands on Federal employees; and

7                   “(II) is coordinated with other  
8                   applicable energy reporting require-  
9                   ments.

10           “(C) AVAILABILITY.—

11                   “(i) IN GENERAL.—Subject to clause  
12                   (ii), the Secretary shall make the web-  
13                   based tracking system required under this  
14                   paragraph available to Congress, other  
15                   Federal agencies, and the public through  
16                   the Internet.

17                   “(ii) EXEMPTIONS.—At the request of  
18                   a Federal agency, the Secretary may ex-  
19                   empt specific data for specific facilities  
20                   from disclosure under clause (i) for na-  
21                   tional security purposes.

22           “(8) BENCHMARKING OF FEDERAL FACILI-  
23           TIES.—

24                   “(A) IN GENERAL.—The energy manager  
25                   shall enter energy use data for each metered

1 building that is (or is a part of) a facility that  
2 meets the criteria established by the Secretary  
3 under paragraph (2)(B) into a building energy  
4 use benchmarking system, such as the Energy  
5 Star Portfolio Manager.

6 “(B) SYSTEM AND GUIDANCE.—Not later  
7 than 1 year after the date of enactment of this  
8 subsection, the Secretary shall—

9 “(i) select or develop the building en-  
10 ergy use benchmarking system required  
11 under this paragraph for each type of  
12 building; and

13 “(ii) issue guidance for use of the sys-  
14 tem.

15 “(C) PUBLIC DISCLOSURE.—Each energy  
16 manager shall post the information entered  
17 into, or generated by, a benchmarking system  
18 under this subsections, on the web-based track-  
19 ing system under paragraph (7)(B). The energy  
20 manager shall update such information each  
21 year, and shall include in such reporting pre-  
22 vious years’ information to allow changes in  
23 building performance to be tracked over time.

24 “(9) FEDERAL AGENCY SCORECARDS.—

1           “(A) IN GENERAL.—The Director of the  
2           Office of Management and Budget shall issue  
3           semiannual scorecards for energy management  
4           activities carried out by each Federal agency  
5           that includes—

6                   “(i) summaries of the status of imple-  
7                   menting the various requirements of the  
8                   agency and its energy managers under this  
9                   subsection; and

10                   “(ii) any other means of measuring  
11                   performance that the Director considers  
12                   appropriate.

13           “(B) AVAILABILITY.—The Director shall  
14           make the scorecards required under this para-  
15           graph available to Congress, other Federal  
16           agencies, and the public through the Internet.

17           “(10) FUNDING AND IMPLEMENTATION.—

18                   “(A) AUTHORIZATION OF APPROPRIA-  
19                   TIONS.—There are authorized to be appro-  
20                   priated such sums as are necessary to carry out  
21                   this subsection.

22                   “(B) FUNDING OPTIONS.—

23                   “(i) IN GENERAL.—To carry out this  
24                   subsection, a Federal agency may use any  
25                   combination of—

1                   “(I) appropriated funds made  
2                   available under subparagraph (A);  
3                   and

4                   “(II) private financing otherwise  
5                   authorized under Federal law, includ-  
6                   ing financing available through energy  
7                   savings performance contracts or util-  
8                   ity energy service contracts.

9                   “(ii) COMBINED FUNDING FOR SAME  
10                  MEASURE.—A Federal agency may use any  
11                  combination of appropriated funds and pri-  
12                  vate financing described in clause (i) to  
13                  carry out the same measure under this  
14                  subsection.

15                  “(C) IMPLEMENTATION.—Each Federal  
16                  agency may implement the requirements under  
17                  this subsection itself or may contract out per-  
18                  formance of some or all of the requirements.

19                  “(11) RULE OF CONSTRUCTION.—This sub-  
20                  section shall not be construed to require or to obvi-  
21                  ate any contractor savings guarantees.”.

22 **SEC. 433. FEDERAL BUILDING ENERGY EFFICIENCY PER-**  
23 **FORMANCE STANDARDS.**

24                  (a) STANDARDS.—Section 305(a)(3) of the Energy  
25 Conservation and Production Act (42 U.S.C. 6834(a)(3))

1 is amended by adding at the end the following new sub-  
2 paragraph:

3 “(D) Not later than 1 year after the date of enact-  
4 ment of the Energy Independence and Security Act of  
5 2007, the Secretary shall establish, by rule, revised Fed-  
6 eral building energy efficiency performance standards that  
7 require that:

8 “(i) For new Federal buildings and Federal  
9 buildings undergoing major renovations, with respect  
10 to which the Administrator of General Services is re-  
11 quired to transmit a prospectus to Congress under  
12 section 3307 of title 40, United States Code, in the  
13 case of public buildings (as defined in section 3301  
14 of title 40, United States Code), or of at least  
15 \$2,500,000 in costs adjusted annually for inflation  
16 for other buildings:

17 “(I) The buildings shall be designed so  
18 that the fossil fuel-generated energy consump-  
19 tion of the buildings is reduced, as compared  
20 with such energy consumption by a similar  
21 building in fiscal year 2003 (as measured by  
22 Commercial Buildings Energy Consumption  
23 Survey or Residential Energy Consumption  
24 Survey data from the Energy Information

1 Agency), by the percentage specified in the fol-  
 2 lowing table:

“Fiscal Year	Percentage Reduction
2010 .....	55
2015 .....	65
2020 .....	80
2025 .....	90
2030 .....	100.

3 “(II) Upon petition by an agency subject  
 4 to this subparagraph, the Secretary may adjust  
 5 the applicable numeric requirement under sub-  
 6 clause (I) downward with respect to a specific  
 7 building, if the head of the agency designing the  
 8 building certifies in writing that meeting such  
 9 requirement would be technically impracticable  
 10 in light of the agency’s specified functional  
 11 needs for that building and the Secretary con-  
 12 curs with the agency’s conclusion. This sub-  
 13 clause shall not apply to the General Services  
 14 Administration.

15 “(III) Sustainable design principles shall  
 16 be applied to the siting, design, and construc-  
 17 tion of such buildings. Not later than 90 days  
 18 after the date of enactment of the Energy Inde-  
 19 pendence and Security Act of 2007, the Sec-  
 20 retary, after reviewing the findings of the Fed-  
 21 eral Director under section 436(h) of that Act,  
 22 in consultation with the Administrator of Gen-

1           eral Services, and in consultation with the Sec-  
2           retary of Defense for considerations relating to  
3           those facilities under the custody and control of  
4           the Department of Defense, shall identify a cer-  
5           tification system and level for green buildings  
6           that the Secretary determines to be the most  
7           likely to encourage a comprehensive and envi-  
8           ronmentally-sound approach to certification of  
9           green buildings. The identification of the certifi-  
10          cation system and level shall be based on a re-  
11          view of the Federal Director's findings under  
12          section 436(h) of the Energy Independence and  
13          Security Act of 2007 and the criteria specified  
14          in clause (iii), shall identify the highest level the  
15          Secretary determines is appropriate above the  
16          minimum level required for certification under  
17          the system selected, and shall achieve results at  
18          least comparable to the system used by and  
19          highest level referenced by the General Services  
20          Administration as of the date of enactment of  
21          the Energy Independence and Security Act of  
22          2007. Within 90 days of the completion of each  
23          study required by clause (iv), the Secretary, in  
24          consultation with the Administrator of General  
25          Services, and in consultation with the Secretary

1 of Defense for considerations relating to those  
2 facilities under the custody and control of the  
3 Department of Defense, shall review and update  
4 the certification system and level, taking into  
5 account the conclusions of such study.

6 “(ii) In establishing criteria for identifying  
7 major renovations that are subject to the require-  
8 ments of this subparagraph, the Secretary shall take  
9 into account the scope, degree, and types of renova-  
10 tions that are likely to provide significant opportuni-  
11 ties for substantial improvements in energy effi-  
12 ciency.

13 “(iii) In identifying the green building certifi-  
14 cation system and level, the Secretary shall take into  
15 consideration—

16 “(I) the ability and availability of assessors  
17 and auditors to independently verify the criteria  
18 and measurement of metrics at the scale nec-  
19 essary to implement this subparagraph;

20 “(II) the ability of the applicable certifi-  
21 cation organization to collect and reflect public  
22 comment;

23 “(III) the ability of the standard to be de-  
24 veloped and revised through a consensus-based  
25 process;

1           “(IV) an evaluation of the robustness of  
2           the criteria for a high-performance green build-  
3           ing, which shall give credit for promoting—

4                   “(aa) efficient and sustainable use of  
5                   water, energy, and other natural resources;

6                   “(bb) use of renewable energy sources;

7                   “(cc) improved indoor environmental  
8                   quality through enhanced indoor air qual-  
9                   ity, thermal comfort, acoustics, day light-  
10                  ing, pollutant source control, and use of  
11                  low-emission materials and building system  
12                  controls; and

13                  “(dd) such other criteria as the Sec-  
14                  retary determines to be appropriate; and

15                  “(V) national recognition within the build-  
16                  ing industry.

17                  “(iv) At least once every five years, and in ac-  
18                  cordance with section 436 of the Energy Independ-  
19                  ence and Security Act of 2007, the Administrator of  
20                  General Services shall conduct a study to evaluate  
21                  and compare available third-party green building  
22                  certification systems and levels, taking into account  
23                  the criteria listed in clause (iii).

24                  “(v) The Secretary may by rule allow Federal  
25                  agencies to develop internal certification processes,

1 using certified professionals, in lieu of certification  
2 by the certification entity identified under clause  
3 (i)(III). The Secretary shall include in any such rule  
4 guidelines to ensure that the certification process re-  
5 sults in buildings meeting the applicable certification  
6 system and level identified under clause (i)(III). An  
7 agency employing an internal certification process  
8 must continue to obtain external certification by the  
9 certification entity identified under clause (i)(III) for  
10 at least 5 percent of the total number of buildings  
11 certified annually by the agency.

12 “(vi) With respect to privatized military hous-  
13 ing, the Secretary of Defense, after consultation  
14 with the Secretary may, through rulemaking, develop  
15 alternative criteria to those established by subclauses  
16 (I) and (III) of clause (i) that achieve an equivalent  
17 result in terms of energy savings, sustainable design,  
18 and green building performance.

19 “(vii) In addition to any use of water conserva-  
20 tion technologies otherwise required by this section,  
21 water conservation technologies shall be applied to  
22 the extent that the technologies are life-cycle cost-ef-  
23 fective.”.

24 (b) DEFINITIONS.—Section 303(6) of the Energy  
25 Conservation and Production Act (42 U.S.C. 6832(6)) is

1 amended by striking “which is not legally subject to State  
2 or local building codes or similar requirements.” and in-  
3 serting “. Such term shall include buildings built for the  
4 purpose of being leased by a Federal agency, and  
5 privatized military housing.”.

6 (c) REVISION OF FEDERAL ACQUISITION REGULA-  
7 TION.—Not later than 2 years after the date of the enact-  
8 ment of this Act, the Federal Acquisition Regulation shall  
9 be revised to require Federal officers and employees to  
10 comply with this section and the amendments made by  
11 this section in the acquisition, construction, or major ren-  
12 ovation of any facility. The members of the Federal Acqui-  
13 sition Regulatory Council (established under section 25 of  
14 the Office of Federal Procurement Policy Act (41 U.S.C.  
15 421)) shall consult with the Federal Director and the  
16 Commercial Director before promulgating regulations to  
17 carry out this subsection.

18 (d) GUIDANCE.—Not later than 90 days after the  
19 date of promulgation of the revised regulations under sub-  
20 section (c), the Administrator for Federal Procurement  
21 Policy shall issue guidance to all Federal procurement ex-  
22 ecutives providing direction and instructions to renegotiate  
23 the design of proposed facilities and major renovations for  
24 existing facilities to incorporate improvements that are  
25 consistent with this section.

1 **SEC. 434. MANAGEMENT OF FEDERAL BUILDING EFFI-**  
2 **CIENCY .**

3 (a) LARGE CAPITAL ENERGY INVESTMENTS.—Sec-  
4 tion 543 of the National Energy Conservation Policy Act  
5 (42 U.S.C. 8253) is amended by adding at the end the  
6 following:

7 “(f) LARGE CAPITAL ENERGY INVESTMENTS.—

8 “(1) IN GENERAL.—Each Federal agency shall  
9 ensure that any large capital energy investment in  
10 an existing building that is not a major renovation  
11 but involves replacement of installed equipment  
12 (such as heating and cooling systems), or involves  
13 renovation, rehabilitation, expansion, or remodeling  
14 of existing space, employs the most energy efficient  
15 designs, systems, equipment, and controls that are  
16 life-cycle cost effective.

17 “(2) PROCESS FOR REVIEW OF INVESTMENT  
18 DECISIONS.—Not later than 180 days after the date  
19 of enactment of this subsection, each Federal agency  
20 shall—

21 “(A) develop a process for reviewing each  
22 decision made on a large capital energy invest-  
23 ment described in paragraph (1) to ensure that  
24 the requirements of this subsection are met;  
25 and

1                   “(B) report to the Director of the Office of  
2                   Management and Budget on the process estab-  
3                   lished.

4                   “(3) COMPLIANCE REPORT.—Not later than 1  
5                   year after the date of enactment of this subsection,  
6                   the Director of the Office of Management and Budg-  
7                   et shall evaluate and report to Congress on the com-  
8                   pliance of each agency with this subsection.”.

9                   (b) METERING.—Section 543(e)(1) of the National  
10                  Energy Conservation Policy Act (42 U.S.C. 8253(e)(1))  
11                  is amended by inserting after the second sentence the fol-  
12                  lowing: “Not later than October 1, 2016, each agency shall  
13                  provide for equivalent metering of natural gas and steam,  
14                  in accordance with guidelines established by the Secretary  
15                  under paragraph (2).”.

16                  **SEC. 435. LEASING.**

17                  (a) IN GENERAL.—Except as provided in subsection  
18                  (b), effective beginning on the date that is 3 years after  
19                  the date of enactment of this Act, no Federal agency shall  
20                  enter into a contract to lease space in a building that has  
21                  not earned the Energy Star label in the most recent year.

22                  (b) EXCEPTION.—

23                         (1) APPLICATION.—This subsection applies if—  
24                                 (A) no space is available in a building de-  
25                                 scribed in subsection (a) that meets the func-

1            tional requirements of an agency, including lo-  
2            cational needs;

3            (B) the agency proposes to remain in a  
4            building that the agency has occupied pre-  
5            viously;

6            (C) the agency proposes to lease a building  
7            of historical, architectural, or cultural signifi-  
8            cance (as defined in section 3306(a)(4) of title  
9            40, United States Code) or space in such a  
10           building; or

11           (D) the lease is for not more than 10,000  
12           gross square feet of space.

13           (2) BUILDINGS WITHOUT ENERGY STAR  
14           LABEL.—If 1 of the conditions described in para-  
15           graph (2) is met, the agency may enter into a con-  
16           tract to lease space in a building that has not earned  
17           the Energy Star label in the most recent year if the  
18           lease contract includes provisions requiring that,  
19           prior to occupancy or, in the case of a contract de-  
20           scribed in paragraph (1)(B), not later than 1 year  
21           after signing the contract, the space will be ren-  
22           ovated for all energy efficiency and conservation im-  
23           provements that would be cost effective over the life  
24           of the lease, including improvements in lighting, win-

1       dows, and heating, ventilation, and air conditioning  
2       systems.

3       (c) REVISION OF FEDERAL ACQUISITION REGULA-  
4       TION.—

5           (1) IN GENERAL.—Not later than 3 years after  
6       the date of the enactment of this Act, the Federal  
7       Acquisition Regulation described in section 6(a) of  
8       the Office of Federal Procurement Policy Act (41  
9       U.S.C. 405(a)) shall be revised to require Federal  
10      officers and employees to comply with this section in  
11      leasing buildings.

12          (2) CONSULTATION.—The members of the Fed-  
13      eral Acquisition Regulatory Council established  
14      under section 25 of the Office of Federal Procure-  
15      ment Policy Act (41 U.S.C. 421)) shall consult with  
16      the Federal Director and the Commercial Director  
17      before promulgating regulations to carry out this  
18      subsection.

19   **SEC. 436. HIGH-PERFORMANCE GREEN FEDERAL BUILD-**  
20                   **INGS.**

21          (a) ESTABLISHMENT OF OFFICE.—Not later than 60  
22      days after the date of enactment of this Act, the Adminis-  
23      trator shall establish within the General Services Adminis-  
24      tration an Office of Federal High-Performance Green  
25      Buildings, and appoint an individual to serve as Federal

1 Director in, a position in the career-reserved Senior Exec-  
2 utive service, to—

3 (1) establish and manage the Office of Federal  
4 High-Performance Green Buildings; and

5 (2) carry out other duties as required under  
6 this subtitle.

7 (b) COMPENSATION.—The compensation of the Fed-  
8 eral Director shall not exceed the maximum rate of basic  
9 pay for the Senior Executive Service under section 5382  
10 of title 5, United States Code, including any applicable  
11 locality-based comparability payment that may be author-  
12 ized under section 5304(h)(2)(C) of that title.

13 (c) DUTIES.—The Federal Director shall—

14 (1) coordinate the activities of the Office of  
15 Federal High-Performance Green Buildings with the  
16 activities of the Office of Commercial High-Perform-  
17 ance Green Buildings, and the Secretary, in accord-  
18 ance with section 305(a)(3)(D) of the Energy Con-  
19 servation and Production Act (42 U.S.C.  
20 6834(a)(3)(D));

21 (2) ensure full coordination of high-performance  
22 green building information and activities within the  
23 General Services Administration and all relevant  
24 agencies, including, at a minimum—

25 (A) the Environmental Protection Agency;

1 (B) the Office of the Federal Environ-  
2 mental Executive;

3 (C) the Office of Federal Procurement Pol-  
4 icy;

5 (D) the Department of Energy;

6 (E) the Department of Health and Human  
7 Services;

8 (F) the Department of Defense;

9 (G) the Department of Transportation;

10 (H) the National Institute of Standards  
11 and Technology; and

12 (I) the Office of Science and Technology  
13 Policy;

14 (3) establish a senior-level Federal Green Build-  
15 ing Advisory Committee under section 474, which  
16 shall provide advice and recommendations in accord-  
17 ance with that section and subsection (d);

18 (4) identify and every 5 years reassess improved  
19 or higher rating standards recommended by the Ad-  
20 visory Committee;

21 (5) ensure full coordination, dissemination of  
22 information regarding, and promotion of the results  
23 of research and development information relating to  
24 Federal high-performance green building initiatives;

1           (6) identify and develop Federal high-perform-  
2           ance green building standards for all types of Fed-  
3           eral facilities, consistent with the requirements of  
4           this subtitle and section 305(a)(3)(D) of the Energy  
5           Conservation and Production Act (42 U.S.C.  
6           6834(a)(3)(D));

7           (7) establish green practices that can be used  
8           throughout the life of a Federal facility;

9           (8) review and analyze current Federal budget  
10          practices and life-cycle costing issues, and make rec-  
11          ommendations to Congress, in accordance with sub-  
12          section (d); and

13          (9) identify opportunities to demonstrate inno-  
14          vative and emerging green building technologies and  
15          concepts.

16          (d) ADDITIONAL DUTIES.—The Federal Director, in  
17          consultation with the Commercial Director and the Advi-  
18          sory Committee, and consistent with the requirements of  
19          section 305(a)(3)(D) of the Energy Conservation and Pro-  
20          duction Act (42 U.S.C. 6834(a)(3)(D)) shall—

21               (1) identify, review, and analyze current budget  
22               and contracting practices that affect achievement of  
23               high-performance green buildings, including the  
24               identification of barriers to high-performance green  
25               building life-cycle costing and budgetary issues;

1           (2) develop guidance and conduct training ses-  
2           sions with budget specialists and contracting per-  
3           sonnel from Federal agencies and budget examiners  
4           to apply life-cycle cost criteria to actual projects;

5           (3) identify tools to aid life-cycle cost decision-  
6           making; and

7           (4) explore the feasibility of incorporating the  
8           benefits of high-performance green buildings, such  
9           as security benefits, into a cost-budget analysis to  
10          aid in life-cycle costing for budget and decision-  
11          making processes.

12          (e) INCENTIVES.—Within 90 days after the date of  
13          enactment of this Act, the Federal Director shall identify  
14          incentives to encourage the expedited use of high-perform-  
15          ance green buildings and related technology in the oper-  
16          ations of the Federal Government, in accordance with the  
17          requirements of section 305(a)(3)(D) of the Energy Con-  
18          servation and Production Act (42 U.S.C. 6834(a)(3)(D)),  
19          including through—

20               (1) the provision of recognition awards; and

21               (2) the maximum feasible retention of financial  
22          savings in the annual budgets of Federal agencies  
23          for use in reinvesting in future high-performance  
24          green building initiatives.

1 (f) REPORT.—Not later than 2 years after the date  
2 of enactment of this Act, and biennially thereafter, the  
3 Federal Director, in consultation with the Secretary, shall  
4 submit to Congress a report that—

5 (1) describes the status of compliance with this  
6 subtitle, the requirements of section 305(a)(3)(D) of  
7 the Energy Conservation and Production Act (42  
8 U.S.C. 6834(a)(3)(D)), and other Federal high-per-  
9 formance green building initiatives in effect as of the  
10 date of the report, including—

11 (A) the extent to which the programs are  
12 being carried out in accordance with this sub-  
13 title and the requirements of section  
14 305(a)(3)(D) of that Act; and

15 (B) the status of funding requests and ap-  
16 propriations for those programs;

17 (2) identifies within the planning, budgeting,  
18 and construction process all types of Federal facility  
19 procedures that may affect the certification of new  
20 and existing Federal facilities as high-performance  
21 green buildings under the provisions of section  
22 305(a)(3)(D) of that Act and the criteria established  
23 in subsection (h);

24 (3) identifies inconsistencies, as reported to the  
25 Advisory Committee, in Federal law with respect to

1 product acquisition guidelines and high-performance  
2 product guidelines;

3 (4) recommends language for uniform stand-  
4 ards for use by Federal agencies in environmentally  
5 responsible acquisition;

6 (5) in coordination with the Office of Manage-  
7 ment and Budget, reviews the budget process for  
8 capital programs with respect to alternatives for—

9 (A) restructuring of budgets to require the  
10 use of complete energy and environmental cost  
11 accounting;

12 (B) using operations expenditures in budg-  
13 et-related decisions while simultaneously incor-  
14 porating productivity and health measures (as  
15 those measures can be quantified by the Office  
16 of Federal High-Performance Green Buildings,  
17 with the assistance of universities and national  
18 laboratories);

19 (C) streamlining measures for permitting  
20 Federal agencies to retain all identified savings  
21 accrued as a result of the use of life-cycle cost-  
22 ing for future high-performance green building  
23 initiatives; and

24 (D) identifying short-term and long-term  
25 cost savings that accrue from high-performance

1 green buildings, including those relating to  
2 health and productivity;

3 (6) identifies green, self-sustaining technologies  
4 to address the operational needs of Federal facilities  
5 in times of national security emergencies, natural  
6 disasters, or other dire emergencies;

7 (7) summarizes and highlights development, at  
8 the State and local level, of high-performance green  
9 building initiatives, including executive orders, poli-  
10 cies, or laws adopted promoting high-performance  
11 green building (including the status of implementa-  
12 tion of those initiatives); and

13 (8) includes, for the 2-year period covered by  
14 the report, recommendations to address each of the  
15 matters, and a plan for implementation of each rec-  
16 ommendation, described in paragraphs (1) through  
17 (7).

18 (g) IMPLEMENTATION.—The Office of Federal High-  
19 Performance Green Buildings shall carry out each plan  
20 for implementation of recommendations under subsection  
21 (f)(8).

22 (h) IDENTIFICATION OF CERTIFICATION SYSTEM.—

23 (1) IN GENERAL.—For the purpose of this sec-  
24 tion, not later than 60 days after the date of enact-  
25 ment of this Act, the Federal Director shall identify

1 and shall provide to the Secretary pursuant to sec-  
2 tion 305(a)(3)(D) of the Energy Conservation and  
3 Production Act (42 U.S.C. 6834(a)(3)(D)), a certifi-  
4 cation system that the Director determines to be the  
5 most likely to encourage a comprehensive and envi-  
6 ronmentally-sound approach to certification of green  
7 buildings.

8 (2) BASIS.—The system identified under para-  
9 graph (1) shall be based on—

10 (A) a study completed every 5 years and  
11 provided to the Secretary pursuant to section  
12 305(a)(3)(D) of that Act, which shall be carried  
13 out by the Federal Director to compare and  
14 evaluate standards;

15 (B) the ability and availability of assessors  
16 and auditors to independently verify the criteria  
17 and measurement of metrics at the scale nec-  
18 essary to implement this subtitle;

19 (C) the ability of the applicable standard-  
20 setting organization to collect and reflect public  
21 comment;

22 (D) the ability of the standard to be devel-  
23 oped and revised through a consensus-based  
24 process;

- 1 (E) an evaluation of the robustness of the  
2 criteria for a high performance green building,  
3 which shall give credit for promoting—
- 4 (i) efficient and sustainable use of  
5 water, energy, and other natural resources;
  - 6 (ii) use of renewable energy sources;
  - 7 (iii) improved indoor environmental  
8 quality through enhanced indoor air qual-  
9 ity, thermal comfort, acoustics, day light-  
10 ing, pollutant source control, and use of  
11 low-emission materials and building system  
12 controls;
  - 13 (iv) reduced impacts from transpor-  
14 tation through building location and site  
15 design that promote access by public trans-  
16 portation; and
  - 17 (v) such other criteria as the Federal  
18 Director determines to be appropriate; and
- 19 (F) national recognition within the build-  
20 ing industry.

21 **SEC. 437. FEDERAL GREEN BUILDING PERFORMANCE.**

22 (a) IN GENERAL.—Not later than October 31 of each  
23 of the 2 fiscal years following the fiscal year in which this  
24 Act is enacted, and at such times thereafter as the Comp-  
25 troller General of the United States determines to be ap-

1 appropriate, the Comptroller General of the United States  
2 shall, with respect to the fiscal years that have passed  
3 since the preceding report—

4 (1) conduct an audit of the implementation of  
5 this subtitle, section 305(a)(3)(D) of the Energy  
6 Conservation and Production Act (42 U.S.C.  
7 6834(a)(3)(D)), and section 435; and

8 (2) submit to the Federal Director, the Advi-  
9 sory Committee, the Administrator, and Congress a  
10 report describing the results of the audit.

11 (b) CONTENTS.—An audit under subsection (a) shall  
12 include a review, with respect to the period covered by the  
13 report under subsection (a)(2), of—

14 (1) budget, life-cycle costing, and contracting  
15 issues, using best practices identified by the Comp-  
16 troller General of the United States and heads of  
17 other agencies in accordance with section 436(d);

18 (2) the level of coordination among the Federal  
19 Director, the Office of Management and Budget, the  
20 Department of Energy, and relevant agencies;

21 (3) the performance of the Federal Director  
22 and other agencies in carrying out the implementa-  
23 tion plan;

24 (4) the design stage of high-performance green  
25 building measures;



1 **SEC. 439. COST-EFFECTIVE TECHNOLOGY ACCELERATION**  
2 **PROGRAM.**

3 (a) DEFINITION OF ADMINISTRATOR.—In this sec-  
4 tion, the term “Administrator” means the Administrator  
5 of General Services.

6 (b) ESTABLISHMENT.—

7 (1) IN GENERAL.—The Administrator shall es-  
8 tablish a program to accelerate the use of more cost-  
9 effective technologies and practices at GSA facilities.

10 (2) REQUIREMENTS.—The program established  
11 under this subsection shall—

12 (A) ensure centralized responsibility for  
13 the coordination of cost reduction-related rec-  
14 ommendations, practices, and activities of all  
15 relevant Federal agencies;

16 (B) provide technical assistance and oper-  
17 ational guidance to applicable tenants to  
18 achieve the goal identified in subsection  
19 (c)(2)(B)(ii);

20 (C) establish methods to track the success  
21 of Federal departments and agencies with re-  
22 spect to that goal; and

23 (D) be fully coordinated with and no less  
24 stringent nor less energy-conserving or water-  
25 conserving than required by other provisions of  
26 this Act and other applicable law, including sec-

1           tions 321 through 324, 431 through 438, 461,  
2           511 through 518, and 523 through 525 and  
3           amendments made by those sections.

4           (c) ACCELERATED USE OF TECHNOLOGIES.—

5           (1) REVIEW.—

6           (A) IN GENERAL.—As part of the program  
7           under this section, not later than 90 days after  
8           the date of enactment of this Act, the Adminis-  
9           trator shall conduct a review of—

10           (i) current use of cost-effective light-  
11           ing technologies and geothermal heat  
12           pumps in GSA facilities; and

13           (ii) the availability to managers of  
14           GSA facilities of cost-effective lighting  
15           technologies and geothermal heat pumps.

16           (B) REQUIREMENTS.—The review under  
17           subparagraph (A) shall—

18           (i) examine the use of cost-effective  
19           lighting technologies, geothermal heat  
20           pumps, and other cost-effective tech-  
21           nologies and practices by Federal agencies  
22           in GSA facilities; and

23           (ii) as prepared in consultation with  
24           the Administrator of the Environmental  
25           Protection Agency, identify cost-effective

1           lighting technology and geothermal heat  
2           pump technology standards that could be  
3           used for all types of GSA facilities.

4           (2) REPLACEMENT.—

5           (A) IN GENERAL.—As part of the program  
6           under this section, not later than 180 days  
7           after the date of enactment of this Act, the Ad-  
8           ministrators shall establish, using available ap-  
9           propriations and programs implementing sec-  
10          tions 432 and 525 (and amendments made by  
11          those sections), a cost-effective lighting tech-  
12          nology and geothermal heat pump technology  
13          acceleration program to achieve maximum fea-  
14          sible replacement of existing lighting, heating,  
15          cooling technologies with cost-effective lighting  
16          technologies and geothermal heat pump tech-  
17          nologies in each GSA facility. Such program  
18          shall fully comply with the requirements of sec-  
19          tions 321 through 324, 431 through 438, 461,  
20          511 through 518, and 523 through 525 and  
21          amendments made by those sections and any  
22          other provisions of law, which shall be applica-  
23          ble to the extent that they are more stringent  
24          or would achieve greater energy savings than  
25          required by this section.

1 (B) ACCELERATION PLAN TIMETABLE.—

2 (i) IN GENERAL.—To implement the  
3 program established under subparagraph  
4 (A), not later than 1 year after the date of  
5 enactment of this Act, the Administrator  
6 shall establish a timetable of actions to  
7 comply with the requirements of this sec-  
8 tion and sections 431 through 435, which-  
9 ever achieves greater energy savings most  
10 expeditiously, including milestones for spe-  
11 cific activities needed to replace existing  
12 lighting, heating, cooling technologies with  
13 cost-effective lighting technologies and geo-  
14 thermal heat pump technologies, to the  
15 maximum extent feasible (including at the  
16 maximum rate feasible), at each GSA facil-  
17 ity.

18 (ii) GOAL.—The goal of the timetable  
19 under clause (i) shall be to complete, using  
20 available appropriations and programs im-  
21 plementing sections 431 through 435 (and  
22 amendments made by those sections), max-  
23 imum feasible replacement of existing  
24 lighting, heating, and cooling technologies  
25 with cost-effective lighting technologies and

1 geothermal heat pump technologies con-  
2 sistent with the requirements of this sec-  
3 tion and sections 431 through 435, which-  
4 ever achieves greater energy savings most  
5 expeditiously. Notwithstanding any provi-  
6 sion of this section, such program shall  
7 fully comply with the requirements of the  
8 Act including sections 321 through 324,  
9 431 through 438, 461, 511 through 518,  
10 and 523 through 525 and amendments  
11 made by those sections and other provi-  
12 sions of law, which shall be applicable to  
13 the extent that they are more stringent or  
14 would achieve greater energy or water sav-  
15 ings than required by this section.

16 (d) GSA FACILITY TECHNOLOGIES AND PRAC-  
17 TICES.—

18 (1) IN GENERAL.—Not later than 180 days  
19 after the date of enactment of this Act, and annually  
20 thereafter, the Administrator shall—

21 (A) ensure that a manager responsible for  
22 implementing section 432 and for accelerating  
23 the use of cost-effective technologies and prac-  
24 tices is designated for each GSA facility; and

1           (B) submit to Congress a plan to comply  
2           with section 432, this section, and other appli-  
3           cable provisions of this Act and applicable law  
4           with respect to energy and water conservation  
5           at GSA facilities.

6           (2) MEASURES.—The plan shall implement  
7           measures required by such other provisions of law in  
8           accordance with those provisions, and shall imple-  
9           ment the measures required by this section to the  
10          maximum extent feasible (including at the maximum  
11          rate feasible) using available appropriations and pro-  
12          grams implementing sections 431 through 435 and  
13          525 (and amendments made by those sections), by  
14          not later than the date that is 5 years after the date  
15          of enactment of this Act.

16          (3) CONTENTS OF PLAN.—The plan shall—

17                (A) with respect to cost-effective tech-  
18                nologies and practices—

19                   (i) identify the specific activities need-  
20                   ed to comply with sections 431 through  
21                   435;

22                   (ii) identify the specific activities  
23                   needed to achieve at least a 20-percent re-  
24                   duction in operational costs through the  
25                   application of cost-effective technologies

1                   and practices from 2003 levels at GSA fa-  
2                   cilities by not later than 5 years after the  
3                   date of enactment of this Act;

4                   (iii) describe activities required and  
5                   carried out to estimate the funds necessary  
6                   to achieve the reduction described in  
7                   clauses (i) and (ii);

8                   (B) include an estimate of the funds nec-  
9                   essary to carry out this section;

10                  (C) describe the status of the implementa-  
11                  tion of cost-effective technologies and practices  
12                  at GSA facilities, including—

13                   (i) the extent to which programs, in-  
14                   cluding the program established under sub-  
15                   section (b), are being carried out in ac-  
16                   cordance with this subtitle; and

17                   (ii) the status of funding requests and  
18                   appropriations for those programs;

19                  (D) identify within the planning, budg-  
20                  eting, and construction processes, all types of  
21                  GSA facility-related procedures that inhibit new  
22                  and existing GSA facilities from implementing  
23                  cost-effective technologies;

24                  (E) recommend language for uniform  
25                  standards for use by Federal agencies in imple-

1           menting cost-effective technologies and prac-  
2           tices;

3           (F) in coordination with the Office of Man-  
4           agement and Budget, review the budget process  
5           for capital programs with respect to alternatives  
6           for—

7                   (i) implementing measures that will  
8                   assure that Federal agencies retain all  
9                   identified savings accrued as a result of  
10                  the use of cost-effective technologies, con-  
11                  sistent with section 543(a)(1) of the Na-  
12                  tional Energy Conservation Policy Act (42  
13                  U.S.C. 8253(a)(1), and other applicable  
14                  law; and

15                   (ii) identifying short- and long-term  
16                   cost savings that accrue from the use of  
17                   cost-effective technologies and practices;

18           (G) with respect to cost-effective tech-  
19           nologies and practices, achieve substantial oper-  
20           ational cost savings through the application of  
21           the technologies; and

22           (H) include recommendations to address  
23           each of the matters, and a plan for implementa-  
24           tion of each recommendation, described in sub-  
25           paragraphs (A) through (G).

1           (4) ADMINISTRATION.—Notwithstanding any  
2           provision of this section, the program required under  
3           this section shall fully comply with the requirements  
4           of sections 321 through 324, 431 through 438, 461,  
5           511 through 518, and 523 through 525 and amend-  
6           ments made by those sections, which shall be appli-  
7           cable to the extent that they are more stringent or  
8           would achieve greater energy or water savings than  
9           required by this section.

10          (e) AUTHORIZATION OF APPROPRIATIONS.—There  
11          are authorized to be appropriated such sums as are nec-  
12          essary to carry out this section, to remain available until  
13          expended.

14          **SEC. 440. AUTHORIZATION OF APPROPRIATIONS.**

15          There is authorized to be appropriated to carry out  
16          sections 434 through 439 and 482 \$4,000,000 for each  
17          of fiscal years 2008 through 2012, to remain available  
18          until expended.

19          **SEC. 441. PUBLIC BUILDING LIFE-CYCLE COSTS.**

20          Section 544(a)(1) of the National Energy Conserva-  
21          tion Policy Act (42 U.S.C. 8254(a)(1)) is amended by  
22          striking “25” and inserting “40”.

1           **Subtitle D—Industrial Energy**  
2                           **Efficiency**

3   **SEC. 451. INDUSTRIAL ENERGY EFFICIENCY.**

4           (a) IN GENERAL.—Title III of the Energy Policy and  
5 Conservation Act (42 U.S.C. 6291 et seq.) is amended by  
6 inserting after part D the following:

7           **“PART E—INDUSTRIAL ENERGY EFFICIENCY**

8   **“SEC. 371. DEFINITIONS.**

9           “In this part:

10                   “(1) ADMINISTRATOR.—The term ‘Adminis-  
11 trator’ means the Administrator of the Environ-  
12 mental Protection Agency.

13                   “(2) COMBINED HEAT AND POWER.—The term  
14 ‘combined heat and power system’ means a facility  
15 that—

16                           “(A) simultaneously and efficiently pro-  
17 duces useful thermal energy and electricity; and

18                           “(B) recovers not less than 60 percent of  
19 the energy value in the fuel (on a higher-heat-  
20 ing-value basis) in the form of useful thermal  
21 energy and electricity.

22                   “(3) NET EXCESS POWER.—The term ‘net ex-  
23 cess power’ means, for any facility, recoverable waste  
24 energy recovered in the form of electricity in quan-  
25 tities exceeding the total consumption of electricity

1 at the specific time of generation on the site at  
2 which the facility is located.

3 “(4) PROJECT.—The term ‘project’ means a re-  
4 coverable waste energy project or a combined heat  
5 and power system project.

6 “(5) RECOVERABLE WASTE ENERGY.—The  
7 term ‘recoverable waste energy’ means waste energy  
8 from which electricity or useful thermal energy may  
9 be recovered through modification of an existing fa-  
10 cility or addition of a new facility.

11 “(6) REGISTRY.—The term ‘Registry’ means  
12 the Registry of Recoverable Waste Energy Sources  
13 established under section 372(d).

14 “(7) USEFUL THERMAL ENERGY.—The term  
15 ‘useful thermal energy’ means energy—

16 “(A) in the form of direct heat, steam, hot  
17 water, or other thermal form that is used in  
18 production and beneficial measures for heating,  
19 cooling, humidity control, process use, or other  
20 valid thermal end-use energy requirements; and

21 “(B) for which fuel or electricity would  
22 otherwise be consumed.

23 “(8) WASTE ENERGY.—The term ‘waste energy’  
24 means—

1           “(A) exhaust heat or flared gas from any  
2 industrial process;

3           “(B) waste gas or industrial tail gas that  
4 would otherwise be flared, incinerated, or vent-  
5 ed;

6           “(C) a pressure drop in any gas, excluding  
7 any pressure drop to a condenser that subse-  
8 quently vents the resulting heat; and

9           “(D) such other forms of waste energy as  
10 the Administrator may determine.

11           “(9) OTHER TERMS.—The terms ‘electric util-  
12 ity’, ‘nonregulated electric utility’, ‘State regulated  
13 electric utility’, and other terms have the meanings  
14 given those terms in title I of the Public Utility Reg-  
15 ulatory Policies Act of 1978 (16 U.S.C. 2611 et  
16 seq.).

17 **“SEC. 372. SURVEY AND REGISTRY.**

18           “(a) RECOVERABLE WASTE ENERGY INVENTORY  
19 PROGRAM.—

20           “(1) IN GENERAL.—The Administrator, in co-  
21 operation with the Secretary and State energy of-  
22 fices, shall establish a recoverable waste energy in-  
23 ventory program.

24           “(2) SURVEY.—The program shall include—

1           “(A) an ongoing survey of all major indus-  
2           trial and large commercial combustion sources  
3           in the United States (as defined by the Admin-  
4           istrator) and the sites at which the sources are  
5           located; and

6           “(B) a review of each source for the quan-  
7           tity and quality of waste energy produced at the  
8           source.

9           “(b) CRITERIA.—

10           “(1) IN GENERAL.—Not later than 270 days  
11           after the date of enactment of the Energy Independ-  
12           ence and Security Act of 2007, the Administrator  
13           shall publish a rule for establishing criteria for in-  
14           cluding sites in the Registry.

15           “(2) INCLUSIONS.—The criteria shall include—

16           “(A) a requirement that, to be included in  
17           the Registry, a project at the site shall be deter-  
18           mined to be economically feasible by virtue of  
19           offering a payback of invested costs not later  
20           than 5 years after the date of first full project  
21           operation (including incentives offered under  
22           this part);

23           “(B) standards to ensure that projects pro-  
24           posed for inclusion in the Registry are not de-  
25           veloped or used for the primary purpose of

1 making sales of excess electric power under the  
2 regulatory provisions of this part; and

3 “(C) procedures for contesting the listing  
4 of any source or site on the Registry by any  
5 State, utility, or other interested person.

6 “(c) TECHNICAL SUPPORT.—On the request of the  
7 owner or operator of a source or site included in the Reg-  
8 istry, the Secretary shall—

9 “(1) provide to owners or operators of combus-  
10 tion sources technical support; and

11 “(2) offer partial funding (in an amount equal  
12 to not more than  $\frac{1}{2}$  of total costs) for feasibility  
13 studies to confirm whether or not investment in re-  
14 covery of waste energy or combined heat and power  
15 at a source would offer a payback period of 5 years  
16 or less.

17 “(d) REGISTRY.—

18 “(1) ESTABLISHMENT.—

19 “(A) IN GENERAL.—Not later than 1 year  
20 after the date of enactment of the Energy Inde-  
21 pendence and Security Act of 2007, the Admin-  
22 istrator shall establish a Registry of Recover-  
23 able Waste Energy Sources, and sites on which  
24 the sources are located, that meet the criteria  
25 established under subsection (b).

1           “(B) UPDATES; AVAILABILITY.—The Ad-  
2           ministrator shall—

3                   “(i) update the Registry on a regular  
4           basis; and

5                   “(ii) make the Registry available to  
6           the public on the website of the Environ-  
7           mental Protection Agency.

8           “(C) CONTESTING LISTING.—Any State,  
9           electric utility, or other interested person may  
10          contest the listing of any source or site by sub-  
11          mitting a petition to the Administrator.

12          “(2) CONTENTS.—

13                  “(A) IN GENERAL.—The Administrator  
14          shall register and include on the Registry all  
15          sites meeting the criteria established under sub-  
16          section (b).

17                  “(B) QUANTITY OF RECOVERABLE WASTE  
18          ENERGY.—The Administrator shall—

19                          “(i) calculate the total quantities of  
20                  potentially recoverable waste energy from  
21                  sources at the sites, nationally and by  
22                  State; and

23                          “(ii) make public—

24                                  “(I) the total quantities described  
25                  in clause (i); and



1 the source pursuant to the incentives  
2 provided under section 374.

3 “(iii) STATE TOTALS.—Information  
4 concerning the site shall be included in the  
5 total quantity of recoverable waste energy  
6 for a State unless there are fewer than 3  
7 sites in the State.

8 “(4) REMOVAL OF PROJECTS FROM REG-  
9 ISTRY.—

10 “(A) IN GENERAL.—Subject to subpara-  
11 graph (B), as a project achieves successful re-  
12 covery of waste energy, the Administrator  
13 shall—

14 “(i) remove the related sites or  
15 sources from the Registry; and

16 “(ii) designate the removed projects  
17 as eligible for incentives under section 374.

18 “(B) LIMITATION.—No project shall be re-  
19 moved from the Registry without the consent of  
20 the owner or operator of the project if—

21 “(i) the owner or operator has sub-  
22 mitted a petition under section 374; and

23 “(ii) the petition has not been acted  
24 on or denied.

1           “(5) INELIGIBILITY OF CERTAIN SOURCES.—

2           The Administrator shall not list any source con-  
3           structed after the date of the enactment of the En-  
4           ergy Independence and Security Act of 2007 on the  
5           Registry if the Administrator determines that the  
6           source—

7                   “(A) was developed for the primary pur-  
8                   pose of making sales of excess electric power  
9                   under the regulatory provisions of this part; or

10                   “(B) does not capture at least 60 percent  
11                   of the total energy value of the fuels used (on  
12                   a higher-heating-value basis) in the form of use-  
13                   ful thermal energy, electricity, mechanical en-  
14                   ergy, chemical output, or any combination  
15                   thereof.

16           “(e) SELF-CERTIFICATION.—

17                   “(1) IN GENERAL.—Subject to any procedures  
18                   that are established by the Administrator, an owner,  
19                   operator, or third-party developer of a recoverable  
20                   waste energy project that qualifies under standards  
21                   established by the Administrator may self-certify the  
22                   sites or sources of the owner, operator, or developer  
23                   to the Administrator for inclusion in the Registry.

24                   “(2) REVIEW AND APPROVAL.—To prevent a  
25                   fraudulent listing, a site or source shall be included

1 on the Registry only if the Administrator reviews  
2 and approves the self-certification.

3 “(f) NEW FACILITIES.—As a new energy-consuming  
4 industrial facility is developed after the date of enactment  
5 of the Energy Independence and Security Act of 2007, to  
6 the extent the facility may constitute a site with recover-  
7 able waste energy that may qualify for inclusion on the  
8 Registry, the Administrator may elect to include the facil-  
9 ity on the Registry, at the request of the owner, operator,  
10 or developer of the facility, on a conditional basis with the  
11 site to be removed from the Registry if the development  
12 ceases or the site fails to qualify for listing under this part.

13 “(g) OPTIMUM MEANS OF RECOVERY.—For each site  
14 listed in the Registry, at the request of the owner or oper-  
15 ator of the site, the Administrator shall offer, in coopera-  
16 tion with Clean Energy Application Centers operated by  
17 the Secretary of Energy, suggestions for optimum means  
18 of recovery of value from waste energy stream in the form  
19 of electricity, useful thermal energy, or other energy-re-  
20 lated products.

21 “(h) REVISION.—Each annual report of a State  
22 under section 548(a) of the National Energy Conservation  
23 Policy Act (42 U.S.C. 8258(a)) shall include the results  
24 of the survey for the State under this section.

1       “(i) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to—

3           “(1) the Administrator to create and maintain  
4 the Registry and services authorized by this section,  
5 \$1,000,000 for each of fiscal years 2008 through  
6 2012; and

7           “(2) the Secretary—

8           “(A) to assist site or source owners and  
9 operators in determining the feasibility of  
10 projects authorized by this section, \$2,000,000  
11 for each of fiscal years 2008 through 2012; and

12           “(B) to provide funding for State energy  
13 office functions under this section, \$5,000,000.

14 **“SEC. 373. WASTE ENERGY RECOVERY INCENTIVE GRANT**  
15 **PROGRAM.**

16       “(a) ESTABLISHMENT.—The Secretary shall estab-  
17 lish in the Department of Energy a waste energy recovery  
18 incentive grant program to provide incentive grants to—

19           “(1) owners and operators of projects that suc-  
20 cessfully produce electricity or incremental useful  
21 thermal energy from waste energy recovery;

22           “(2) utilities purchasing or distributing the  
23 electricity; and

1           “(3) States that have achieved 80 percent or  
2 more of recoverable waste heat recovery opportuni-  
3 ties.

4           “(b) GRANTS TO PROJECTS AND UTILITIES.—

5           “(1) IN GENERAL.—The Secretary shall make  
6 grants under this section—

7           “(A) to the owners or operators of waste  
8 energy recovery projects; and

9           “(B) in the case of excess power purchased  
10 or transmitted by a electric utility, to the util-  
11 ity.

12           “(2) PROOF.—Grants may only be made under  
13 this section on receipt of proof of waste energy re-  
14 covery or excess electricity generation, or both, from  
15 the project in a form prescribed by the Secretary.

16           “(3) EXCESS ELECTRIC ENERGY.—

17           “(A) IN GENERAL.—In the case of waste  
18 energy recovery, a grant under this section shall  
19 be made at the rate of \$10 per megawatt hour  
20 of documented electricity produced from recov-  
21 erable waste energy (or by prevention of waste  
22 energy in the case of a new facility) by the  
23 project during the first 3 calendar years of pro-  
24 duction, beginning on or after the date of en-

1 actment of the Energy Independence and Secu-  
2 rity Act of 2007.

3 “(B) UTILITIES.—If the project produces  
4 net excess power and an electric utility pur-  
5 chases or transmits the excess power, 50 per-  
6 cent of so much of the grant as is attributable  
7 to the net excess power shall be paid to the  
8 electric utility purchasing or transporting the  
9 net excess power.

10 “(4) USEFUL THERMAL ENERGY.—In the case  
11 of waste energy recovery that produces useful ther-  
12 mal energy that is used for a purpose different from  
13 that for which the project is principally designed, a  
14 grant under this section shall be made to the owner  
15 or operator of the waste energy recovery project at  
16 the rate of \$10 for each 3,412,000 Btus of the ex-  
17 cess thermal energy used for the different purpose.

18 “(c) GRANTS TO STATES.—In the case of any State  
19 that has achieved 80 percent or more of waste heat recov-  
20 ery opportunities identified by the Secretary under this  
21 part, the Administrator shall make a 1-time grant to the  
22 State in an amount of not more than \$1,000 per megawatt  
23 of waste-heat capacity recovered (or a thermal equivalent)  
24 to support State-level programs to identify and achieve ad-  
25 ditional energy efficiency.

1 “(d) ELIGIBILITY.—The Secretary shall—

2 “(1) establish rules and guidelines to establish  
3 eligibility for grants under subsection (b);

4 “(2) publicize the availability of the grant pro-  
5 gram known to owners or operators of recoverable  
6 waste energy sources and sites listed on the Reg-  
7 istry; and

8 “(3) award grants under the program on the  
9 basis of the merits of each project in recovering or  
10 preventing waste energy throughout the United  
11 States on an impartial, objective, and not unduly  
12 discriminatory basis.

13 “(e) LIMITATION.—The Secretary shall not award  
14 grants to any person for a combined heat and power  
15 project or a waste heat recovery project that qualifies for  
16 specific Federal tax incentives for combined heat and  
17 power or for waste heat recovery.

18 “(f) AUTHORIZATION OF APPROPRIATIONS.—There  
19 are authorized to be appropriated to the Secretary—

20 “(1) to make grants to projects and utilities  
21 under subsection (b)—

22 “(A) \$100,000,000 for fiscal year 2008  
23 and \$200,000,000 for each of fiscal years 2009  
24 through 2012; and

1           “(B) such additional amounts for fiscal  
2           year 2008 and each fiscal year thereafter as  
3           may be necessary for administration of the  
4           waste energy recovery incentive grant program;  
5           and

6           “(2) to make grants to States under subsection  
7           (b), \$10,000,000 for each of fiscal years 2008  
8           through 2012, to remain available until expended.

9   **“SEC. 374. ADDITIONAL INCENTIVES FOR RECOVERY, USE,**  
10                   **AND PREVENTION OF INDUSTRIAL WASTE**  
11                   **ENERGY.**

12           “(a) CONSIDERATION OF STANDARD.—

13           “(1) IN GENERAL.—Not later than 180 days  
14           after the receipt by a State regulatory authority  
15           (with respect to each electric utility for which the  
16           authority has ratemaking authority), or nonregu-  
17           lated electric utility, of a request from a project  
18           sponsor or owner or operator, the State regulatory  
19           authority or nonregulated electric utility shall—

20           “(A) provide public notice and conduct a  
21           hearing respecting the standard established by  
22           subsection (b); and

23           “(B) on the basis of the hearing, consider  
24           and make a determination whether or not it is

1           appropriate to implement the standard to carry  
2           out the purposes of this part.

3           “(2) RELATIONSHIP TO STATE LAW.—For pur-  
4           poses of any determination under paragraph (1) and  
5           any review of the determination in any court, the  
6           purposes of this section supplement otherwise appli-  
7           cable State law.

8           “(3) NONADOPTION OF STANDARD.—Nothing  
9           in this part prohibits any State regulatory authority  
10          or nonregulated electric utility from making any de-  
11          termination that it is not appropriate to adopt any  
12          standard described in paragraph (1), pursuant to  
13          authority under otherwise applicable State law.

14          “(b) STANDARD FOR SALES OF EXCESS POWER.—  
15          For purposes of this section, the standard referred to in  
16          subsection (a) shall provide that an owner or operator of  
17          a waste energy recovery project identified on the Registry  
18          that generates net excess power shall be eligible to benefit  
19          from at least 1 of the options described in subsection (c)  
20          for disposal of the net excess power in accordance with  
21          the rate conditions and limitations described in subsection  
22          (d).

23          “(c) OPTIONS.—The options referred to in subsection  
24          (b) are as follows:

1           “(1) SALE OF NET EXCESS POWER TO UTIL-  
2           ITY.—The electric utility shall purchase the net ex-  
3           cess power from the owner or operator of the eligible  
4           waste energy recovery project during the operation  
5           of the project under a contract entered into for that  
6           purpose.

7           “(2) TRANSPORT BY UTILITY FOR DIRECT SALE  
8           TO THIRD PARTY.—The electric utility shall transmit  
9           the net excess power on behalf of the project owner  
10          or operator to up to 3 separate locations on the sys-  
11          tem of the utility for direct sale by the owner or op-  
12          erator to third parties at those locations.

13          “(3) TRANSPORT OVER PRIVATE TRANSMISSION  
14          LINES.—The State and the electric utility shall per-  
15          mit, and shall waive or modify such laws as would  
16          otherwise prohibit, the construction and operation of  
17          private electric wires constructed, owned, and oper-  
18          ated by the project owner or operator, to transport  
19          the power to up to 3 purchasers within a 3-mile ra-  
20          dius of the project, allowing the wires to use or cross  
21          public rights-of-way, without subjecting the project  
22          to regulation as a public utility, and according the  
23          wires the same treatment for safety, zoning, land  
24          use, and other legal privileges as apply or would  
25          apply to the wires of the utility, except that—

1           “(A) there shall be no grant of any power  
2 of eminent domain to take or cross private  
3 property for the wires; and

4           “(B) the wires shall be physically seg-  
5 regated and not interconnected with any portion  
6 of the system of the utility, except on the cus-  
7 tomer side of the revenue meter of the utility  
8 and in a manner that precludes any possible ex-  
9 port of the electricity onto the utility system, or  
10 disruption of the system.

11           “(4) AGREED ON ALTERNATIVES.—The utility  
12 and the owner or operator of the project may reach  
13 agreement on any alternate arrangement and pay-  
14 ments or rates associated with the arrangement that  
15 is mutually satisfactory and in accord with State  
16 law.

17           “(d) RATE CONDITIONS AND CRITERIA.—

18           “(1) DEFINITIONS.—In this subsection:

19           “(A) PER UNIT DISTRIBUTION COSTS.—  
20 The term ‘per unit distribution costs’ means (in  
21 kilowatt hours) the quotient obtained by divid-  
22 ing—

23           “(i) the depreciated book-value dis-  
24 tribution system costs of a utility; by

1                   “(ii) the volume of utility electricity  
2                   sales or transmission during the previous  
3                   year at the distribution level.

4                   “(B) PER UNIT DISTRIBUTION MARGIN.—  
5                   The term ‘per unit distribution margin’  
6                   means—

7                   “(i) in the case of a State-regulated  
8                   electric utility, a per-unit gross pretax  
9                   profit equal to the product obtained by  
10                  multiplying—

11                  “(I) the State-approved percent-  
12                  age rate of return for the utility for  
13                  distribution system assets; by

14                  “(II) the per unit distribution  
15                  costs; and

16                  “(ii) in the case of a nonregulated  
17                  utility, a per unit contribution to net reve-  
18                  nues determined multiplying—

19                  “(I) the percentage (but not less  
20                  than 10 percent) obtained by divid-  
21                  ing—

22                  “(aa) the amount of any net  
23                  revenue payment or contribution  
24                  to the owners or subscribers of

1 the nonregulated utility during  
2 the prior year; by

3 “(bb) the gross revenues of  
4 the utility during the prior year  
5 to obtain a percentage; by

6 “(II) the per unit distribution  
7 costs.

8 “(C) PER UNIT TRANSMISSION COSTS.—

9 The term ‘per unit transmission costs’ means  
10 the total cost of those transmission services  
11 purchased or provided by a utility on a per-kilo-  
12 watt-hour basis as included in the retail rate of  
13 the utility.

14 “(2) OPTIONS.—The options described in para-  
15 graphs (1) and (2) in subsection (c) shall be offered  
16 under purchase and transport rate conditions that  
17 reflect the rate components defined under paragraph  
18 (1) as applicable under the circumstances described  
19 in paragraph (3).

20 “(3) APPLICABLE RATES.—

21 “(A) RATES APPLICABLE TO SALE OF NET  
22 EXCESS POWER.—

23 “(i) IN GENERAL.—Sales made by a  
24 project owner or operator of a facility  
25 under the option described in subsection

1 (c)(1) shall be paid for on a per kilowatt  
2 hour basis that shall equal the full  
3 undiscounted retail rate paid to the utility  
4 for power purchased by the facility minus  
5 per unit distribution costs, that applies to  
6 the type of utility purchasing the power.

7 “(ii) VOLTAGES EXCEEDING 25 KILO-  
8 VOLTS.—If the net excess power is made  
9 available for purchase at voltages that  
10 must be transformed to or from voltages  
11 exceeding 25 kilovolts to be available for  
12 resale by the utility, the purchase price  
13 shall further be reduced by per unit trans-  
14 mission costs.

15 “(B) RATES APPLICABLE TO TRANSPORT  
16 BY UTILITY FOR DIRECT SALE TO THIRD PAR-  
17 TIES.—

18 “(i) IN GENERAL.—Transportation by  
19 utilities of power on behalf of the owner or  
20 operator of a project under the option de-  
21 scribed in subsection (c)(2) shall incur a  
22 transportation rate that shall equal the per  
23 unit distribution costs and per unit dis-  
24 tribution margin, that applies to the type  
25 of utility transporting the power.

1                   “(ii) VOLTAGES EXCEEDING 25 KILO-  
2                   VOLTS.—If the net excess power is made  
3                   available for transportation at voltages  
4                   that must be transformed to or from  
5                   voltages exceeding 25 kilovolts to be trans-  
6                   ported to the designated third-party pur-  
7                   chasers, the transport rate shall further be  
8                   increased by per unit transmission costs.

9                   “(iii) STATES WITH COMPETITIVE RE-  
10                  TAIL MARKETS FOR ELECTRICITY.—In a  
11                  State with a competitive retail market for  
12                  electricity, the applicable transportation  
13                  rate for similar transportation shall be ap-  
14                  plied in lieu of any rate calculated under  
15                  this paragraph.

16               “(4) LIMITATIONS.—

17                   “(A) IN GENERAL.—Any rate established  
18                  for sale or transportation under this section  
19                  shall—

20                   “(i) be modified over time with  
21                  changes in the underlying costs or rates of  
22                  the electric utility; and

23                   “(ii) reflect the same time-sensitivity  
24                  and billing periods as are established in

1           the retail sales or transportation rates of-  
2           ferred by the utility.

3           “(B) LIMITATION.—No utility shall be re-  
4           quired to purchase or transport a quantity of  
5           net excess power under this section that exceeds  
6           the available capacity of the wires, meter, or  
7           other equipment of the electric utility serving  
8           the site unless the owner or operator of the  
9           project agrees to pay necessary and reasonable  
10          upgrade costs.

11          “(e) PROCEDURAL REQUIREMENTS FOR CONSIDER-  
12          ATION AND DETERMINATION.—

13           “(1) PUBLIC NOTICE AND HEARING.—

14           “(A) IN GENERAL.—The consideration re-  
15           ferred to in subsection (a) shall be made after  
16           public notice and hearing.

17           “(B) ADMINISTRATION.—The determina-  
18           tion referred to in subsection (a) shall be—

19                   “(i) in writing;

20                   “(ii) based on findings included in the  
21                   determination and on the evidence pre-  
22                   sented at the hearing; and

23                   “(iii) available to the public.

1           “(2) INTERVENTION BY ADMINISTRATOR.—The  
2 Administrator may intervene as a matter of right in  
3 a proceeding conducted under this section—

4           “(A) to calculate—

5           “(i) the energy and emissions likely to  
6 be saved by electing to adopt 1 or more of  
7 the options; and

8           “(ii) the costs and benefits to rate-  
9 payers and the utility; and

10          “(B) to advocate for the waste-energy re-  
11 covery opportunity.

12          “(3) PROCEDURES.—

13          “(A) IN GENERAL.—Except as otherwise  
14 provided in paragraphs (1) and (2), the proce-  
15 dures for the consideration and determination  
16 referred to in subsection (a) shall be the proce-  
17 dures established by the State regulatory au-  
18 thority or the nonregulated electric utility.

19          “(B) MULTIPLE PROJECTS.—If there is  
20 more than 1 project seeking consideration si-  
21 multaneously in connection with the same util-  
22 ity, the proceeding may encompass all such  
23 projects, if full attention is paid to individual  
24 circumstances and merits and an individual

1 judgment is reached with respect to each  
2 project.

3 “(f) IMPLEMENTATION.—

4 “(1) IN GENERAL.—The State regulatory au-  
5 thority (with respect to each electric utility for which  
6 the authority has ratemaking authority) or nonregu-  
7 lated electric utility may, to the extent consistent  
8 with otherwise applicable State law—

9 “(A) implement the standard determined  
10 under this section; or

11 “(B) decline to implement any such stand-  
12 ard.

13 “(2) NONIMPLEMENTATION OF STANDARD.—

14 “(A) IN GENERAL.—If a State regulatory  
15 authority (with respect to each electric utility  
16 for which the authority has ratemaking author-  
17 ity) or nonregulated electric utility declines to  
18 implement any standard established by this sec-  
19 tion, the authority or nonregulated electric util-  
20 ity shall state in writing the reasons for declin-  
21 ing to implement the standard.

22 “(B) AVAILABILITY TO PUBLIC.—The  
23 statement of reasons shall be available to the  
24 public.

1           “(C) ANNUAL REPORT.—The Adminis-  
2           trator shall include in an annual report sub-  
3           mitted to Congress a description of the lost op-  
4           portunities for waste-heat recovery from the  
5           project described in subparagraph (A), specifi-  
6           cally identifying the utility and stating the  
7           quantity of lost energy and emissions savings  
8           calculated.

9           “(D) NEW PETITION.—If a State regu-  
10          latory authority (with respect to each electric  
11          utility for which the authority has ratemaking  
12          authority) or nonregulated electric utility de-  
13          clines to implement the standard established by  
14          this section, the project sponsor may submit a  
15          new petition under this section with respect to  
16          the project at any time after the date that is 2  
17          years after the date on which the State regu-  
18          latory authority or nonregulated utility declined  
19          to implement the standard.

20 **“SEC. 375. CLEAN ENERGY APPLICATION CENTERS.**

21          “(a) RENAMING.—

22               “(1) IN GENERAL.—The Combined Heat and  
23          Power Application Centers of the Department of En-  
24          ergy are redesignated as Clean Energy Application  
25          Centers.

1           “(2) REFERENCES.—Any reference in any law,  
2 rule, regulation, or publication to a Combined Heat  
3 and Power Application Center shall be treated as a  
4 reference to a Clean Energy Application Center.

5           “(b) RELOCATION.—

6           “(1) IN GENERAL.—In order to better coordi-  
7 nate efforts with the separate Industrial Assessment  
8 Centers and to ensure that the energy efficiency  
9 and, when applicable, the renewable nature of de-  
10 ploying mature clean energy technology is fully ac-  
11 counted for, the Secretary shall relocate the adminis-  
12 tration of the Clean Energy Application Centers to  
13 the Office of Energy Efficiency and Renewable En-  
14 ergy within the Department of Energy.

15           “(2) OFFICE OF ELECTRICITY DELIVERY AND  
16 ENERGY RELIABILITY.—The Office of Electricity  
17 Delivery and Energy Reliability shall—

18           “(A) continue to perform work on the role  
19 of technology described in paragraph (1) in  
20 support of the grid and the reliability and secu-  
21 rity of the technology; and

22           “(B) shall assist the Clean Energy Appli-  
23 cation Centers in the work of the Centers with  
24 regard to the grid and with electric utilities.

25           “(c) GRANTS.—

1           “(1) IN GENERAL.—The Secretary shall make  
2           grants to universities, research centers, and other  
3           appropriate institutions to ensure the continued op-  
4           erations and effectiveness of 8 Regional Clean En-  
5           ergy Application Centers in each of the following re-  
6           gions (as designated for such purposes as of the date  
7           of the enactment of the Energy Independence and  
8           Security Act of 2007):

9                   “(A) Gulf Coast.

10                   “(B) Intermountain.

11                   “(C) Mid-Atlantic.

12                   “(D) Midwest.

13                   “(E) Northeast.

14                   “(F) Northwest.

15                   “(G) Pacific.

16                   “(H) Southeast.

17           “(2) ESTABLISHMENT OF GOALS AND COMPLI-  
18           ANCE.—In making grants under this subsection, the  
19           Secretary shall ensure that sufficient goals are es-  
20           tablished and met by each Center throughout the  
21           program duration concerning outreach and tech-  
22           nology deployment.

23           “(d) ACTIVITIES.—

24                   “(1) IN GENERAL.—Each Clean Energy Appli-  
25           cation Center shall—

1           “(A) operate a program to encourage de-  
2           ployment of clean energy technologies through  
3           education and outreach to building and indus-  
4           trial professionals; and other individuals and or-  
5           ganizations with an interest in efficient energy  
6           use; and

7           “(B) provide project specific support to  
8           building and industrial professionals through  
9           assessments and advisory activities.

10          “(2) TYPES OF ACTIVITIES.—Funds made  
11          available under this section may be used—

12                 “(A) to develop and distribute informa-  
13                 tional materials on clean energy technologies,  
14                 including continuation of the 8 websites in ex-  
15                 istence on the date of enactment of the Energy  
16                 Independence and Security Act of 2007;

17                 “(B) to develop and conduct target market  
18                 workshops, seminars, internet programs, and  
19                 other activities to educate end users, regulators,  
20                 and stakeholders in a manner that leads to the  
21                 deployment of clean energy technologies;

22                 “(C) to provide or coordinate onsite assess-  
23                 ments for sites and enterprises that may con-  
24                 sider deployment of clean energy technology;

1           “(D) to perform market research to iden-  
2           tify high profile candidates for clean energy de-  
3           ployment;

4           “(E) to provide consulting support to sites  
5           considering deployment of clean energy tech-  
6           nologies;

7           “(F) to assist organizations developing  
8           clean energy technologies to overcome barriers  
9           to deployment; and

10           “(G) to assist companies and organizations  
11           with performance evaluations of any clean en-  
12           ergy technology implemented.

13           “(e) DURATION.—

14           “(1) IN GENERAL.—A grant awarded under  
15           this section shall be for a period of 5 years

16           “(2) ANNUAL EVALUATIONS.—Each grant shall  
17           be evaluated annually for the continuation of the  
18           grant based on the activities and results of the  
19           grant.

20           “(f) AUTHORIZATION.—There is authorized to be ap-  
21           propriated to carry out this section \$10,000,000 for each  
22           of fiscal years 2008 through 2012.”.

23           (b) TABLE OF CONTENTS.—The table of contents of  
24           the Energy Policy and Conservation Act (42 U.S.C. prec.

1 6201) is amended by inserting after the items relating to  
2 part D of title III the following:

“PART E—INDUSTRIAL ENERGY EFFICIENCY

“Sec. 371. Definitions.

“Sec. 372. Survey and Registry.

“Sec. 373. Waste energy recovery incentive grant program.

“Sec. 374. Additional incentives for recovery, utilization and prevention of industrial waste energy.

“Sec. 375. Clean Energy Application Centers.”.

3 **SEC. 452. ENERGY-INTENSIVE INDUSTRIES PROGRAM.**

4 (a) DEFINITIONS.—In this section:

5 (1) ELIGIBLE ENTITY.—The term “eligible entity” means—

6 (A) an energy-intensive industry;

7 (B) a national trade association representing an energy-intensive industry; or

8 (C) a person acting on behalf of 1 or more  
9 energy-intensive industries or sectors, as determined by the Secretary.

10 (2) ENERGY-INTENSIVE INDUSTRY.—The term  
11 “energy-intensive industry” means an industry that  
12 uses significant quantities of energy as part of its  
13 primary economic activities, including—

14 (A) information technology, including data  
15 centers containing electrical equipment used in  
16 processing, storing, and transmitting digital information;

17 (B) consumer product manufacturing;

18 (C) food processing;

1 (D) materials manufacturers, including—

2 (i) aluminum;

3 (ii) chemicals;

4 (iii) forest and paper products;

5 (iv) metal casting;

6 (v) glass;

7 (vi) petroleum refining;

8 (vii) mining; and

9 (viii) steel;

10 (E) other energy-intensive industries, as

11 determined by the Secretary.

12 (3) FEEDSTOCK.—The term “feedstock” means  
13 the raw material supplied for use in manufacturing,  
14 chemical, and biological processes.

15 (4) PARTNERSHIP.—The term “partnership”  
16 means an energy efficiency partnership established  
17 under subsection (c)(1)(A).

18 (5) PROGRAM.—The term “program” means  
19 the energy-intensive industries program established  
20 under subsection (b).

21 (b) ESTABLISHMENT OF PROGRAM.—The Secretary  
22 shall establish a program under which the Secretary, in  
23 cooperation with energy-intensive industries and national  
24 industry trade associations representing the energy-inten-  
25 sive industries, shall support, research, develop, and pro-

1 mote the use of new materials processes, technologies, and  
2 techniques to optimize energy efficiency and the economic  
3 competitiveness of the United States' industrial and com-  
4 mercial sectors.

5 (c) PARTNERSHIPS.—

6 (1) IN GENERAL.—As part of the program, the  
7 Secretary shall establish energy efficiency partner-  
8 ships between the Secretary and eligible entities to  
9 conduct research on, develop, and demonstrate new  
10 processes, technologies, and operating practices and  
11 techniques to significantly improve the energy effi-  
12 ciency of equipment and processes used by energy-  
13 intensive industries, including the conduct of activi-  
14 ties to—

15 (A) increase the energy efficiency of indus-  
16 trial processes and facilities;

17 (B) research, develop, and demonstrate ad-  
18 vanced technologies capable of energy intensity  
19 reductions and increased environmental per-  
20 formance; and

21 (C) promote the use of the processes, tech-  
22 nologies, and techniques described in subpara-  
23 graphs (A) and (B).

1           (2) ELIGIBLE ACTIVITIES.—Partnership activi-  
2           ties eligible for funding under this subsection in-  
3           clude—

4                   (A) feedstock and recycling research, devel-  
5                   opment, and demonstration activities to identify  
6                   and promote—

7                           (i) opportunities for meeting industry  
8                           feedstock requirements with more energy  
9                           efficient and flexible sources of feedstock  
10                          or energy supply;

11                           (ii) strategies to develop and deploy  
12                           technologies that improve the quality and  
13                           quantity of feedstocks recovered from proc-  
14                           ess and waste streams; and

15                           (iii) other methods using recycling,  
16                           reuse, and improved industrial materials;

17                   (B) research to develop and demonstrate  
18                   technologies and processes that utilize alter-  
19                   native energy sources to supply heat, power,  
20                   and new feedstocks for energy-intensive indus-  
21                   tries;

22                   (C) research to achieve energy efficiency in  
23                   steam, power, control system, and process heat  
24                   technologies, and in other manufacturing proc-  
25                   esses; and

1 (D) industrial and commercial energy effi-  
2 ciency and sustainability assessments to—

3 (i) assist individual industrial and  
4 commercial sectors in developing tools,  
5 techniques, and methodologies to assess—

6 (I) the unique processes and fa-  
7 cilities of the sectors;

8 (II) the energy utilization re-  
9 quirements of the sectors; and

10 (III) the application of new, more  
11 energy efficient technologies; and

12 (ii) conduct energy savings assess-  
13 ments;

14 (E) the incorporation of technologies and  
15 innovations that would significantly improve the  
16 energy efficiency and utilization of energy-inten-  
17 sive commercial applications; and

18 (F) any other activities that the Secretary  
19 determines to be appropriate.

20 (3) PROPOSALS.—

21 (A) IN GENERAL.—To be eligible for fund-  
22 ing under this subsection, a partnership shall  
23 submit to the Secretary a proposal that de-  
24 scribes the proposed research, development, or

1 demonstration activity to be conducted by the  
2 partnership.

3 (B) REVIEW.—After reviewing the sci-  
4 entific, technical, and commercial merit of a  
5 proposals submitted under subparagraph (A),  
6 the Secretary shall approve or disapprove the  
7 proposal.

8 (C) COMPETITIVE AWARDS.—The provision  
9 of funding under this subsection shall be on a  
10 competitive basis.

11 (4) COST-SHARING REQUIREMENT.—In carrying  
12 out this section, the Secretary shall require cost  
13 sharing in accordance with section 988 of the En-  
14 ergy Policy Act of 2005 (42 U.S.C. 16352).

15 (d) GRANTS.—The Secretary may award competitive  
16 grants for innovative technology research, development  
17 and demonstrations to universities, individual inventors,  
18 and small companies, based on energy savings potential,  
19 commercial viability, and technical merit.

20 (e) INSTITUTION OF HIGHER EDUCATION-BASED IN-  
21 DUSTRIAL RESEARCH AND ASSESSMENT CENTERS.—The  
22 Secretary shall provide funding to institution of higher  
23 education-based industrial research and assessment cen-  
24 ters, whose purpose shall be—

1           (1) to identify opportunities for optimizing en-  
2           ergy efficiency and environmental performance;

3           (2) to promote applications of emerging con-  
4           cepts and technologies in small and medium-sized  
5           manufacturers;

6           (3) to promote research and development for  
7           the use of alternative energy sources to supply heat,  
8           power, and new feedstocks for energy-intensive in-  
9           dustries;

10          (4) to coordinate with appropriate Federal and  
11          State research offices, and provide a clearinghouse  
12          for industrial process and energy efficiency technical  
13          assistance resources; and

14          (5) to coordinate with State-accredited technical  
15          training centers and community colleges, while en-  
16          suring appropriate services to all regions of the  
17          United States.

18          (f) AUTHORIZATION OF APPROPRIATIONS.—

19           (1) IN GENERAL.—There are authorized to be  
20           appropriated to the Secretary to carry out this sec-  
21           tion—

22                   (A) \$184,000,000 for fiscal year 2008;

23                   (B) \$190,000,000 for fiscal year 2009;

24                   (C) \$196,000,000 for fiscal year 2010;

25                   (D) \$202,000,000 for fiscal year 2011;

1 (E) \$208,000,000 for fiscal year 2012; and

2 (F) such sums as are necessary for fiscal  
3 year 2013 and each fiscal year thereafter.

4 (2) PARTNERSHIP ACTIVITIES.—Of the  
5 amounts made available under paragraph (1), not  
6 less than 50 percent shall be used to pay the Fed-  
7 eral share of partnership activities under subsection  
8 (c).

9 (3) COORDINATION AND NONDUPLICATION.—  
10 The Secretary shall coordinate efforts under this  
11 section with other programs of the Department and  
12 other Federal agencies to avoid duplication of effort.

13 **SEC. 453. ENERGY EFFICIENCY FOR DATA CENTER BUILD-**  
14 **INGS.**

15 (a) DEFINITIONS.—In this section:

16 (1) DATA CENTER.—The term “data center”  
17 means any facility that primarily contains electronic  
18 equipment used to process, store, and transmit dig-  
19 ital information, which may be—

20 (A) a free-standing structure; or

21 (B) a facility within a larger structure,  
22 that uses environmental control equipment to  
23 maintain the proper conditions for the oper-  
24 ation of electronic equipment.

1           (2) DATA CENTER OPERATOR.—The term “data  
2           center operator” means any person or government  
3           entity that builds or operates a data center or pur-  
4           chases data center services, equipment, and facili-  
5           ties.

6           (b) VOLUNTARY NATIONAL INFORMATION PRO-  
7           GRAM.—

8           (1) IN GENERAL.—Not later than 90 days after  
9           the date of enactment of this Act, the Secretary and  
10          the Administrator of the Environmental Protection  
11          Agency shall, after consulting with information tech-  
12          nology industry and other interested parties, initiate  
13          a voluntary national information program for those  
14          types of data centers and data center equipment and  
15          facilities that are widely used and for which there is  
16          a potential for significant data center energy savings  
17          as a result of the program.

18          (2) REQUIREMENTS.—The program described  
19          in paragraph (1) shall—

20                 (A) address data center efficiency holis-  
21                 tically, reflecting the total energy consumption  
22                 of data centers as whole systems, including both  
23                 equipment and facilities;

24                 (B) consider prior work and studies under-  
25                 taken in this area, including by the Environ-

1           mental Protection Agency and the Department  
2           of Energy;

3           (C) consistent with the objectives described  
4           in paragraph (1), determine the type of data  
5           center and data center equipment and facilities  
6           to be covered under the program;

7           (D) produce specifications, measurements,  
8           best practices, and benchmarks that will enable  
9           data center operators to make more informed  
10          decisions about the energy efficiency and costs  
11          of data centers, and that take into account—

12           (i) the performance and use of serv-  
13           ers, data storage devices, and other infor-  
14           mation technology equipment;

15           (ii) the efficiency of heating, ventila-  
16           tion, and air conditioning, cooling, and  
17           power conditioning systems, provided that  
18           no modification shall be required of a  
19           standard then in effect under the Energy  
20           Policy and Conservation Act (42 U.S.C.  
21           6201 et seq.) for any covered heating, ven-  
22           tilation, air-conditioning, cooling or power-  
23           conditioning product;

1 (iii) energy savings from the adoption  
2 of software and data management tech-  
3 niques; and

4 (iv) other factors determined by the  
5 organization described in subsection (e);

6 (E) allow for creation of separate specifica-  
7 tions, measurements, and benchmarks based on  
8 data center size and function, as well as other  
9 appropriate characteristics;

10 (F) advance the design and implementa-  
11 tion of efficiency technologies to the maximum  
12 extent economically practical;

13 (G) provide to data center operators in the  
14 private sector and the Federal Government in-  
15 formation about best practices and purchasing  
16 decisions that reduce the energy consumption of  
17 data centers; and

18 (H) publish the information described in  
19 subparagraph (G), which may be disseminated  
20 through catalogs, trade publications, the Inter-  
21 net, or other mechanisms, that will allow data  
22 center operators to assess the energy consump-  
23 tion and potential cost savings of alternative  
24 data centers and data center equipment and fa-  
25 cilities.

1           (3) PROCEDURES.—The program described in  
2 paragraph (1) shall be developed in consultation  
3 with and coordinated by the organization described  
4 in subsection (c) according to commonly accepted  
5 procedures for the development of specifications,  
6 measurements, and benchmarks.

7           (c) DATA CENTER EFFICIENCY ORGANIZATION.—

8           (1) IN GENERAL.—After the establishment of  
9 the program described in subsection (b), the Sec-  
10 retary and the Administrator shall jointly designate  
11 an information technology industry organization to  
12 consult with and to coordinate the program.

13           (2) REQUIREMENTS.—The organization des-  
14 ignated under paragraph (1), whether preexisting or  
15 formed specifically for the purposes of subsection  
16 (b), shall—

17           (A) consist of interested parties that have  
18 expertise in energy efficiency and in the devel-  
19 opment, operation, and functionality of com-  
20 puter data centers, information technology  
21 equipment, and software, as well as representa-  
22 tives of hardware manufacturers, data center  
23 operators, and facility managers;

24           (B) obtain and address input from Depart-  
25 ment of Energy National Laboratories or any

1 college, university, research institution, industry  
2 association, company, or public interest group  
3 with applicable expertise in any of the areas  
4 listed in paragraph (1);

5 (C) follow commonly accepted procedures  
6 for the development of specifications and ac-  
7 credited standards development processes;

8 (D) have a mission to develop and promote  
9 energy efficiency for data centers and informa-  
10 tion technology; and

11 (E) have the primary responsibility to con-  
12 sult in the development and publishing of the  
13 information, measurements, and benchmarks  
14 described in subsection (b) and transmission of  
15 the information to the Secretary and the Ad-  
16 ministrator for consideration under subsection  
17 (d).

18 (d) MEASUREMENTS AND SPECIFICATIONS.—

19 (1) IN GENERAL.—The Secretary and the Ad-  
20 ministrator shall consider the specifications, meas-  
21 urements, and benchmarks described in subsection  
22 (b) for use by the Federal Energy Management Pro-  
23 gram, the Energy Star Program, and other effi-  
24 ciency programs of the Department of Energy and  
25 Environmental Protection Agency, respectively.

1           (2) REJECTIONS.—If the Secretary or the Ad-  
2           ministrator rejects 1 or more specifications, meas-  
3           urements, or benchmarks described in subsection  
4           (b), the rejection shall be made consistent with sec-  
5           tion 12(d) of the National Technology Transfer and  
6           Advancement Act of 1995 (15 U.S.C. 272 note;  
7           Public Law 104–113).

8           (3) DETERMINATION OF IMPRACTICABILITY.—A  
9           determination that a specification, measurement, or  
10          benchmark described in subsection (b) is impractical  
11          may include consideration of the maximum efficiency  
12          that is technologically feasible and economically jus-  
13          tified.

14          (e) MONITORING.—The Secretary and the Adminis-  
15          trator shall—

16                (1) monitor and evaluate the efforts to develop  
17                the program described in subsection (b); and

18                (2) not later than 3 years after the date of en-  
19                actment of this Act, make a determination as to  
20                whether the program is consistent with the objec-  
21                tives of subsection (b).

22          (f) ALTERNATIVE SYSTEM.—If the Secretary and the  
23          Administrator make a determination under subsection (e)  
24          that a voluntary national information program for data  
25          centers consistent with the objectives of subsection (b) has

1 not been developed, the Secretary and the Administrator  
2 shall, after consultation with the National Institute of  
3 Standards and Technology and not later than 2 years  
4 after the determination, develop and implement the pro-  
5 gram under subsection (b).

6 (g) PROTECTION OF PROPRIETARY INFORMATION.—  
7 The Secretary, the Administrator, or the data center effi-  
8 ciency organization shall not disclose any proprietary in-  
9 formation or trade secrets provided by any individual or  
10 company for the purposes of carrying out this section or  
11 the program established under this section.

12 **Subtitle E—Healthy High-**  
13 **Performance Schools**

14 **SEC. 461. HEALTHY HIGH-PERFORMANCE SCHOOLS.**

15 (a) AMENDMENT.—The Toxic Substances Control  
16 Act (15 U.S.C. 2601 et seq.) is amended by adding at  
17 the end the following new title:

18 **“TITLE V—HEALTHY HIGH-**  
19 **PERFORMANCE SCHOOLS**

20 **“SEC. 501. GRANTS FOR HEALTHY SCHOOL ENVIRONMENTS.**

21 “(a) IN GENERAL.—The Administrator, in consulta-  
22 tion with the Secretary of Education, may provide grants  
23 to States for use in—

24 “(1) providing technical assistance for pro-  
25 grams of the Environmental Protection Agency (in-

1 including the Tools for Schools Program and the  
2 Healthy School Environmental Assessment Tool) to  
3 schools for use in addressing environmental issues;  
4 and

5 “(2) development and implementation of State  
6 school environmental health programs that include—

7 “(A) standards for school building design,  
8 construction, and renovation; and

9 “(B) identification of ongoing school build-  
10 ing environmental problems, including contami-  
11 nants, hazardous substances, and pollutant  
12 emissions, in the State and recommended solu-  
13 tions to address those problems, including as-  
14 sessment of information on the exposure of chil-  
15 dren to environmental hazards in school facili-  
16 ties.

17 “(b) SUNSET.—The authority of the Administrator  
18 to carry out this section shall expire 5 years after the date  
19 of enactment of this section.

20 **“SEC. 502. MODEL GUIDELINES FOR SITING OF SCHOOL FA-  
21 CILITIES.**

22 “Not later than 18 months after the date of enact-  
23 ment of this section, the Administrator, in consultation  
24 with the Secretary of Education and the Secretary of

1 Health and Human Services, shall issue voluntary school  
2 site selection guidelines that account for—

3 “(1) the special vulnerability of children to haz-  
4 arduous substances or pollution exposures in any case  
5 in which the potential for contamination at a poten-  
6 tial school site exists;

7 “(2) modes of transportation available to stu-  
8 dents and staff;

9 “(3) the efficient use of energy; and

10 “(4) the potential use of a school at the site as  
11 an emergency shelter.

12 **“SEC. 503. PUBLIC OUTREACH.**

13 “(a) REPORTS.—The Administrator shall publish and  
14 submit to Congress an annual report on all activities car-  
15 ried out under this title, until the expiration of authority  
16 described in section 501(b).

17 “(b) PUBLIC OUTREACH.—The Federal Director ap-  
18 pointed under section 436(a) of the Energy Independence  
19 and Security Act of 2007 (in this title referred to as the  
20 ‘Federal Director’) shall ensure, to the maximum extent  
21 practicable, that the public clearinghouse established  
22 under section 423(1) of the Energy Independence and Se-  
23 curity Act of 2007 receives and makes available informa-  
24 tion on the exposure of children to environmental hazards  
25 in school facilities, as provided by the Administrator.

1 **“SEC. 504. ENVIRONMENTAL HEALTH PROGRAM.**

2 “(a) IN GENERAL.—Not later than 2 years after the  
3 date of enactment of this section, the Administrator, in  
4 consultation with the Secretary of Education, the Sec-  
5 retary of Health and Human Services, and other relevant  
6 agencies, shall issue voluntary guidelines for use by the  
7 State in developing and implementing an environmental  
8 health program for schools that—

9 “(1) takes into account the status and findings  
10 of Federal initiatives established under this title or  
11 subtitle C of title IV of the Energy Independence  
12 and Security Act of 2007 and other relevant Federal  
13 law with respect to school facilities, including rel-  
14 evant updates on trends in the field, such as the im-  
15 pact of school facility environments on student and  
16 staff—

17 “(A) health, safety, and productivity; and

18 “(B) disabilities or special needs;

19 “(2) takes into account studies using relevant  
20 tools identified or developed in accordance with sec-  
21 tion 492 of the Energy Independence and Security  
22 Act of 2007;

23 “(3) takes into account, with respect to school  
24 facilities, each of—

1           “(A) environmental problems, contami-  
2 nants, hazardous substances, and pollutant  
3 emissions, including—  
4           “(i) lead from drinking water;  
5           “(ii) lead from materials and prod-  
6 ucts;  
7           “(iii) asbestos;  
8           “(iv) radon;  
9           “(v) the presence of elemental mer-  
10 cury releases from products and con-  
11 tainers;  
12           “(vi) pollutant emissions from mate-  
13 rials and products; and  
14           “(vii) any other environmental prob-  
15 lem, contaminant, hazardous substance, or  
16 pollutant emission that present or may  
17 present a risk to the health of occupants of  
18 the school facilities or environment;  
19           “(B) natural day lighting;  
20           “(C) ventilation choices and technologies;  
21           “(D) heating and cooling choices and tech-  
22 nologies;  
23           “(E) moisture control and mold;  
24           “(F) maintenance, cleaning, and pest con-  
25 trol activities;

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1                   “(G) acoustics; and

2                   “(H) other issues relating to the health,  
3                   comfort, productivity, and performance of occu-  
4                   pants of the school facilities;

5                   “(4) provides technical assistance on siting, de-  
6                   sign, management, and operation of school facilities,  
7                   including facilities used by students with disabilities  
8                   or special needs;

9                   “(5) collaborates with federally funded pediatric  
10                  environmental health centers to assist in on-site  
11                  school environmental investigations;

12                  “(6) assists States and the public in better un-  
13                  derstanding and improving the environmental health  
14                  of children; and

15                  “(7) takes into account the special vulnerability  
16                  of children in low-income and minority communities  
17                  to exposures from contaminants, hazardous sub-  
18                  stances, and pollutant emissions.

19                  “(b) PUBLIC OUTREACH.—The Federal Director and  
20                  Commercial Director shall ensure, to the maximum extent  
21                  practicable, that the public clearinghouse established  
22                  under section 423 of the Energy Independence and Secu-  
23                  rity Act of 2007 receives and makes available—

1           “(1) information from the Administrator that is  
2           contained in the report described in section 503(a);  
3           and

4           “(2) information on the exposure of children to  
5           environmental hazards in school facilities, as pro-  
6           vided by the Administrator.

7   **“SEC. 505. AUTHORIZATION OF APPROPRIATIONS.**

8           “There are authorized to be appropriated to carry out  
9           this title \$1,000,000 for fiscal year 2009, and \$1,500,000  
10          for each of fiscal years 2010 through 2013, to remain  
11          available until expended.”.

12          (b) **TABLE OF CONTENTS AMENDMENT.**—The table  
13          of contents for the Toxic Substances Control Act (15  
14          U.S.C. 2601 et seq.) is amended by adding at the end  
15          the following:

          “TITLE V—HEALTHY HIGH-PERFORMANCE SCHOOLS

          “Sec. 501. Grants for healthy school environments.

          “Sec. 502. Model guidelines for siting of school facilities.

          “Sec. 503. Public outreach.

          “Sec. 504. Environmental health program.

          “Sec. 505. Authorization of appropriations.”.

16   **SEC. 462. STUDY ON INDOOR ENVIRONMENTAL QUALITY IN**  
17                                   **SCHOOLS.**

18          (a) **IN GENERAL.**—The Administrator of the Envi-  
19          ronmental Protection Agency shall enter into an arrange-  
20          ment with the Secretary of Education and the Secretary  
21          of Energy to conduct a detailed study of how sustainable  
22          building features such as energy efficiency affect multiple

1 perceived indoor environmental quality stressors on stu-  
2 dents in K–12 schools.

3 (b) CONTENTS.—The study shall—

4 (1) investigate the combined effect building  
5 stressors such as heating, cooling, humidity, lighting,  
6 and acoustics have on building occupants' health,  
7 productivity, and overall well-being;

8 (2) identify how sustainable building features,  
9 such as energy efficiency, are influencing these  
10 human outcomes singly and in concert; and

11 (3) ensure that the impacts of the indoor envi-  
12 ronmental quality are evaluated as a whole.

13 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
14 are authorized to be appropriated for carrying out this sec-  
15 tion \$200,000 for each of the fiscal years 2008 through  
16 2012.

## 17 **Subtitle F—Institutional Entities**

### 18 **SEC. 471. ENERGY SUSTAINABILITY AND EFFICIENCY**

#### 19 **GRANTS AND LOANS FOR INSTITUTIONS.**

20 Part G of title III of the Energy Policy and Conserva-  
21 tion Act is amended by inserting after section 399 (42  
22 U.S.C. 6371h) the following:

### 23 **“SEC. 399A. ENERGY SUSTAINABILITY AND EFFICIENCY**

#### 24 **GRANTS AND LOANS FOR INSTITUTIONS.**

25 “(a) DEFINITIONS.—In this section:

1           “(1) COMBINED HEAT AND POWER.—The term  
2           ‘combined heat and power’ means the generation of  
3           electric energy and heat in a single, integrated sys-  
4           tem, with an overall thermal efficiency of 60 percent  
5           or greater on a higher-heating-value basis.

6           “(2) DISTRICT ENERGY SYSTEMS.—The term  
7           ‘district energy systems’ means systems providing  
8           thermal energy from a renewable energy source,  
9           thermal energy source, or highly efficient technology  
10          to more than 1 building or fixed energy-consuming  
11          use from 1 or more thermal-energy production facili-  
12          ties through pipes or other means to provide space  
13          heating, space conditioning, hot water, steam, com-  
14          pression, process energy, or other end uses for that  
15          energy.

16          “(3) ENERGY SUSTAINABILITY.—The term ‘en-  
17          ergy sustainability’ includes using a renewable en-  
18          ergy source, thermal energy source, or a highly effi-  
19          cient technology for transportation, electricity gen-  
20          eration, heating, cooling, lighting, or other energy  
21          services in fixed installations.

22          “(4) INSTITUTION OF HIGHER EDUCATION.—  
23          The term ‘institution of higher education’ has the  
24          meaning given the term in section 2 of the Energy  
25          Policy Act of 2005 (42 U.S.C. 15801).

1           “(5) INSTITUTIONAL ENTITY.—The term ‘insti-  
2           tutional entity’ means an institution of higher edu-  
3           cation, a public school district, a local government,  
4           a municipal utility, or a designee of 1 of those enti-  
5           ties.

6           “(6) RENEWABLE ENERGY SOURCE.—The term  
7           ‘renewable energy source’ has the meaning given the  
8           term in section 609 of the Public Utility Regulatory  
9           Policies Act of 1978 (7 U.S.C. 918e).

10           “(7) SUSTAINABLE ENERGY INFRASTRUC-  
11           TURE.—The term ‘sustainable energy infrastructure’  
12           means—

13                   “(A) facilities for production of energy  
14                   from renewable energy sources, thermal energy  
15                   sources, or highly efficient technologies, includ-  
16                   ing combined heat and power or other waste  
17                   heat use; and

18                   “(B) district energy systems.

19           “(8) THERMAL ENERGY SOURCE.—The term  
20           ‘thermal energy source’ means—

21                   “(A) a natural source of cooling or heating  
22                   from lake or ocean water; and

23                   “(B) recovery of useful energy that would  
24                   otherwise be wasted from ongoing energy uses.

25           “(b) TECHNICAL ASSISTANCE GRANTS.—

1           “(1) IN GENERAL.—Subject to the availability  
2 of appropriated funds, the Secretary shall implement  
3 a program of information dissemination and tech-  
4 nical assistance to institutional entities to assist the  
5 institutional entities in identifying, evaluating, de-  
6 signing, and implementing sustainable energy infra-  
7 structure projects in energy sustainability.

8           “(2) ASSISTANCE.—The Secretary shall support  
9 institutional entities in—

10           “(A) identification of opportunities for sus-  
11 tainable energy infrastructure;

12           “(B) understanding the technical and eco-  
13 nomic characteristics of sustainable energy in-  
14 frastructure;

15           “(C) utility interconnection and negotiation  
16 of power and fuel contracts;

17           “(D) understanding financing alternatives;

18           “(E) permitting and siting issues;

19           “(F) obtaining case studies of similar and  
20 successful sustainable energy infrastructure sys-  
21 tems; and

22           “(G) reviewing and obtaining computer  
23 software for assessment, design, and operation  
24 and maintenance of sustainable energy infra-  
25 structure systems.

1           “(3) ELIGIBLE COSTS FOR TECHNICAL ASSIST-  
2           ANCE GRANTS.—On receipt of an application of an  
3           institutional entity, the Secretary may make grants  
4           to the institutional entity to fund a portion of the  
5           cost of—

6                   “(A) feasibility studies to assess the poten-  
7                   tial for implementation or improvement of sus-  
8                   tainable energy infrastructure;

9                   “(B) analysis and implementation of strat-  
10                  egies to overcome barriers to project implemen-  
11                  tation, including financial, contracting, siting,  
12                  and permitting barriers; and

13                  “(C) detailed engineering of sustainable  
14                  energy infrastructure.

15           “(c) GRANTS FOR ENERGY EFFICIENCY IMPROVE-  
16           MENT AND ENERGY SUSTAINABILITY.—

17                   “(1) GRANTS.—

18                   “(A) IN GENERAL.—The Secretary shall  
19                   award grants to institutional entities to carry  
20                   out projects to improve energy efficiency on the  
21                   grounds and facilities of the institutional entity.

22                   “(B) REQUIREMENT.—To the extent that  
23                   applications have been submitted, grants under  
24                   subparagraph (A) shall include not less than 1

1 grant each year to an institution of higher edu-  
2 cation in each State.

3 “(C) MINIMUM FUNDING.—Not less than  
4 50 percent of the total funding for all grants  
5 under this subsection shall be awarded in  
6 grants to institutions of higher education.

7 “(2) CRITERIA.—Evaluation of projects for  
8 grant funding shall be based on criteria established  
9 by the Secretary, including criteria relating to—

10 “(A) improvement in energy efficiency;

11 “(B) reduction in greenhouse gas emis-  
12 sions and other air emissions, including criteria  
13 air pollutants and ozone-depleting refrigerants;

14 “(C) increased use of renewable energy  
15 sources or thermal energy sources;

16 “(D) reduction in consumption of fossil  
17 fuels;

18 “(E) active student participation; and

19 “(F) need for funding assistance.

20 “(3) CONDITION.—As a condition of receiving a  
21 grant under this subsection, an institutional entity  
22 shall agree—

23 “(A) to implement a public awareness cam-  
24 paign concerning the project in the community  
25 in which the institutional entity is located; and

1           “(B) to submit to the Secretary, and make  
2           available to the public, reports on any efficiency  
3           improvements, energy cost savings, and environ-  
4           mental benefits achieved as part of a project  
5           carried out under paragraph (1), including  
6           quantification of the results relative to the cri-  
7           teria described under paragraph (2).

8           “(d) GRANTS FOR INNOVATION IN ENERGY SUSTAIN-  
9           ABILITY.—

10           “(1) GRANTS.—

11           “(A) IN GENERAL.—The Secretary shall  
12           award grants to institutional entities to engage  
13           in innovative energy sustainability projects.

14           “(B) REQUIREMENT.—To the extent that  
15           applications have been submitted, grants under  
16           subparagraph (A) shall include not less than 2  
17           grants each year to institutions of higher edu-  
18           cation in each State.

19           “(C) MINIMUM FUNDING.—Not less than  
20           50 percent of the total funding for all grants  
21           under this subsection shall be awarded in  
22           grants to institutions of higher education.

23           “(2) INNOVATION PROJECTS.—An innovation  
24           project carried out with a grant under this sub-  
25           section shall—

1 “(A) involve—

2 “(i) an innovative technology that is  
3 not yet commercially available; or

4 “(ii) available technology in an inno-  
5 vative application that maximizes energy  
6 efficiency and sustainability;

7 “(B) have the greatest potential for testing  
8 or demonstrating new technologies or processes;  
9 and

10 “(C) to the extent undertaken by an insti-  
11 tution of higher education, ensure active stu-  
12 dent participation in the project, including the  
13 planning, implementation, evaluation, and other  
14 phases of projects.

15 “(3) CONDITION.—As a condition of receiving a  
16 grant under this subsection, an institutional entity  
17 shall agree to submit to the Secretary, and make  
18 available to the public, reports that describe the re-  
19 sults of the projects carried out using grant funds.

20 “(e) ALLOCATION TO INSTITUTIONS OF HIGHER  
21 EDUCATION WITH SMALL ENDOWMENTS.—

22 “(1) IN GENERAL.—Of the total amount of  
23 grants provided to institutions of higher education  
24 for a fiscal year under this section, the Secretary  
25 shall provide not less than 50 percent of the amount

1 to institutions of higher education that have an en-  
2 dowment of not more than \$100,000,000.

3 “(2) REQUIREMENT.—To the extent that appli-  
4 cations have been submitted, at least 50 percent of  
5 the amount described in paragraph (1) shall be pro-  
6 vided to institutions of higher education that have  
7 an endowment of not more than \$50,000,000.

8 “(f) GRANT AMOUNTS.—

9 “(1) IN GENERAL.—If the Secretary determines  
10 that cost sharing is appropriate, the amounts of  
11 grants provided under this section shall be limited as  
12 provided in this subsection.

13 “(2) TECHNICAL ASSISTANCE GRANTS.—In the  
14 case of grants for technical assistance under sub-  
15 section (b), grant funds shall be available for not  
16 more than—

17 “(A) an amount equal to the lesser of—

18 “(i) \$50,000; or

19 “(ii) 75 percent of the cost of feasi-  
20 bility studies to assess the potential for im-  
21 plementation or improvement of sustain-  
22 able energy infrastructure;

23 “(B) an amount equal to the lesser of—

24 “(i) \$90,000; or

1                   “(ii) 60 percent of the cost of guid-  
2                   ance on overcoming barriers to project im-  
3                   plementation, including financial, con-  
4                   tracting, siting, and permitting barriers;  
5                   and

6                   “(C) an amount equal to the lesser of—

7                   “(i) \$250,000; or

8                   “(ii) 40 percent of the cost of detailed  
9                   engineering and design of sustainable en-  
10                  ergy infrastructure.

11                  “(3) GRANTS FOR EFFICIENCY IMPROVEMENT  
12                  AND ENERGY SUSTAINABILITY.—In the case of  
13                  grants for efficiency improvement and energy sus-  
14                  tainability under subsection (c), grant funds shall be  
15                  available for not more than an amount equal to the  
16                  lesser of—

17                  “(A) \$1,000,000; or

18                  “(B) 60 percent of the total cost.

19                  “(4) GRANTS FOR INNOVATION IN ENERGY SUS-  
20                  TAINABILITY.—In the case of grants for innovation  
21                  in energy sustainability under subsection (d), grant  
22                  funds shall be available for not more than an  
23                  amount equal to the lesser of—

24                  “(A) \$500,000; or

25                  “(B) 75 percent of the total cost.

1           “(g) LOANS FOR ENERGY EFFICIENCY IMPROVE-  
2 MENT AND ENERGY SUSTAINABILITY.—

3           “(1) IN GENERAL.—Subject to the availability  
4 of appropriated funds, the Secretary shall provide  
5 loans to institutional entities for the purpose of im-  
6 plementing energy efficiency improvements and sus-  
7 tainable energy infrastructure.

8           “(2) TERMS AND CONDITIONS.—

9           “(A) IN GENERAL.—Except as otherwise  
10 provided in this paragraph, loans made under  
11 this subsection shall be on such terms and con-  
12 ditions as the Secretary may prescribe.

13           “(B) MATURITY.—The final maturity of  
14 loans made within a period shall be the lesser  
15 of, as determined by the Secretary—

16                   “(i) 20 years; or

17                   “(ii) 90 percent of the useful life of  
18 the principal physical asset to be financed  
19 by the loan.

20           “(C) DEFAULT.—No loan made under this  
21 subsection may be subordinated to another debt  
22 contracted by the institutional entity or to any  
23 other claims against the institutional entity in  
24 the case of default.

25           “(D) BENCHMARK INTEREST RATE.—

1           “(i) IN GENERAL.—Loans under this  
2 subsection shall be at an interest rate that  
3 is set by reference to a benchmark interest  
4 rate (yield) on marketable Treasury securi-  
5 ties with a similar maturity to the direct  
6 loans being made.

7           “(ii) MINIMUM.—The minimum inter-  
8 est rate of loans under this subsection  
9 shall be at the interest rate of the bench-  
10 mark financial instrument.

11           “(iii) NEW LOANS.—The minimum in-  
12 terest rate of new loans shall be adjusted  
13 each quarter to take account of changes in  
14 the interest rate of the benchmark finan-  
15 cial instrument.

16           “(E) CREDIT RISK.—The Secretary shall—

17           “(i) prescribe explicit standards for  
18 use in periodically assessing the credit risk  
19 of making direct loans under this sub-  
20 section; and

21           “(ii) find that there is a reasonable  
22 assurance of repayment before making a  
23 loan.

24           “(F) ADVANCE BUDGET AUTHORITY RE-  
25 QUIRED.—New direct loans may not be obli-

1 gated under this subsection except to the extent  
2 that appropriations of budget authority to cover  
3 the costs of the new direct loans are made in  
4 advance, as required by section 504 of the Fed-  
5 eral Credit Reform Act of 1990 (2 U.S.C.  
6 661c).

7 “(3) CRITERIA.—Evaluation of projects for po-  
8 tential loan funding shall be based on criteria estab-  
9 lished by the Secretary, including criteria relating  
10 to—

11 “(A) improvement in energy efficiency;

12 “(B) reduction in greenhouse gas emis-  
13 sions and other air emissions, including criteria  
14 air pollutants and ozone-depleting refrigerants;

15 “(C) increased use of renewable electric en-  
16 ergy sources or renewable thermal energy  
17 sources;

18 “(D) reduction in consumption of fossil  
19 fuels; and

20 “(E) need for funding assistance, including  
21 consideration of the size of endowment or other  
22 financial resources available to the institutional  
23 entity.

24 “(4) LABOR STANDARDS.—

1           “(A) IN GENERAL.—All laborers and me-  
2           chanics employed by contractors or subcontrac-  
3           tors in the performance of construction, repair,  
4           or alteration work funded in whole or in part  
5           under this section shall be paid wages at rates  
6           not less than those prevailing on projects of a  
7           character similar in the locality as determined  
8           by the Secretary of Labor in accordance with  
9           sections 3141 through 3144, 3146, and 3147 of  
10          title 40, United States Code. The Secretary  
11          shall not approve any such funding without first  
12          obtaining adequate assurance that required  
13          labor standards will be maintained upon the  
14          construction work.

15          “(B) AUTHORITY AND FUNCTIONS.—The  
16          Secretary of Labor shall have, with respect to  
17          the labor standards specified in paragraph (1),  
18          the authority and functions set forth in Reorga-  
19          nization Plan Number 14 of 1950 (15 Fed.  
20          Reg. 3176; 64 Stat. 1267) and section 3145 of  
21          title 40, United States Code.

22          “(h) PROGRAM PROCEDURES.—Not later than 180  
23          days after the date of enactment of this section, the Sec-  
24          retary shall establish procedures for the solicitation and

1 evaluation of potential projects for grant and loan funding  
2 and administration of the grant and loan programs.

3 “(i) AUTHORIZATION.—

4 “(1) GRANTS.—There is authorized to be ap-  
5 propriated for the cost of grants authorized in sub-  
6 sections (b), (c), and (d) \$250,000,000 for each of  
7 fiscal years 2009 through 2013, of which not more  
8 than 5 percent may be used for administrative ex-  
9 penses.

10 “(2) LOANS.—There is authorized to be appro-  
11 priated for the initial cost of direct loans authorized  
12 in subsection (g) \$500,000,000 for each of fiscal  
13 years 2009 through 2013, of which not more than  
14 5 percent may be used for administrative expenses.”.

15 **Subtitle G—Public and Assisted**  
16 **Housing**

17 **SEC. 481. APPLICATION OF INTERNATIONAL ENERGY CON-**  
18 **SERVATION CODE TO PUBLIC AND ASSISTED**  
19 **HOUSING.**

20 Section 109 of the Cranston-Gonzalez National Af-  
21 fordable Housing Act (42 U.S.C. 12709) is amended—

22 (1) in subsection (a)—

23 (A) in paragraph (1)(C), by striking, “,  
24 where such standards are determined to be cost

1 effective by the Secretary of Housing and  
2 Urban Development”; and

3 (B) in the first sentence of paragraph  
4 (2)—

5 (i) by striking “Council of American  
6 Building Officials Model Energy Code,  
7 1992” and inserting “2006 International  
8 Energy Conservation Code”; and

9 (ii) by striking “, and, with respect to  
10 rehabilitation and new construction of pub-  
11 lic and assisted housing funded by HOPE  
12 VI revitalization grants under section 24 of  
13 the United States Housing Act of 1937  
14 (42 U.S.C. 1437v), the 2003 International  
15 Energy Conservation Code”;

16 (2) in subsection (b)—

17 (A) in the heading, by striking “**MODEL**  
18 **ENERGY CODE.—**” and inserting “**INTER-**  
19 **NATIONAL ENERGY CONSERVATION**  
20 **CODE.—**”;

21 (B) by inserting “and rehabilitation” after  
22 “all new construction”; and

23 (C) by striking “, and, with respect to re-  
24 habilitation and new construction of public and  
25 assisted housing funded by HOPE VI revital-

1           ization grants under section 24 of the United  
2           States Housing Act of 1937 (42 U.S.C. 1437v),  
3           the 2003 International Energy Conservation  
4           Code”;

5           (3) in subsection (c)—

6                 (A) in the heading, by striking “**MODEL**  
7                 **ENERGY CODE AND**”; and

8                 (B) by striking “, or, with respect to reha-  
9           bilitation and new construction of public and  
10          assisted housing funded by HOPE VI revital-  
11          ization grants under section 24 of the United  
12          States Housing Act of 1937 (42 U.S.C. 1437v),  
13          the 2003 International Energy Conservation  
14          Code”;

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

16          “(d) **FAILURE TO AMEND THE STANDARDS.**—If the  
17          Secretary of Housing and Urban Development and the  
18          Secretary of Agriculture have not, within 1 year after the  
19          requirements of the 2006 IECC or the ASHRAE Stand-  
20          ard 90.1–2004 are revised, amended the standards or  
21          made a determination under subsection (c), all new con-  
22          struction and rehabilitation of housing specified in sub-  
23          section (a) shall meet the requirements of the revised code  
24          or standard if—

1           “(1) the Secretary of Housing and Urban De-  
2           velopment or the Secretary of Agriculture make a  
3           determination that the revised codes do not nega-  
4           tively affect the availability or affordability of new  
5           construction of assisted housing and single family  
6           and multifamily residential housing (other than  
7           manufactured homes) subject to mortgages insured  
8           under the National Housing Act (12 U.S.C. 1701 et  
9           seq.) or insured, guaranteed, or made by the Sec-  
10          retary of Agriculture under title V of the Housing  
11          Act of 1949 (42 U.S.C. 1471 et seq.), respectively;  
12          and

13           “(2) the Secretary of Energy has made a deter-  
14          mination under section 304 of the Energy Conserva-  
15          tion and Production Act (42 U.S.C. 6833) that the  
16          revised code or standard would improve energy effi-  
17          ciency.”;

18           (5) by striking “CABO Model Energy Code,  
19          1992” each place it appears and inserting “the 2006  
20          IECC”; and

21           (6) by striking “1989” each place it appears  
22          and inserting “2004”.

## 1       **Subtitle H—General Provisions**

### 2       **SEC. 491. DEMONSTRATION PROJECT.**

3           (a) **IN GENERAL.**—The Federal Director and the  
4 Commercial Director shall establish guidelines to imple-  
5 ment a demonstration project to contribute to the research  
6 goals of the Office of Commercial High-Performance  
7 Green Buildings and the Office of Federal High-Perform-  
8 ance Green Buildings.

9           (b) **PROJECTS.**—In accordance with guidelines estab-  
10 lished by the Federal Director and the Commercial Direc-  
11 tor under subsection (a) and the duties of the Federal Di-  
12 rector and the Commercial Director described in this title,  
13 the Federal Director or the Commercial Director shall  
14 carry out—

15               (1) for each of fiscal years 2009 through 2014,  
16           1 demonstration project per year of green features  
17           in a Federal building selected by the Federal Direc-  
18           tor in accordance with relevant agencies and de-  
19           scribed in subsection (c)(1), that—

20                       (A) provides for instrumentation, moni-  
21                       toring, and data collection related to the green  
22                       features, for study of the impact of the features  
23                       on overall energy use and operational costs, and  
24                       for the evaluation of the information obtained

1 through the conduct of projects and activities  
2 under this title; and

3 (B) achieves the highest rating offered by  
4 the high performance green building system  
5 identified pursuant to section 436(h);

6 (2) no fewer than 4 demonstration projects at  
7 4 universities, that, as competitively selected by the  
8 Commercial Director in accordance with subsection  
9 (c)(2), have—

10 (A) appropriate research resources and rel-  
11 evant projects to meet the goals of the dem-  
12 onstration project established by the Office of  
13 Commercial High-Performance Green Build-  
14 ings; and

15 (B) the ability—

16 (i) to serve as a model for high-per-  
17 formance green building initiatives, includ-  
18 ing research and education by achieving  
19 the highest rating offered by the high per-  
20 formance green building system identified  
21 pursuant to section 436(h);

22 (ii) to identify the most effective ways  
23 to use high-performance green building and  
24 landscape technologies to engage and edu-  
25 cate undergraduate and graduate students;

1 (iii) to effectively implement a high-  
2 performance green building education pro-  
3 gram for students and occupants;

4 (iv) to demonstrate the effectiveness  
5 of various high-performance technologies,  
6 including their impacts on energy use and  
7 operational costs, in each of the 4 climatic  
8 regions of the United States described in  
9 subsection (c)(2)(B); and

10 (v) to explore quantifiable and non-  
11 quantifiable beneficial impacts on public  
12 health and employee and student perform-  
13 ance;

14 (3) demonstration projects to evaluate  
15 replicable approaches of achieving high performance  
16 in actual building operation in various types of com-  
17 mercial buildings in various climates; and

18 (4) deployment activities to disseminate infor-  
19 mation on and encourage widespread adoption of  
20 technologies, practices, and policies to achieve zero-  
21 net-energy commercial buildings or low energy use  
22 and effective monitoring of energy use in commercial  
23 buildings.

24 (c) CRITERIA.—

1           (1) FEDERAL FACILITIES.—With respect to the  
2 existing or proposed Federal facility at which a dem-  
3 onstration project under this section is conducted,  
4 the Federal facility shall—

5           (A) be an appropriate model for a project  
6 relating to—

7           (i) the effectiveness of high-perform-  
8 ance technologies;

9           (ii) analysis of materials, components,  
10 systems, and emergency operations in the  
11 building, and the impact of those mate-  
12 rials, components, and systems, including  
13 the impact on the health of building occu-  
14 pants;

15           (iii) life-cycle costing and life-cycle as-  
16 sessment of building materials and sys-  
17 tems; and

18           (iv) location and design that promote  
19 access to the Federal facility through walk-  
20 ing, biking, and mass transit; and

21           (B) possess sufficient technological and or-  
22 ganizational adaptability.

23           (2) UNIVERSITIES.—With respect to the 4 uni-  
24 versities at which a demonstration project under this  
25 section is conducted—

1 (A) the universities should be selected,  
2 after careful review of all applications received  
3 containing the required information, as deter-  
4 mined by the Commercial Director, based on—

5 (i) successful and established public-  
6 private research and development partner-  
7 ships;

8 (ii) demonstrated capabilities to con-  
9 struct or renovate buildings that meet high  
10 indoor environmental quality standards;

11 (iii) organizational flexibility;

12 (iv) technological adaptability;

13 (v) the demonstrated capacity of at  
14 least 1 university to replicate lessons  
15 learned among nearby or sister univer-  
16 sities, preferably by participation in groups  
17 or consortia that promote sustainability;

18 (vi) the demonstrated capacity of at  
19 least 1 university to have officially-adopt-  
20 ed, institution-wide “high-performance  
21 green building” guidelines for all campus  
22 building projects; and

23 (vii) the demonstrated capacity of at  
24 least 1 university to have been recognized  
25 by similar institutions as a national leader

1 in sustainability education and curriculum  
2 for students of the university; and

3 (B) each university shall be located in a  
4 different climatic region of the United States,  
5 each of which regions shall have, as determined  
6 by the Office of Commercial High-Performance  
7 Green Buildings—

8 (i) a hot, dry climate;

9 (ii) a hot, humid climate;

10 (iii) a cold climate; or

11 (iv) a temperate climate (including a  
12 climate with cold winters and humid sum-  
13 mers).

14 (d) APPLICATIONS.—To receive a grant under sub-  
15 section (b), an eligible applicant shall submit to the Fed-  
16 eral Director or the Commercial Director an application  
17 at such time, in such manner, and containing such infor-  
18 mation as the Director may require, including a written  
19 assurance that all laborers and mechanics employed by  
20 contractors or subcontractors during construction, alter-  
21 ation, or repair that is financed, in whole or in part, by  
22 a grant under this section shall be paid wages at rates  
23 not less than those prevailing on similar construction in  
24 the locality, as determined by the Secretary of Labor in  
25 accordance with sections 3141 through 3144, 3146, and

1 3147 of title 40, United States Code. The Secretary of  
2 Labor shall, with respect to the labor standards described  
3 in this subsection, have the authority and functions set  
4 forth in Reorganization Plan Numbered 14 of 1950 (5  
5 U.S.C. App.) and section 3145 of title 40, United States  
6 Code.

7 (e) REPORT.—Not later than 1 year after the date  
8 of enactment of this Act, and annually thereafter through  
9 September 30, 2014—

10 (1) the Federal Director and the Commercial  
11 Director shall submit to the Secretary a report that  
12 describes the status of the demonstration projects;  
13 and

14 (2) each University at which a demonstration  
15 project under this section is conducted shall submit  
16 to the Secretary a report that describes the status  
17 of the demonstration projects under this section.

18 (f) AUTHORIZATION OF APPROPRIATIONS.—There is  
19 authorized to be appropriated to carry out the demonstra-  
20 tion project described in section (b)(1) \$10,000,000 for  
21 the period of fiscal years 2008 through 2012, and to carry  
22 out the demonstration project described in section (b)(2),  
23 \$10,000,000 for the period of fiscal years 2008 through  
24 2012, to remain available until expended.

1 **SEC. 492. RESEARCH AND DEVELOPMENT.**

2 (a) ESTABLISHMENT.—The Federal Director and the  
3 Commercial Director, jointly and in coordination with the  
4 Advisory Committee, shall—

5 (1)(A) survey existing research and studies re-  
6 lating to high-performance green buildings; and

7 (B) coordinate activities of common interest;

8 (2) develop and recommend a high-performance  
9 green building research plan that—

10 (A) identifies information and research  
11 needs, including the relationships between  
12 human health, occupant productivity, safety, se-  
13 curity, and accessibility and each of—

14 (i) emissions from materials and prod-  
15 ucts in the building;

16 (ii) natural day lighting;

17 (iii) ventilation choices and tech-  
18 nologies;

19 (iv) heating, cooling, and system con-  
20 trol choices and technologies;

21 (v) moisture control and mold;

22 (vi) maintenance, cleaning, and pest  
23 control activities;

24 (vii) acoustics;

25 (viii) access to public transportation;

26 and

1                   (ix) other issues relating to the health,  
2                   comfort, productivity, and performance of  
3                   occupants of the building;

4                   (B) promotes the development and dissemi-  
5                   nation of high-performance green building  
6                   measurement tools that, at a minimum, may be  
7                   used—

8                   (i) to monitor and assess the life-cycle  
9                   performance of facilities (including dem-  
10                  onstration projects) built as high-perform-  
11                  ance green buildings; and

12                  (ii) to perform life-cycle assessments;  
13                  and

14                  (C) identifies and tests new and emerging  
15                  technologies for high performance green build-  
16                  ings;

17                  (3) assist the budget and life-cycle costing func-  
18                  tions of the Directors' Offices under section 436(d);

19                  (4) study and identify potential benefits of  
20                  green buildings relating to security, natural disaster,  
21                  and emergency needs of the Federal Government;  
22                  and

23                  (5) support other research initiatives deter-  
24                  mined by the Directors' Offices.

1 (b) INDOOR AIR QUALITY.—The Federal Director, in  
2 consultation with the Administrator of the Environmental  
3 Protection Agency and the Advisory Committee, shall de-  
4 velop and carry out a comprehensive indoor air quality  
5 program for all Federal facilities to ensure the safety of  
6 Federal workers and facility occupants—

7 (1) during new construction and renovation of  
8 facilities; and

9 (2) in existing facilities.

10 **SEC. 493. ENVIRONMENTAL PROTECTION AGENCY DEM-**  
11 **ONSTRATION GRANT PROGRAM FOR LOCAL**  
12 **GOVERNMENTS.**

13 Title III of the Clean Air Act (42 U.S.C. 7601 et  
14 seq.) is amended by adding at the end the following:

15 **“SEC. 329. DEMONSTRATION GRANT PROGRAM FOR LOCAL**  
16 **GOVERNMENTS.**

17 **“(a) GRANT PROGRAM.—**

18 **“(1) IN GENERAL.—**The Administrator shall es-  
19 tablish a demonstration program under which the  
20 Administrator shall provide competitive grants to as-  
21 sist local governments (such as municipalities and  
22 counties), with respect to local government build-  
23 ings—

24 **“(A) to deploy cost-effective technologies**  
25 **and practices; and**

1           “(B) to achieve operational cost savings,  
2 through the application of cost-effective tech-  
3 nologies and practices, as verified by the Ad-  
4 ministrator.

5           “(2) COST SHARING.—

6           “(A) IN GENERAL.—The Federal share of  
7 the cost of an activity carried out using a grant  
8 provided under this section shall be 40 percent.

9           “(B) WAIVER OF NON-FEDERAL SHARE.—  
10 The Administrator may waive up to 100 per-  
11 cent of the local share of the cost of any grant  
12 under this section should the Administrator de-  
13 termine that the community is economically dis-  
14 tressed, pursuant to objective economic criteria  
15 established by the Administrator in published  
16 guidelines.

17           “(3) MAXIMUM AMOUNT.—The amount of a  
18 grant provided under this subsection shall not exceed  
19 \$1,000,000.

20           “(b) GUIDELINES.—

21           “(1) IN GENERAL.—Not later than 1 year after  
22 the date of enactment of this section, the Adminis-  
23 trator shall issue guidelines to implement the grant  
24 program established under subsection (a).

1           “(2) REQUIREMENTS.—The guidelines under  
2 paragraph (1) shall establish—

3           “(A) standards for monitoring and  
4 verification of operational cost savings through  
5 the application of cost-effective technologies and  
6 practices reported by grantees under this sec-  
7 tion;

8           “(B) standards for grantees to implement  
9 training programs, and to provide technical as-  
10 sistance and education, relating to the retrofit  
11 of buildings using cost-effective technologies  
12 and practices; and

13           “(C) a requirement that each local govern-  
14 ment that receives a grant under this section  
15 shall achieve facility-wide cost savings, through  
16 renovation of existing local government build-  
17 ings using cost-effective technologies and prac-  
18 tices, of at least 40 percent as compared to the  
19 baseline operational costs of the buildings be-  
20 fore the renovation (as calculated assuming a 3-  
21 year, weather-normalized average).

22           “(c) COMPLIANCE WITH STATE AND LOCAL LAW.—  
23 Nothing in this section or any program carried out using  
24 a grant provided under this section supersedes or other-  
25 wise affects any State or local law, to the extent that the

1 State or local law contains a requirement that is more  
2 stringent than the relevant requirement of this section.

3 “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
4 is authorized to be appropriated to carry out this section  
5 \$20,000,000 for each of fiscal years 2007 through 2012.

6 “(e) REPORTS.—

7 “(1) IN GENERAL.—The Administrator shall  
8 provide annual reports to Congress on cost savings  
9 achieved and actions taken and recommendations  
10 made under this section, and any recommendations  
11 for further action.

12 “(2) FINAL REPORT.—The Administrator shall  
13 issue a final report at the conclusion of the program,  
14 including findings, a summary of total cost savings  
15 achieved, and recommendations for further action.

16 “(f) TERMINATION.—The program under this section  
17 shall terminate on September 30, 2012.

18 “(g) DEFINITIONS.—In this section, the terms ‘cost  
19 effective technologies and practices’ and ‘operating cost  
20 savings’ shall have the meanings defined in section 401  
21 of the Energy Independence and Security Act of 2007.”.

22 **SEC. 494. GREEN BUILDING ADVISORY COMMITTEE.**

23 (a) ESTABLISHMENT.—Not later than 180 days after  
24 the date of enactment of this Act, the Federal Director,  
25 in coordination with the Commercial Director, shall estab-

1 lish an advisory committee, to be known as the “Green  
2 Building Advisory Committee”.

3 (b) MEMBERSHIP.—

4 (1) IN GENERAL.—The Committee shall be  
5 composed of representatives of, at a minimum—

6 (A) each agency referred to in section  
7 421(e); and

8 (B) other relevant agencies and entities, as  
9 determined by the Federal Director, including  
10 at least 1 representative of each of—

11 (i) State and local governmental green  
12 building programs;

13 (ii) independent green building asso-  
14 ciations or councils;

15 (iii) building experts, including archi-  
16 tects, material suppliers, and construction  
17 contractors;

18 (iv) security advisors focusing on na-  
19 tional security needs, natural disasters,  
20 and other dire emergency situations;

21 (v) public transportation industry ex-  
22 perts; and

23 (vi) environmental health experts, in-  
24 cluding those with experience in children’s  
25 health.

1           (2) NON-FEDERAL MEMBERS.—The total num-  
2           ber of non-Federal members on the Committee at  
3           any time shall not exceed 15.

4           (c) MEETINGS.—The Federal Director shall establish  
5           a regular schedule of meetings for the Committee.

6           (d) DUTIES.—The Committee shall provide advice  
7           and expertise for use by the Federal Director in carrying  
8           out the duties under this subtitle, including such rec-  
9           ommendations relating to Federal activities carried out  
10          under sections 434 through 436 as are agreed to by a ma-  
11          jority of the members of the Committee.

12          (e) FACA EXEMPTION.—The Committee shall not be  
13          subject to section 14 of the Federal Advisory Committee  
14          Act (5 U.S.C. App.).

15   **SEC. 495. ADVISORY COMMITTEE ON ENERGY EFFICIENCY**  
16                                   **FINANCE.**

17          (a) ESTABLISHMENT.—The Secretary, acting  
18          through the Assistant Secretary of Energy for Energy Ef-  
19          ficiency and Renewable Energy, shall establish an Advi-  
20          sory Committee on Energy Efficiency Finance to provide  
21          advice and recommendations to the Department on energy  
22          efficiency finance and investment issues, options, ideas,  
23          and trends, and to assist the energy community in identi-  
24          fying practical ways of lowering costs and increasing in-  
25          vestments in energy efficiency technologies.

1 (b) MEMBERSHIP.—The advisory committee estab-  
2 lished under this section shall have a balanced membership  
3 that shall include members with expertise in—

4 (1) availability of seed capital;

5 (2) availability of venture capital;

6 (3) availability of other sources of private eq-  
7 uity;

8 (4) investment banking with respect to cor-  
9 porate finance;

10 (5) investment banking with respect to mergers  
11 and acquisitions;

12 (6) equity capital markets;

13 (7) debt capital markets;

14 (8) research analysis;

15 (9) sales and trading;

16 (10) commercial lending; and

17 (11) residential lending.

18 (c) TERMINATION.—The Advisory Committee on En-  
19 ergy Efficiency Finance shall terminate on the date that  
20 is 10 years after the date of enactment of this Act.

21 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
22 are authorized to be appropriated such sums as are nec-  
23 essary to the Secretary for carrying out this section.

1 **TITLE V—ENERGY SAVINGS IN**  
2 **GOVERNMENT AND PUBLIC**  
3 **INSTITUTIONS**

4 **Subtitle A—United States Capitol**  
5 **Complex**

6 **SEC. 501. CAPITOL COMPLEX PHOTOVOLTAIC ROOF FEASI-**  
7 **BILITY STUDIES.**

8 (a) STUDIES.—The Architect of the Capitol may con-  
9 duct feasibility studies regarding construction of photo-  
10 voltaic roofs for the Rayburn House Office Building and  
11 the Hart Senate Office Building.

12 (b) REPORT.—Not later than 6 months after the date  
13 of enactment of this Act, the Architect of the Capitol shall  
14 transmit to the Committee on Transportation and Infra-  
15 structure of the House of Representatives and the Com-  
16 mittee on Rules and Administration of the Senate a report  
17 on the results of the feasibility studies and recommenda-  
18 tions regarding construction of photovoltaic roofs for the  
19 buildings referred to in subsection (a).

20 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
21 authorized to be appropriated to carry out this section  
22 \$500,000.

23 **SEC. 502. CAPITOL COMPLEX E-85 REFUELING STATION.**

24 (a) CONSTRUCTION.—The Architect of the Capitol  
25 may construct a fuel tank and pumping system for E-

1 85 fuel at or within close proximity to the Capitol Grounds  
2 Fuel Station.

3 (b) USE.—The E–85 fuel tank and pumping system  
4 shall be available for use by all legislative branch vehicles  
5 capable of operating with E–85 fuel, subject to such other  
6 legislative branch agencies reimbursing the Architect of  
7 the Capitol for the costs of E–85 fuel used by such other  
8 legislative branch vehicles.

9 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
10 authorized to be appropriated to carry out this section  
11 \$640,000 for fiscal year 2008.

12 **SEC. 503. ENERGY AND ENVIRONMENTAL MEASURES IN**  
13 **CAPITOL COMPLEX MASTER PLAN.**

14 (a) IN GENERAL.—To the maximum extent prac-  
15 ticable, the Architect of the Capitol shall include energy  
16 efficiency and conservation measures, greenhouse gas  
17 emission reduction measures, and other appropriate envi-  
18 ronmental measures in the Capitol Complex Master Plan.

19 (b) REPORT.—Not later than 6 months after the date  
20 of enactment of this Act, the Architect of the Capitol shall  
21 submit to the Committee on Transportation and Infra-  
22 structure of the House of Representatives and the Com-  
23 mittee on Rules and Administration of the Senate a report  
24 on the energy efficiency and conservation measures, green-  
25 house gas emission reduction measures, and other appro-

1 priate environmental measures included in the Capitol  
2 Complex Master Plan pursuant to subsection (a).

3 **SEC. 504. PROMOTING MAXIMUM EFFICIENCY IN OPER-**  
4 **ATION OF CAPITOL POWER PLANT.**

5 (a) STEAM BOILERS.—

6 (1) IN GENERAL.—The Architect of the Capitol  
7 shall take such steps as may be necessary to operate  
8 the steam boilers at the Capitol Power Plant in the  
9 most energy efficient manner possible to minimize  
10 carbon emissions and operating costs, including ad-  
11 justing steam pressures and adjusting the operation  
12 of the boilers to take into account variations in de-  
13 mand, including seasonality, for the use of the sys-  
14 tem.

15 (2) EFFECTIVE DATE.—The Architect shall im-  
16 plement the steps required under paragraph (1) not  
17 later than 30 days after the date of the enactment  
18 of this Act.

19 (b) CHILLER PLANT.—

20 (1) IN GENERAL.—The Architect of the Capitol  
21 shall take such steps as may be necessary to operate  
22 the chiller plant at the Capitol Power Plant in the  
23 most energy efficient manner possible to minimize  
24 carbon emissions and operating costs, including ad-  
25 justing water temperatures and adjusting the oper-

1       ation of the chillers to take into account variations  
2       in demand, including seasonality, for the use of the  
3       system.

4           (2) EFFECTIVE DATE.—The Architect shall im-  
5       plement the steps required under paragraph (1) not  
6       later than 30 days after the date of the enactment  
7       of this Act.

8       (c) METERS.—Not later than 90 days after the date  
9       of the enactment of this Act, the Architect of the Capitol  
10      shall evaluate the accuracy of the meters in use at the  
11      Capitol Power Plant and correct them as necessary.

12      (d) REPORT ON IMPLEMENTATION.—Not later than  
13      180 days after the date of the enactment of this Act, the  
14      Architect of the Capitol shall complete the implementation  
15      of the requirements of this section and submit a report  
16      describing the actions taken and the energy efficiencies  
17      achieved to the Committee on Transportation and Infra-  
18      structure of the House of Representatives, the Committee  
19      on Commerce, Science, and Transportation of the Senate,  
20      the Committee on House Administration of the House of  
21      Representatives, and the Committee on Rules and Admin-  
22      istration of the Senate.

1 **SEC. 505. CAPITOL POWER PLANT CARBON DIOXIDE EMIS-**  
2 **SIONS FEASIBILITY STUDY AND DEMONSTRA-**  
3 **TION PROJECTS.**

4 The first section of the Act of March 4, 1911 (2  
5 U.S.C. 2162; 36 Stat. 1414, chapter 285) is amended in  
6 the seventh undesignated paragraph (relating to the Cap-  
7 itol power plant) under the heading “Public Buildings”,  
8 under the heading “Under the Department of Interior”—

9 (1) by striking “ninety thousand dollars.” and  
10 inserting “\$90,000.”; and

11 (2) by striking “Provided, That hereafter the”  
12 and all that follows through the end of the proviso  
13 and inserting the following:

14 “(a) DESIGNATION.—The heating, lighting, and  
15 power plant constructed under the terms of the Act ap-  
16 proved April 28, 1904 (33 Stat. 479, chapter 1762) shall  
17 be known as the ‘Capitol Power Plant’.

18 “(b) DEFINITION.—In this section, the term ‘carbon  
19 dioxide energy efficiency’ means the quantity of electricity  
20 used to power equipment for carbon dioxide capture and  
21 storage or use.

22 “(c) FEASIBILITY STUDY.—The Architect of the  
23 Capitol shall conduct a feasibility study evaluating the  
24 available methods to capture, store, and use carbon diox-  
25 ide emitted from the Capitol Power Plant as a result of  
26 burning fossil fuels. In carrying out the feasibility study,

1 the Architect of the Capitol is encouraged to consult with  
2 individuals with expertise in carbon capture and storage  
3 or use, including experts with the Environmental Protec-  
4 tion Agency, Department of Energy, academic institu-  
5 tions, non-profit organizations, and industry, as appro-  
6 priate. The study shall consider—

7           “(1) the availability of technologies to capture  
8           and store or use Capitol Power Plant carbon dioxide  
9           emissions;

10           “(2) strategies to conserve energy and reduce  
11           carbon dioxide emissions at the Capitol Power Plant;  
12           and

13           “(3) other factors as determined by the Archi-  
14           tect of the Capitol.

15           “(d) DEMONSTRATION PROJECTS.—

16           “(1) IN GENERAL.—If the feasibility study de-  
17           termines that a demonstration project to capture  
18           and store or use Capitol Power Plant carbon dioxide  
19           emissions is technologically feasible and economically  
20           justified (including direct and indirect economic and  
21           environmental benefits), the Architect of the Capitol  
22           may conduct one or more demonstration projects to  
23           capture and store or use carbon dioxide emitted  
24           from the Capitol Power Plant as a result of burning  
25           fossil fuels.

1           “(2) FACTORS FOR CONSIDERATION.—In car-  
2           rying out such demonstration projects, the Architect  
3           of the Capitol shall consider—

4                   “(A) the amount of Capitol Power Plant  
5                   carbon dioxide emissions to be captured and  
6                   stored or used;

7                   “(B) whether the proposed project is able  
8                   to reduce air pollutants other than carbon diox-  
9                   ide;

10                   “(C) the carbon dioxide energy efficiency  
11                   of the proposed project;

12                   “(D) whether the proposed project is able  
13                   to use carbon dioxide emissions;

14                   “(E) whether the proposed project could be  
15                   expanded to significantly increase the amount  
16                   of Capitol Power Plant carbon dioxide emis-  
17                   sions to be captured and stored or used;

18                   “(F) the potential environmental, energy,  
19                   and educational benefits of demonstrating the  
20                   capture and storage or use of carbon dioxide at  
21                   the U.S. Capitol; and

22                   “(G) other factors as determined by the  
23                   Architect of the Capitol.

24           “(3) TERMS AND CONDITIONS.—A demonstra-  
25           tion project funded under this section shall be sub-

1           ject to such terms and conditions as the Architect of  
2           the Capitol may prescribe.

3           “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
4 is authorized to be appropriated to carry out the feasibility  
5 study and demonstration project \$3,000,000. Such sums  
6 shall remain available until expended.”.

7                           **Subtitle B—Energy Savings**  
8                           **Performance Contracting**

9   **SEC. 511. AUTHORITY TO ENTER INTO CONTRACTS; RE-**  
10                           **PORTS.**

11           (a) IN GENERAL.—Section 801(a)(2)(D) of the Na-  
12 tional Energy Conservation Policy Act (42 U.S.C.  
13 8287(a)(2)(D)) is amended—

14                   (1) in clause (ii), by inserting “and” after the  
15                   semicolon at the end;

16                   (2) by striking clause (iii); and

17                   (3) by redesignating clause (iv) as clause (iii).

18           (b) REPORTS.—Section 548(a)(2) of the National  
19 Energy Conservation Policy Act (42 U.S.C. 8258(a)(2))  
20 is amended by inserting “and any termination penalty ex-  
21 posure” after “the energy and cost savings that have re-  
22 sulted from such contracts”.

23           (c) CONFORMING AMENDMENT.—Section 2913 of  
24 title 10, United States Code, is amended by striking sub-  
25 section (e).

1 **SEC. 512. FINANCING FLEXIBILITY.**

2 Section 801(a)(2) of the National Energy Conserva-  
3 tion Policy Act (42 U.S.C. 8287(a)(2)) is amended by add-  
4 ing at the end the following:

5 “(E) FUNDING OPTIONS.—In carrying out  
6 a contract under this title, a Federal agency  
7 may use any combination of—

8 “(i) appropriated funds; and

9 “(ii) private financing under an en-  
10 ergy savings performance contract.”.

11 **SEC. 513. PROMOTING LONG-TERM ENERGY SAVINGS PER-**  
12 **FORMANCE CONTRACTS AND VERIFYING SAV-**  
13 **INGS.**

14 Section 801(a)(2) of the National Energy Conserva-  
15 tion Policy Act (42 U.S.C. 8287(a)(2)) (as amended by  
16 section 512) is amended—

17 (1) in subparagraph (D), by inserting “begin-  
18 ning on the date of the delivery order” after “25  
19 years”; and

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

21 “(F) PROMOTION OF CONTRACTS.—In car-  
22 rying out this section, a Federal agency shall  
23 not—

24 “(i) establish a Federal agency policy  
25 that limits the maximum contract term

1 under subparagraph (D) to a period short-  
2 er than 25 years; or

3 “(ii) limit the total amount of obliga-  
4 tions under energy savings performance  
5 contracts or other private financing of en-  
6 ergy savings measures.

7 “(G) MEASUREMENT AND VERIFICATION  
8 REQUIREMENTS FOR PRIVATE FINANCING.—

9 “(i) IN GENERAL.—In the case of en-  
10 ergy savings performance contracts, the  
11 evaluations and savings measurement and  
12 verification required under paragraphs (2)  
13 and (4) of section 543(f) shall be used by  
14 a Federal agency to meet the requirements  
15 for the need for energy audits, calculation  
16 of energy savings, and any other evaluation  
17 of costs and savings needed to implement  
18 the guarantee of savings under this sec-  
19 tion.

20 “(ii) MODIFICATION OF EXISTING  
21 CONTRACTS.—Not later than 18 months  
22 after the date of enactment of this sub-  
23 paragraph, each Federal agency shall, to  
24 the maximum extent practicable, modify  
25 any indefinite delivery and indefinite quan-

1           tity energy savings performance contracts,  
2           and other indefinite delivery and indefinite  
3           quantity contracts using private financing,  
4           to conform to the amendments made by  
5           subtitle B of title V of the Energy Inde-  
6           pendence and Security Act of 2007.”.

7   **SEC. 514. PERMANENT REAUTHORIZATION.**

8           Section 801 of the National Energy Conservation  
9   Policy Act (42 U.S.C. 8287) is amended by striking sub-  
10 section (c).

11 **SEC. 515. DEFINITION OF ENERGY SAVINGS.**

12           Section 804(2) of the National Energy Conservation  
13 Policy Act (42 U.S.C. 8287c(2)) is amended—

14           (1) by redesignating subparagraphs (A), (B),  
15           and (C) as clauses (i), (ii), and (iii), respectively,  
16           and indenting appropriately;

17           (2) by striking “means a reduction” and insert-  
18           ing “means—

19                   “(A) a reduction”;

20           (3) by striking the period at the end and insert-  
21           ing a semicolon; and

22           (4) by adding at the end the following:

23                   “(B) the increased efficient use of an exist-  
24           ing energy source by cogeneration or heat re-  
25           covery;

1           “(C) if otherwise authorized by Federal or  
2           State law (including regulations), the sale or  
3           transfer of electrical or thermal energy gen-  
4           erated on-site from renewable energy sources or  
5           cogeneration, but in excess of Federal needs, to  
6           utilities or non-Federal energy users; and

7           “(D) the increased efficient use of existing  
8           water sources in interior or exterior applica-  
9           tions.”.

10 **SEC. 516. RETENTION OF SAVINGS.**

11           Section 546(c) of the National Energy Conservation  
12 Policy Act (42 U.S.C. 8256(c)) is amended by striking  
13 paragraph (5).

14 **SEC. 517. TRAINING FEDERAL CONTRACTING OFFICERS TO**  
15                   **NEGOTIATE ENERGY EFFICIENCY CON-**  
16                   **TRACTS.**

17           (a) PROGRAM.—The Secretary shall create and ad-  
18 minister in the Federal Energy Management Program a  
19 training program to educate Federal contract negotiation  
20 and contract management personnel so that the contract  
21 officers are prepared to—

22           (1) negotiate energy savings performance con-  
23           tracts;

1           (2) conclude effective and timely contracts for  
2           energy efficiency services with all companies offering  
3           energy efficiency services; and

4           (3) review Federal contracts for all products  
5           and services for the potential energy efficiency op-  
6           portunities and implications of the contracts.

7           (b) SCHEDULE.—Not later than 1 year after the date  
8           of enactment of this Act, the Secretary shall plan, staff,  
9           announce, and begin training under the Federal Energy  
10          Management Program.

11          (c) PERSONNEL TO BE TRAINED.—Personnel appro-  
12          priate to receive training under the Federal Energy Man-  
13          agement Program shall be selected by and sent for the  
14          training from—

15                 (1) the Department of Defense;

16                 (2) the Department of Veterans Affairs;

17                 (3) the Department;

18                 (4) the General Services Administration;

19                 (5) the Department of Housing and Urban De-  
20          velopment;

21                 (6) the United States Postal Service; and

22                 (7) all other Federal agencies and departments  
23          that enter contracts for buildings, building services,  
24          electricity and electricity services, natural gas and  
25          natural gas services, heating and air conditioning

1 services, building fuel purchases, and other types of  
2 procurement or service contracts determined by the  
3 Secretary, in carrying out the Federal Energy Man-  
4 agement Program, to offer the potential for energy  
5 savings and greenhouse gas emission reductions if  
6 negotiated with taking into account those goals.

7 (d) TRAINERS.—Training under the Federal Energy  
8 Management Program may be conducted by—

9 (1) attorneys or contract officers with experi-  
10 ence in negotiating and managing contracts de-  
11 scribed in subsection (c)(7) from any agency, except  
12 that the Secretary shall reimburse the related sala-  
13 ries and expenses of the attorneys or contract offi-  
14 cers from amounts made available for carrying out  
15 this section to the extent the attorneys or contract  
16 officers are not employees of the Department; and

17 (2) private experts hired by the Secretary for  
18 the purposes of this section, except that the Sec-  
19 retary may not hire experts who are simultaneously  
20 employed by any company under contract to provide  
21 energy efficiency services to the Federal Govern-  
22 ment.

23 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
24 are authorized to be appropriated to the Secretary to carry

1 out this section \$750,000 for each of fiscal years 2008  
2 through 2012.

3 **SEC. 518. STUDY OF ENERGY AND COST SAVINGS IN NON-**  
4 **BUILDING APPLICATIONS.**

5 (a) DEFINITIONS.—In this section:

6 (1) NONBUILDING APPLICATION.—The term  
7 “nonbuilding application” means—

8 (A) any class of vehicles, devices, or equip-  
9 ment that is transportable under the power of  
10 the applicable vehicle, device, or equipment by  
11 land, sea, or air and that consumes energy from  
12 any fuel source for the purpose of—

13 (i) that transportation; or

14 (ii) maintaining a controlled environ-  
15 ment within the vehicle, device, or equip-  
16 ment; and

17 (B) any federally-owned equipment used to  
18 generate electricity or transport water.

19 (2) SECONDARY SAVINGS.—

20 (A) IN GENERAL.—The term “secondary  
21 savings” means additional energy or cost sav-  
22 ings that are a direct consequence of the energy  
23 savings that result from the energy efficiency  
24 improvements that were financed and imple-

1           mented pursuant to an energy savings perform-  
2           ance contract.

3           (B) INCLUSIONS.—The term “secondary  
4           savings” includes—

5                   (i) energy and cost savings that result  
6                   from a reduction in the need for fuel deliv-  
7                   ery and logistical support;

8                   (ii) personnel cost savings and envi-  
9                   ronmental benefits; and

10                   (iii) in the case of electric generation  
11                   equipment, the benefits of increased effi-  
12                   ciency in the production of electricity, in-  
13                   cluding revenues received by the Federal  
14                   Government from the sale of electricity so  
15                   produced.

16           (b) STUDY.—

17                   (1) IN GENERAL.—As soon as practicable after  
18                   the date of enactment of this Act, the Secretary and  
19                   the Secretary of Defense shall jointly conduct, and  
20                   submit to Congress and the President a report of, a  
21                   study of the potential for the use of energy savings  
22                   performance contracts to reduce energy consumption  
23                   and provide energy and cost savings in nonbuilding  
24                   applications.

1           (2) REQUIREMENTS.—The study under this  
2 subsection shall include—

3           (A) an estimate of the potential energy and  
4 cost savings to the Federal Government, includ-  
5 ing secondary savings and benefits, from in-  
6 creased efficiency in nonbuilding applications;

7           (B) an assessment of the feasibility of ex-  
8 tending the use of energy savings performance  
9 contracts to nonbuilding applications, including  
10 an identification of any regulatory or statutory  
11 barriers to that use; and

12           (C) such recommendations as the Sec-  
13 retary and Secretary of Defense determine to  
14 be appropriate.

15           **Subtitle C—Energy Efficiency in**  
16           **Federal Agencies**

17           **SEC. 521. INSTALLATION OF PHOTOVOLTAIC SYSTEM AT**  
18           **DEPARTMENT OF ENERGY HEADQUARTERS**  
19           **BUILDING.**

20           (a) IN GENERAL.—The Administrator of General  
21 Services shall install a photovoltaic system, as set forth  
22 in the Sun Wall Design Project, for the headquarters  
23 building of the Department located at 1000 Independence  
24 Avenue, SW., Washington, DC, commonly known as the  
25 Forrestal Building.

1           (b) FUNDING.—There shall be available from the  
2 Federal Buildings Fund established by section 592 of title  
3 40, United States Code, \$30,000,000 to carry out this sec-  
4 tion. Such sums shall be derived from the unobligated bal-  
5 ance of amounts made available from the Fund for fiscal  
6 year 2007, and prior fiscal years, for repairs and alter-  
7 nations and other activities (excluding amounts made  
8 available for the energy program). Such sums shall remain  
9 available until expended.

10 **SEC. 522. PROHIBITION ON INCANDESCENT LAMPS BY**  
11 **COAST GUARD.**

12           (a) PROHIBITION.—Except as provided by subsection  
13 (b), on and after January 1, 2009, a general service incan-  
14 descent lamp shall not be purchased or installed in a Coast  
15 Guard facility by or on behalf of the Coast Guard.

16           (b) EXCEPTION.—A general service incandescent  
17 lamp may be purchased, installed, and used in a Coast  
18 Guard facility whenever the application of a general serv-  
19 ice incandescent lamp is—

20               (1) necessary due to purpose or design, includ-  
21               ing medical, security, and industrial applications;

22               (2) reasonable due to the architectural or his-  
23               torical value of a light fixture installed before Janu-  
24               ary 1, 2009; or



1 **SEC. 524. FEDERALLY-PROCURED APPLIANCES WITH**  
2 **STANDBY POWER.**

3 Section 553 of the National Energy Conservation  
4 Policy Act (42 U.S.C. 8259b) is amended—

5 (1) by redesignating subsection (e) as sub-  
6 section (f); and

7 (2) by inserting after subsection (d) the fol-  
8 lowing:

9 “(e) **FEDERALLY-PROCURED APPLIANCES WITH**  
10 **STANDBY POWER.—**

11 “(1) **DEFINITION OF ELIGIBLE PRODUCT.—**In  
12 this subsection, the term ‘eligible product’ means a  
13 commercially available, off-the-shelf product that—

14 “(A)(i) uses external standby power de-  
15 vices; or

16 “(ii) contains an internal standby power  
17 function; and

18 “(B) is included on the list compiled under  
19 paragraph (4).

20 “(2) **FEDERAL PURCHASING REQUIREMENT.—**  
21 Subject to paragraph (3), if an agency purchases an  
22 eligible product, the agency shall purchase—

23 “(A) an eligible product that uses not more  
24 than 1 watt in the standby power consuming  
25 mode of the eligible product; or

1           “(B) if an eligible product described in  
2           subparagraph (A) is not available, the eligible  
3           product with the lowest available standby power  
4           wattage in the standby power consuming mode  
5           of the eligible product.

6           “(3) LIMITATION.—The requirements of para-  
7           graph (2) shall apply to a purchase by an agency  
8           only if—

9           “(A) the lower-wattage eligible product  
10          is—

11                   “(i) lifecycle cost-effective; and

12                   “(ii) practicable; and

13           “(B) the utility and performance of the eli-  
14           gible product is not compromised by the lower  
15           wattage requirement.

16           “(4) ELIGIBLE PRODUCTS.—The Secretary, in  
17           consultation with the Secretary of Defense, the Ad-  
18           ministrator of the Environmental Protection Agency,  
19           and the Administrator of General Services, shall  
20           compile a publicly accessible list of cost-effective eli-  
21           gible products that shall be subject to the pur-  
22           chasing requirements of paragraph (2).”.

1 **SEC. 525. FEDERAL PROCUREMENT OF ENERGY EFFICIENT**  
2 **PRODUCTS.**

3 (a) AMENDMENTS.—Section 553 of the National En-  
4 ergy Conservation Policy Act (42 U.S.C. 8259b) is amend-  
5 ed—

6 (1) in subsection (b)(1), by inserting “in a  
7 product category covered by the Energy Star pro-  
8 gram or the Federal Energy Management Program  
9 for designated products” after “energy consuming  
10 product”; and

11 (2) in the second sentence of subsection (c)—

12 (A) by inserting “list in their catalogues,  
13 represent as available, and” after “Logistics  
14 Agency shall”; and

15 (B) by striking “where the agency” and in-  
16 serting “in which the head of the agency”.

17 (b) CATALOGUE LISTING DEADLINE.—Not later than  
18 9 months after the date of enactment of this Act, the Gen-  
19 eral Services Administration and the Defense Logistics  
20 Agency shall ensure that the requirement established by  
21 the amendment made by subsection (a)(2)(A) has been  
22 fully complied with.

23 **SEC. 526. PROCUREMENT AND ACQUISITION OF ALTER-**  
24 **NATIVE FUELS.**

25 No Federal agency shall enter into a contract for pro-  
26 curement of an alternative or synthetic fuel, including a

1 fuel produced from nonconventional petroleum sources, for  
2 any mobility-related use, other than for research or test-  
3 ing, unless the contract specifies that the lifecycle green-  
4 house gas emissions associated with the production and  
5 combustion of the fuel supplied under the contract must,  
6 on an ongoing basis, be less than or equal to such emis-  
7 sions from the equivalent conventional fuel produced from  
8 conventional petroleum sources.

9 **SEC. 527. GOVERNMENT EFFICIENCY STATUS REPORTS.**

10 (a) IN GENERAL.—Each Federal agency subject to  
11 any of the requirements of this title or the amendments  
12 made by this title shall compile and submit to the Director  
13 of the Office of Management and Budget an annual Gov-  
14 ernment efficiency status report on—

15 (1) compliance by the agency with each of the  
16 requirements of this title and the amendments made  
17 by this title;

18 (2) the status of the implementation by the  
19 agency of initiatives to improve energy efficiency, re-  
20 duce energy costs, and reduce emissions of green-  
21 house gases; and

22 (3) savings to the taxpayers of the United  
23 States resulting from mandated improvements under  
24 this title and the amendments made by this title

25 (b) SUBMISSION.—The report shall be submitted—

1           (1) to the Director at such time as the Director  
2           requires;

3           (2) in electronic, not paper, format; and

4           (3) consistent with related reporting require-  
5           ments.

6 **SEC. 528. OMB GOVERNMENT EFFICIENCY REPORTS AND**  
7 **SCORECARDS.**

8           (a) **REPORTS.**—Not later than April 1 of each year,  
9 the Director of the Office of Management and Budget  
10 shall submit an annual Government efficiency report to  
11 the Committee on Oversight and Government Reform of  
12 the House of Representatives and the Committee on Gov-  
13 ernmental Affairs of the Senate, which shall contain—

14           (1) a summary of the information reported by  
15 agencies under section 527;

16           (2) an evaluation of the overall progress of the  
17 Federal Government toward achieving the goals of  
18 this title and the amendments made by this title;  
19 and

20           (3) recommendations for additional actions nec-  
21 essary to meet the goals of this title and the amend-  
22 ments made by this title.

23           (b) **SCORECARDS.**—The Director of the Office of  
24 Management and Budget shall include in any annual en-  
25 ergy scorecard the Director is otherwise required to sub-

1 mit a description of the compliance of each agency with  
2 the requirements of this title and the amendments made  
3 by this title.

4 **SEC. 529. ELECTRICITY SECTOR DEMAND RESPONSE.**

5 (a) IN GENERAL.—Title V of the National Energy  
6 Conservation Policy Act (42 U.S.C. 8241 et seq.) is  
7 amended by adding at the end the following:

8 **“PART 5—PEAK DEMAND REDUCTION**

9 **“SEC. 571. NATIONAL ACTION PLAN FOR DEMAND RE-**  
10 **SPONSE.**

11 “(a) NATIONAL ASSESSMENT AND REPORT.—The  
12 Federal Energy Regulatory Commission (‘Commission’)  
13 shall conduct a National Assessment of Demand Re-  
14 sponse. The Commission shall, within 18 months of the  
15 date of enactment of this part, submit a report to Con-  
16 gress that includes each of the following:

17 “(1) Estimation of nationwide demand response  
18 potential in 5 and 10 year horizons, including data  
19 on a State-by-State basis, and a methodology for up-  
20 dates of such estimates on an annual basis.

21 “(2) Estimation of how much of this potential  
22 can be achieved within 5 and 10 years after the en-  
23 actment of this part accompanied by specific policy  
24 recommendations that if implemented can achieve  
25 the estimated potential. Such recommendations shall

1 include options for funding and/or incentives for the  
2 development of demand response resources.

3 “(3) The Commission shall further note any  
4 barriers to demand response programs offering flexi-  
5 ble, non-discriminatory, and fairly compensatory  
6 terms for the services and benefits made available,  
7 and shall provide recommendations for overcoming  
8 such barriers.

9 “(4) The Commission shall seek to take advan-  
10 tage of preexisting research and ongoing work, and  
11 shall insure that there is no duplication of effort.

12 “(b) NATIONAL ACTION PLAN ON DEMAND RE-  
13 SPONSE.—The Commission shall further develop a Na-  
14 tional Action Plan on Demand Response, soliciting and  
15 accepting input and participation from a broad range of  
16 industry stakeholders, State regulatory utility commis-  
17 sioners, and non-governmental groups. The Commission  
18 shall seek consensus where possible, and decide on opti-  
19 mum solutions to issues that defy consensus. Such Plan  
20 shall be completed within one year after the completion  
21 of the National Assessment of Demand Response, and  
22 shall meet each of the following objectives:

23 “(1) Identification of requirements for technical  
24 assistance to States to allow them to maximize the

1 amount of demand response resources that can be  
2 developed and deployed.

3 “(2) Design and identification of requirements  
4 for implementation of a national communications  
5 program that includes broad-based customer edu-  
6 cation and support.

7 “(3) Development or identification of analytical  
8 tools, information, model regulatory provisions,  
9 model contracts, and other support materials for use  
10 by customers, states, utilities and demand response  
11 providers.

12 “(c) Upon completion, the National Action Plan on  
13 Demand Response shall be published, together with any  
14 favorable and dissenting comments submitted by partici-  
15 pants in its preparation. Six months after publication, the  
16 Commission, together with the Secretary of Energy, shall  
17 submit to Congress a proposal to implement the Action  
18 Plan, including specific proposed assignments of responsi-  
19 bility, proposed budget amounts, and any agreements se-  
20 cured for participation from State and other participants.

21 “(d) AUTHORIZATION.—There are authorized to be  
22 appropriated to the Commission to carry out this section  
23 not more than \$10,000,000 for each of the fiscal years  
24 2008, 2009, and 2010.”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
2 the National Energy Conservation Policy Act (42 U.S.C.  
3 8201 note) is amended by adding after the items relating  
4 to part 4 of title V the following:

“PART 5—PEAK DEMAND REDUCTION

“Sec. 571. National Action Plan for Demand Response.”.

5 **Subtitle D—Energy Efficiency of**  
6 **Public Institutions**

7 **SEC. 531. REAUTHORIZATION OF STATE ENERGY PRO-**  
8 **GRAMS.**

9 Section 365(f) of the Energy Policy and Conservation  
10 Act (42 U.S.C. 6325(f)) is amended by striking  
11 “\$100,000,000 for each of the fiscal years 2006 and 2007  
12 and \$125,000,000 for fiscal year 2008” and inserting  
13 “\$125,000,000 for each of fiscal years 2007 through  
14 2012”.

15 **SEC. 532. UTILITY ENERGY EFFICIENCY PROGRAMS.**

16 (a) ELECTRIC UTILITIES.—Section 111(d) of the  
17 Public Utility Regulatory Policies Act of 1978 (16 U.S.C.  
18 2621(d)) is amended by adding at the end the following:

19 “(16) INTEGRATED RESOURCE PLANNING.—

20 Each electric utility shall—

21 “(A) integrate energy efficiency resources  
22 into utility, State, and regional plans; and

23 “(B) adopt policies establishing cost-effec-  
24 tive energy efficiency as a priority resource.

1           “(17) RATE DESIGN MODIFICATIONS TO PRO-  
2 MOTE ENERGY EFFICIENCY INVESTMENTS.—

3           “(A) IN GENERAL.—The rates allowed to  
4 be charged by any electric utility shall—

5           “(i) align utility incentives with the  
6 delivery of cost-effective energy efficiency;  
7 and

8           “(ii) promote energy efficiency invest-  
9 ments.

10          “(B) POLICY OPTIONS.—In complying with  
11 subparagraph (A), each State regulatory au-  
12 thority and each nonregulated utility shall con-  
13 sider—

14          “(i) removing the throughput incen-  
15 tive and other regulatory and management  
16 disincentives to energy efficiency;

17          “(ii) providing utility incentives for  
18 the successful management of energy effi-  
19 ciency programs;

20          “(iii) including the impact on adoption  
21 of energy efficiency as 1 of the goals of re-  
22 tail rate design, recognizing that energy ef-  
23 ficiency must be balanced with other objec-  
24 tives;

1           “(iv) adopting rate designs that en-  
2           courage energy efficiency for each cus-  
3           tomer class;

4           “(v) allowing timely recovery of en-  
5           ergy efficiency-related costs; and

6           “(vi) offering home energy audits, of-  
7           fering demand response programs, publi-  
8           cizing the financial and environmental ben-  
9           efits associated with making home energy  
10          efficiency improvements, and educating  
11          homeowners about all existing Federal and  
12          State incentives, including the availability  
13          of low-cost loans, that make energy effi-  
14          ciency improvements more affordable.”.

15          (b) NATURAL GAS UTILITIES.—Section 303(b) of the  
16          Public Utility Regulatory Policies Act of 1978 (15 U.S.C.  
17          3203(b)) is amended by adding at the end the following:

18               “(5) ENERGY EFFICIENCY.—Each natural gas  
19          utility shall—

20               “(A) integrate energy efficiency resources  
21               into the plans and planning processes of the  
22               natural gas utility; and

23               “(B) adopt policies that establish energy  
24               efficiency as a priority resource in the plans

1           and planning processes of the natural gas util-  
2           ity.

3           “(6) RATE DESIGN MODIFICATIONS TO PRO-  
4           MOTE ENERGY EFFICIENCY INVESTMENTS.—

5           “(A) IN GENERAL.—The rates allowed to  
6           be charged by a natural gas utility shall align  
7           utility incentives with the deployment of cost-ef-  
8           fective energy efficiency.

9           “(B) POLICY OPTIONS.—In complying with  
10          subparagraph (A), each State regulatory au-  
11          thority and each nonregulated utility shall con-  
12          sider—

13                 “(i) separating fixed-cost revenue re-  
14                 covery from the volume of transportation  
15                 or sales service provided to the customer;

16                 “(ii) providing to utilities incentives  
17                 for the successful management of energy  
18                 efficiency programs, such as allowing utili-  
19                 ties to retain a portion of the cost-reducing  
20                 benefits accruing from the programs;

21                 “(iii) promoting the impact on adop-  
22                 tion of energy efficiency as 1 of the goals  
23                 of retail rate design, recognizing that en-  
24                 ergy efficiency must be balanced with other  
25                 objectives; and

1                   “(iv) adopting rate designs that en-  
2                   courage energy efficiency for each cus-  
3                   tomer class.

4                   For purposes of applying the provisions of this  
5                   subtitle to this paragraph, any reference in this  
6                   subtitle to the date of enactment of this Act  
7                   shall be treated as a reference to the date of en-  
8                   actment of this paragraph.”.

9                   (c) CONFORMING AMENDMENT.—Section 303(a) of  
10                  the Public Utility Regulatory Policies Act of 1978 U.S.C.  
11                  3203(a) is amended by striking “and (4)” inserting “(4),  
12                  (5), and (6)”.

## 13                  **Subtitle E—Energy Efficiency and** 14                  **Conservation Block Grants**

### 15                  **SEC. 541. DEFINITIONS.**

16                  In this subtitle:

17                   (1) ELIGIBLE ENTITY.—The term “eligible enti-  
18                   ty” means—

19                                 (A) a State;

20                                 (B) an eligible unit of local government;

21                                 and

22                                 (C) an Indian tribe.

23                   (2) ELIGIBLE UNIT OF LOCAL GOVERNMENT.—

24                   The term “eligible unit of local government”

25                   means—

1 (A) an eligible unit of local government–al-  
2 ternative 1; and

3 (B) an eligible unit of local government–al-  
4 ternative 2.

5 (3)(A) ELIGIBLE UNIT OF LOCAL GOVERN-  
6 MENT–ALTERNATIVE 1.—The term “eligible unit of  
7 local government–alternative 1” means—

8 (i) a city with a population—

9 (I) of at least 35,000; or

10 (II) that causes the city to be 1 of the  
11 10 highest-populated cities of the State in  
12 which the city is located; and

13 (ii) a county with a population—

14 (I) of at least 200,000; or

15 (II) that causes the county to be 1 of  
16 the 10 highest-populated counties of the  
17 State in which the county is located.

18 (B) ELIGIBLE UNIT OF LOCAL GOVERNMENT–  
19 ALTERNATIVE 2.—The term “eligible unit of local  
20 government–alternative 2” means—

21 (i) a city with a population of at least  
22 50,000; or

23 (ii) a county with a population of at least  
24 200,000.

1           (4) INDIAN TRIBE.—The term “Indian tribe”  
2           has the meaning given the term in section 4 of the  
3           Indian Self- Determination and Education Assist-  
4           ance Act (25 U.S.C. 450b).

5           (5) PROGRAM.—The term “program” means  
6           the Energy Efficiency and Conservation Block Grant  
7           Program established under section 542(a).

8           (6) STATE.—The term “State” means—

9                   (A) a State;

10                   (B) the District of Columbia;

11                   (C) the Commonwealth of Puerto Rico;

12                   and

13                   (D) any other territory or possession of the

14                   United States.

15   **SEC. 542. ENERGY EFFICIENCY AND CONSERVATION BLOCK**  
16                   **GRANT PROGRAM.**

17           (a) ESTABLISHMENT.—The Secretary shall establish  
18           a program, to be known as the “Energy Efficiency and  
19           Conservation Block Grant Program”, under which the  
20           Secretary shall provide grants to eligible entities in accord-  
21           ance with this subtitle.

22           (b) PURPOSE.—The purpose of the program shall be  
23           to assist eligible entities in implementing strategies—

1           (1) to reduce fossil fuel emissions created as a  
2 result of activities within the jurisdictions of eligible  
3 entities in manner that—

4                   (A) is environmentally sustainable; and

5                   (B) to the maximum extent practicable,  
6 maximizes benefits for local and regional com-  
7 munities;

8           (2) to reduce the total energy use of the eligible  
9 entities; and

10           (3) to improve energy efficiency in—

11                   (A) the transportation sector;

12                   (B) the building sector; and

13                   (C) other appropriate sectors.

14 **SEC. 543. ALLOCATION OF FUNDS.**

15           (a) IN GENERAL.—Of amounts made available to  
16 provide grants under this subtitle for each fiscal year, the  
17 Secretary shall allocate—

18                   (1) 68 percent to eligible units of local govern-  
19 ment in accordance with subsection (b);

20                   (2) 28 percent to States in accordance with  
21 subsection (c);

22                   (3) 2 percent to Indian tribes in accordance  
23 with subsection (d); and

24                   (4) 2 percent for competitive grants under sec-  
25 tion 546.

1 (b) ELIGIBLE UNITS OF LOCAL GOVERNMENT.—Of  
2 amounts available for distribution to eligible units of local  
3 government under subsection (a)(1), the Secretary shall  
4 provide grants to eligible units of local government under  
5 this section based on a formula established by the Sec-  
6 retary according to—

7 (1) the populations served by the eligible units  
8 of local government, according to the latest available  
9 decennial census; and

10 (2) the daytime populations of the eligible units  
11 of local government and other similar factors (such  
12 as square footage of commercial, office, and indus-  
13 trial space), as determined by the Secretary.

14 (c) STATES.—Of amounts available for distribution  
15 to States under subsection (a)(2), the Secretary shall pro-  
16 vide—

17 (1) not less than 1.25 percent to each State;  
18 and

19 (2) the remainder among the States, based on  
20 a formula to be established by the Secretary that  
21 takes into account—

22 (A) the population of each State; and

23 (B) any other criteria that the Secretary  
24 determines to be appropriate.

1 (d) INDIAN TRIBES.—Of amounts available for dis-  
2 tribution to Indian tribes under subsection (a)(3), the Sec-  
3 retary shall establish a formula for allocation of the  
4 amounts to Indian tribes, taking into account any factors  
5 that the Secretary determines to be appropriate.

6 (e) PUBLICATION OF ALLOCATION FORMULAS.—Not  
7 later than 90 days before the beginning of each fiscal year  
8 for which grants are provided under this subtitle, the Sec-  
9 retary shall publish in the Federal Register the formulas  
10 for allocation established under this section.

11 (f) STATE AND LOCAL ADVISORY COMMITTEE.—The  
12 Secretary shall establish a State and local advisory com-  
13 mittee to advise the Secretary regarding administration,  
14 implementation, and evaluation of the program.

15 **SEC. 544. USE OF FUNDS.**

16 An eligible entity may use a grant received under this  
17 subtitle to carry out activities to achieve the purposes of  
18 the program, including—

19 (1) development and implementation of an en-  
20 ergy efficiency and conservation strategy under sec-  
21 tion 545(b);

22 (2) retaining technical consultant services to as-  
23 sist the eligible entity in the development of such a  
24 strategy, including—

1 (A) formulation of energy efficiency, en-  
2 ergy conservation, and energy usage goals;

3 (B) identification of strategies to achieve  
4 those goals—

5 (i) through efforts to increase energy  
6 efficiency and reduce energy consumption;  
7 and

8 (ii) by encouraging behavioral changes  
9 among the population served by the eligible  
10 entity;

11 (C) development of methods to measure  
12 progress in achieving the goals;

13 (D) development and publication of annual  
14 reports to the population served by the eligible  
15 entity describing—

16 (i) the strategies and goals; and

17 (ii) the progress made in achieving the  
18 strategies and goals during the preceding  
19 calendar year; and

20 (E) other services to assist in the imple-  
21 mentation of the energy efficiency and con-  
22 servation strategy;

23 (3) conducting residential and commercial  
24 building energy audits;

1           (4) establishment of financial incentive pro-  
2           grams for energy efficiency improvements;

3           (5) the provision of grants to nonprofit organi-  
4           zations and governmental agencies for the purpose  
5           of performing energy efficiency retrofits;

6           (6) development and implementation of energy  
7           efficiency and conservation programs for buildings  
8           and facilities within the jurisdiction of the eligible  
9           entity, including—

10                   (A) design and operation of the programs;

11                   (B) identifying the most effective methods  
12                   for achieving maximum participation and effi-  
13                   ciency rates;

14                   (C) public education;

15                   (D) measurement and verification proto-  
16                   cols; and

17                   (E) identification of energy efficient tech-  
18                   nologies;

19           (7) development and implementation of pro-  
20           grams to conserve energy used in transportation, in-  
21           cluding—

22                   (A) use of flex time by employers;

23                   (B) satellite work centers;

1 (C) development and promotion of zoning  
2 guidelines or requirements that promote energy  
3 efficient development;

4 (D) development of infrastructure, such as  
5 bike lanes and pathways and pedestrian walk-  
6 ways;

7 (E) synchronization of traffic signals; and

8 (F) other measures that increase energy  
9 efficiency and decrease energy consumption;

10 (8) development and implementation of building  
11 codes and inspection services to promote building en-  
12 ergy efficiency;

13 (9) application and implementation of energy  
14 distribution technologies that significantly increase  
15 energy efficiency, including—

16 (A) distributed resources; and

17 (B) district heating and cooling systems;

18 (10) activities to increase participation and effi-  
19 ciency rates for material conservation programs, in-  
20 cluding source reduction, recycling, and recycled  
21 content procurement programs that lead to increases  
22 in energy efficiency;

23 (11) the purchase and implementation of tech-  
24 nologies to reduce, capture, and, to the maximum

1 extent practicable, use methane and other green-  
2 house gases generated by landfills or similar sources;

3 (12) replacement of traffic signals and street  
4 lighting with energy efficient lighting technologies,  
5 including—

6 (A) light emitting diodes; and

7 (B) any other technology of equal or great-  
8 er energy efficiency;

9 (13) development, implementation, and installa-  
10 tion on or in any government building of the eligible  
11 entity of onsite renewable energy technology that  
12 generates electricity from renewable resources, in-  
13 cluding—

14 (A) solar energy;

15 (B) wind energy;

16 (C) fuel cells; and

17 (D) biomass; and

18 (14) any other appropriate activity, as deter-  
19 mined by the Secretary, in consultation with—

20 (A) the Administrator of the Environ-  
21 mental Protection Agency;

22 (B) the Secretary of Transportation; and

23 (C) the Secretary of Housing and Urban  
24 Development.

1 **SEC. 545. REQUIREMENTS FOR ELIGIBLE ENTITIES.**

2 (a) CONSTRUCTION REQUIREMENT.—

3 (1) IN GENERAL.—To be eligible to receive a  
4 grant under the program, each eligible applicant  
5 shall submit to the Secretary a written assurance  
6 that all laborers and mechanics employed by any  
7 contractor or subcontractor of the eligible entity dur-  
8 ing any construction, alteration, or repair activity  
9 funded, in whole or in part, by the grant shall be  
10 paid wages at rates not less than the prevailing  
11 wages for similar construction activities in the local-  
12 ity, as determined by the Secretary of Labor, in ac-  
13 cordance with sections 3141 through 3144, 3146,  
14 and 3147 of title 40, United States Code.

15 (2) SECRETARY OF LABOR.—With respect to  
16 the labor standards referred to in paragraph (1), the  
17 Secretary of Labor shall have the authority and  
18 functions described in—

19 (A) Reorganization Plan Numbered 14 of  
20 1950 (5 U.S.C. 903 note); and

21 (B) section 3145 of title 40, United States  
22 Code.

23 (b) ELIGIBLE UNITS OF LOCAL GOVERNMENT AND  
24 INDIAN TRIBES.—

25 (1) PROPOSED STRATEGY.—

1 (A) IN GENERAL.—Not later than 1 year  
2 after the date on which an eligible unit of local  
3 government or Indian tribe receives a grant  
4 under this subtitle, the eligible unit of local gov-  
5 ernment or Indian tribe shall submit to the Sec-  
6 retary a proposed energy efficiency and con-  
7 servation strategy in accordance with this para-  
8 graph.

9 (B) INCLUSIONS.—The proposed strategy  
10 under subparagraph (A) shall include—

11 (i) a description of the goals of the el-  
12 igible unit of local government or Indian  
13 tribe, in accordance with the purposes of  
14 this subtitle, for increased energy efficiency  
15 and conservation in the jurisdiction of the  
16 eligible unit of local government or Indian  
17 tribe; and

18 (ii) a plan for the use of the grant to  
19 assist the eligible unit of local government  
20 or Indian tribe in achieving those goals, in  
21 accordance with section 544.

22 (C) REQUIREMENTS FOR ELIGIBLE UNITS  
23 OF LOCAL GOVERNMENT.—In developing the  
24 strategy under subparagraph (A), an eligible  
25 unit of local government shall—

1 (i) take into account any plans for the  
2 use of funds by adjacent eligible units of  
3 local governments that receive grants  
4 under the program; and

5 (ii) coordinate and share information  
6 with the State in which the eligible unit of  
7 local government is located regarding ac-  
8 tivities carried out using the grant to  
9 maximize the energy efficiency and con-  
10 servation benefits under this subtitle.

11 (2) APPROVAL BY SECRETARY.—

12 (A) IN GENERAL.—The Secretary shall ap-  
13 prove or disapprove a proposed strategy under  
14 paragraph (1) by not later than 120 days after  
15 the date of submission of the proposed strategy.

16 (B) DISAPPROVAL.—If the Secretary dis-  
17 approves a proposed strategy under subpara-  
18 graph (A)—

19 (i) the Secretary shall provide to the  
20 eligible unit of local government or Indian  
21 tribe the reasons for the disapproval; and

22 (ii) the eligible unit of local govern-  
23 ment or Indian tribe may revise and resub-  
24 mit the proposed strategy as many times

1 as necessary until the Secretary approves a  
2 proposed strategy.

3 (C) REQUIREMENT.—The Secretary shall  
4 not provide to an eligible unit of local govern-  
5 ment or Indian tribe any grant under the pro-  
6 gram until a proposed strategy of the eligible  
7 unit of local government or Indian tribe is ap-  
8 proved by the Secretary under this paragraph.

9 (3) LIMITATIONS ON USE OF FUNDS.—Of  
10 amounts provided to an eligible unit of local govern-  
11 ment or Indian tribe under the program, an eligible  
12 unit of local government or Indian tribe may use—

13 (A) for administrative expenses, excluding  
14 the cost of meeting the reporting requirements  
15 of this subtitle, an amount equal to the greater  
16 of—

17 (i) 10 percent; and

18 (ii) \$75,000;

19 (B) for the establishment of revolving loan  
20 funds, an amount equal to the greater of—

21 (i) 20 percent; and

22 (ii) \$250,000; and

23 (C) for the provision of subgrants to non-  
24 governmental organizations for the purpose of  
25 assisting in the implementation of the energy

1 efficiency and conservation strategy of the eligi-  
2 ble unit of local government or Indian tribe, an  
3 amount equal to the greater of—

4 (i) 20 percent; and

5 (ii) \$250,000.

6 (4) ANNUAL REPORT.—Not later than 2 years  
7 after the date on which funds are initially provided  
8 to an eligible unit of local government or Indian  
9 tribe under the program, and annually thereafter,  
10 the eligible unit of local government or Indian tribe  
11 shall submit to the Secretary a report describing—

12 (A) the status of development and imple-  
13 mentation of the energy efficiency and con-  
14 servation strategy of the eligible unit of local  
15 government or Indian tribe; and

16 (B) as practicable, an assessment of en-  
17 ergy efficiency gains within the jurisdiction of  
18 the eligible unit of local government or Indian  
19 tribe.

20 (c) STATES.—

21 (1) DISTRIBUTION OF FUNDS.—

22 (A) IN GENERAL.—A State that receives a  
23 grant under the program shall use not less than  
24 60 percent of the amount received to provide  
25 subgrants to units of local government in the

1 State that are not eligible units of local govern-  
2 ment.

3 (B) DEADLINE.—The State shall provide  
4 the subgrants required under subparagraph (A)  
5 by not later than 180 days after the date on  
6 which the Secretary approves a proposed energy  
7 efficiency and conservation strategy of the State  
8 under paragraph (3).

9 (2) REVISION OF CONSERVATION PLAN; PRO-  
10 POSED STRATEGY.—Not later than 120 days after  
11 the date of enactment of this Act, each State shall—

12 (A) modify the State energy conservation  
13 plan of the State under section 362 of the En-  
14 ergy Policy and Conservation Act (42 U.S.C.  
15 6322) to establish additional goals for increased  
16 energy efficiency and conservation in the State;  
17 and

18 (B) submit to the Secretary a proposed en-  
19 ergy efficiency and conservation strategy that—

20 (i) establishes a process for providing  
21 subgrants as required under paragraph  
22 (1); and

23 (ii) includes a plan of the State for  
24 the use of funds received under a the pro-  
25 gram to assist the State in achieving the

1 goals established under subparagraph (A),  
2 in accordance with sections 542(b) and  
3 544.

4 (3) APPROVAL BY SECRETARY.—

5 (A) IN GENERAL.—The Secretary shall ap-  
6 prove or disapprove a proposed strategy under  
7 paragraph (2)(B) by not later than 120 days  
8 after the date of submission of the proposed  
9 strategy.

10 (B) DISAPPROVAL.—If the Secretary dis-  
11 approves a proposed strategy under subpara-  
12 graph (A)—

13 (i) the Secretary shall provide to the  
14 State the reasons for the disapproval; and

15 (ii) the State may revise and resubmit  
16 the proposed strategy as many times as  
17 necessary until the Secretary approves a  
18 proposed strategy.

19 (C) REQUIREMENT.—The Secretary shall  
20 not provide to a State any grant under the pro-  
21 gram until a proposed strategy of the State is  
22 approved the Secretary under this paragraph.

23 (4) LIMITATIONS ON USE OF FUNDS.—A State  
24 may use not more than 10 percent of amounts pro-

1 vided under the program for administrative ex-  
2 penses.

3 (5) ANNUAL REPORTS.—Each State that re-  
4 ceives a grant under the program shall submit to the  
5 Secretary an annual report that describes—

6 (A) the status of development and imple-  
7 mentation of the energy efficiency and con-  
8 servation strategy of the State during the pre-  
9 ceeding calendar year;

10 (B) the status of the subgrant program of  
11 the State under paragraph (1);

12 (C) the energy efficiency gains achieved  
13 through the energy efficiency and conservation  
14 strategy of the State during the preceding cal-  
15 endar year; and

16 (D) specific energy efficiency and conserva-  
17 tion goals of the State for subsequent calendar  
18 years.

19 **SEC. 546. COMPETITIVE GRANTS.**

20 (a) IN GENERAL.—Of the total amount made avail-  
21 able for each fiscal year to carry out this subtitle, the Sec-  
22 retary shall use not less than 2 percent to provide grants  
23 under this section, on a competitive basis, to—

24 (1) units of local government (including Indian  
25 tribes) that are not eligible entities; and

1           (2) consortia of units of local government de-  
2           scribed in paragraph (1).

3           (b) APPLICATIONS.—To be eligible to receive a grant  
4           under this section, a unit of local government or consortia  
5           shall submit to the Secretary an application at such time,  
6           in such manner, and containing such information as the  
7           Secretary may require, including a plan of the unit of local  
8           government to carry out an activity described in section  
9           544.

10          (c) PRIORITY.—In providing grants under this sec-  
11          tion, the Secretary shall give priority to units of local gov-  
12          ernment—

13           (1) located in States with populations of less  
14           than 2,000,000; or

15           (2) that plan to carry out projects that would  
16           result in significant energy efficiency improvements  
17           or reductions in fossil fuel use.

18   **SEC. 547. REVIEW AND EVALUATION.**

19          (a) IN GENERAL.—The Secretary may review and  
20          evaluate the performance of any eligible entity that re-  
21          ceives a grant under the program, including by conducting  
22          an audit, as the Secretary determines to be appropriate.

23          (b) WITHHOLDING OF FUNDS.—The Secretary may  
24          withhold from an eligible entity any portion of a grant to  
25          be provided to the eligible entity under the program if the

1 Secretary determines that the eligible entity has failed to  
2 achieve compliance with—

3 (1) any applicable guideline or regulation of the  
4 Secretary relating to the program, including the mis-  
5 use or misappropriation of funds provided under the  
6 program; or

7 (2) the energy efficiency and conservation strat-  
8 egy of the eligible entity.

9 **SEC. 548. FUNDING.**

10 (a) AUTHORIZATION OF APPROPRIATIONS.—

11 (1) GRANTS.—There is authorized to be appro-  
12 priated to the Secretary for the provision of grants  
13 under the program \$2,000,000,000 for each of fiscal  
14 years 2008 through 2012; provided that 49 percent  
15 of the appropriated funds shall be distributed using  
16 the definition of eligible unit of local government—al-  
17 ternative 1 in section 541(3)(A) and 49 percent of  
18 the appropriated funds shall be distributed using the  
19 definition of eligible unit of local government—alter-  
20 native 2 in section 541(3)(B).

21 (2) ADMINISTRATIVE COSTS.—There are au-  
22 thorized to be appropriated to the Secretary for ad-  
23 ministrative expenses of the program—

24 (A) \$20,000,000 for each of fiscal years  
25 2008 and 2009;

1 (B) \$25,000,000 for each of fiscal years  
2 2010 and 2011; and

3 (C) \$30,000,000 for fiscal year 2012.

4 (b) MAINTENANCE OF FUNDING.—The funding pro-  
5 vided under this section shall supplement (and not sup-  
6 plant) other Federal funding provided under—

7 (1) a State energy conservation plan established  
8 under part D of title III of the Energy Policy and  
9 Conservation Act (42 U.S.C. 6321 et seq.); or

10 (2) the Weatherization Assistance Program for  
11 Low-Income Persons established under part A of  
12 title IV of the Energy Conservation and Production  
13 Act (42 U.S.C. 6861 et seq.).

14 **TITLE VI—ACCELERATED**  
15 **RESEARCH AND DEVELOPMENT**  
16 **Subtitle A—Solar Energy**

17 **SEC. 601. SHORT TITLE.**

18 This subtitle may be cited as the “Solar Energy Re-  
19 search and Advancement Act of 2007”.

20 **SEC. 602. THERMAL ENERGY STORAGE RESEARCH AND DE-**  
21 **VELOPMENT PROGRAM.**

22 (a) ESTABLISHMENT.—The Secretary shall establish  
23 a program of research and development to provide lower  
24 cost and more viable thermal energy storage technologies  
25 to enable the shifting of electric power loads on demand

1 and extend the operating time of concentrating solar  
2 power electric generating plants.

3 (b) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated to the Secretary for car-  
5 rying out this section \$5,000,000 for fiscal year 2008,  
6 \$7,000,000 for fiscal year 2009, \$9,000,000 for fiscal year  
7 2010, \$10,000,000 for fiscal year 2011, and \$12,000,000  
8 for fiscal year 2012.

9 **SEC. 603. CONCENTRATING SOLAR POWER COMMERCIAL**  
10 **APPLICATION STUDIES.**

11 (a) INTEGRATION.—The Secretary shall conduct a  
12 study on methods to integrate concentrating solar power  
13 and utility-scale photovoltaic systems into regional elec-  
14 tricity transmission systems, and to identify new trans-  
15 mission or transmission upgrades needed to bring elec-  
16 tricity from high concentrating solar power resource areas  
17 to growing electric power load centers throughout the  
18 United States. The study shall analyze and assess cost-  
19 effective approaches for management and large-scale inte-  
20 gration of concentrating solar power and utility-scale pho-  
21 tovoltaic systems into regional electric transmission grids  
22 to improve electric reliability, to efficiently manage load,  
23 and to reduce demand on the natural gas transmission  
24 system for electric power. The Secretary shall submit a

1 report to Congress on the results of this study not later  
2 than 12 months after the date of enactment of this Act.

3 (b) WATER CONSUMPTION.—Not later than 6  
4 months after the date of the enactment of this Act, the  
5 Secretary of Energy shall transmit to Congress a report  
6 on the results of a study on methods to reduce the amount  
7 of water consumed by concentrating solar power systems.

8 **SEC. 604. SOLAR ENERGY CURRICULUM DEVELOPMENT**  
9 **AND CERTIFICATION GRANTS.**

10 (a) ESTABLISHMENT.—The Secretary shall establish  
11 in the Office of Solar Energy Technologies a competitive  
12 grant program to create and strengthen solar industry  
13 workforce training and internship programs in installa-  
14 tion, operation, and maintenance of solar energy products.  
15 The goal of this program is to ensure a supply of well-  
16 trained individuals to support the expansion of the solar  
17 energy industry.

18 (b) AUTHORIZED ACTIVITIES.—Grant funds may be  
19 used to support the following activities:

20 (1) Creation and development of a solar energy  
21 curriculum appropriate for the local educational, en-  
22 trepreneurial, and environmental conditions, includ-  
23 ing curriculum for community colleges.

1           (2) Support of certification programs for indi-  
2           vidual solar energy system installers, instructors,  
3           and training programs.

4           (3) Internship programs that provide hands-on  
5           participation by students in commercial applications.

6           (4) Activities required to obtain certification of  
7           training programs and facilities by an industry-ac-  
8           cepted quality-control certification program.

9           (5) Incorporation of solar-specific learning mod-  
10          ules into traditional occupational training and in-  
11          ternship programs for construction-related trades.

12          (6) The purchase of equipment necessary to  
13          carry out activities under this section.

14          (7) Support of programs that provide guidance  
15          and updates to solar energy curriculum instructors.

16          (c) ADMINISTRATION OF GRANTS.—Grants may be  
17          awarded under this section for up to 3 years. The Sec-  
18          retary shall award grants to ensure sufficient geographic  
19          distribution of training programs nationally. Grants shall  
20          only be awarded for programs certified by an industry-  
21          accepted quality-control certification institution, or for  
22          new and growing programs with a credible path to certifi-  
23          cation. Due consideration shall be given to women, under-  
24          represented minorities, and persons with disabilities.

1 (d) REPORT.—The Secretary shall make public, on  
2 the website of the Department or upon request, informa-  
3 tion on the name and institution for all grants awarded  
4 under this section, including a brief description of the  
5 project as well as the grant award amount.

6 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
7 are authorized to be appropriated to the Secretary for car-  
8 rying out this section \$10,000,000 for each of the fiscal  
9 years 2008 through 2012.

10 **SEC. 605. DAYLIGHTING SYSTEMS AND DIRECT SOLAR**  
11 **LIGHT PIPE TECHNOLOGY.**

12 (a) ESTABLISHMENT.—The Secretary shall establish  
13 a program of research and development to provide assist-  
14 ance in the demonstration and commercial application of  
15 direct solar renewable energy sources to provide alter-  
16 natives to traditional power generation for lighting and il-  
17 lumination, including light pipe technology, and to pro-  
18 mote greater energy conservation and improved efficiency.  
19 All direct solar renewable energy devices supported under  
20 this program shall have the capability to provide measur-  
21 able data on the amount of kilowatt-hours saved over the  
22 traditionally powered light sources they have replaced.

23 (b) REPORTING.—The Secretary shall transmit to  
24 Congress an annual report assessing the measurable data  
25 derived from each project in the direct solar renewable en-

1 ergy sources program and the energy savings resulting  
2 from its use.

3 (c) DEFINITIONS.—For purposes of this section—

4 (1) the term “direct solar renewable energy”  
5 means energy from a device that converts sunlight  
6 into useable light within a building, tunnel, or other  
7 enclosed structure, replacing artificial light gen-  
8 erated by a light fixture and doing so without the  
9 conversion of the sunlight into another form of en-  
10 ergy; and

11 (2) the term “light pipe” means a device de-  
12 signed to transport visible solar radiation from its  
13 collection point to the interior of a building while ex-  
14 cluding interior heat gain in the nonheating season.

15 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
16 are authorized to be appropriated to the Secretary for car-  
17 rying out this section \$3,500,000 for each of the fiscal  
18 years 2008 through 2012.

19 **SEC. 606. SOLAR AIR CONDITIONING RESEARCH AND DE-**  
20 **VELOPMENT PROGRAM.**

21 (a) ESTABLISHMENT.—The Secretary shall establish  
22 a research, development, and demonstration program to  
23 promote less costly and more reliable decentralized distrib-  
24 uted solar-powered air conditioning for individuals and  
25 businesses.

1 (b) AUTHORIZED ACTIVITIES.—Grants made avail-  
2 able under this section may be used to support the fol-  
3 lowing activities:

4 (1) Advancing solar thermal collectors, includ-  
5 ing concentrating solar thermal and electric systems,  
6 flat plate and evacuated tube collector performance.

7 (2) Achieving technical and economic integra-  
8 tion of solar-powered distributed air-conditioning  
9 systems with existing hot water and storage systems  
10 for residential applications.

11 (3) Designing and demonstrating mass manu-  
12 facturing capability to reduce costs of modular  
13 standardized solar-powered distributed air condi-  
14 tioning systems and components.

15 (4) Improving the efficiency of solar-powered  
16 distributed air-conditioning to increase the effective-  
17 ness of solar-powered absorption chillers, solar-driv-  
18 en compressors and condensers, and cost-effective  
19 precooling approaches.

20 (5) Researching and comparing performance of  
21 solar-powered distributed air conditioning systems in  
22 different regions of the country, including potential  
23 integration with other onsite systems, such as solar,  
24 biogas, geothermal heat pumps, and propane assist  
25 or combined propane fuel cells, with a goal to de-

1       velop site-specific energy production and manage-  
2       ment systems that ease fuel and peak utility loading.

3       (c) COST SHARING.—Section 988 of the Energy Pol-  
4       icy Act of 2005 (42 U.S.C. 16352) shall apply to a project  
5       carried out under this section.

6       (d) AUTHORIZATION OF APPROPRIATIONS.—There  
7       are authorized to be appropriated to the Secretary for car-  
8       rying out this section \$2,500,000 for each of the fiscal  
9       years 2008 through 2012.

10   **SEC. 607. PHOTOVOLTAIC DEMONSTRATION PROGRAM.**

11       (a) IN GENERAL.—The Secretary shall establish a  
12       program of grants to States to demonstrate advanced pho-  
13       tovoltaic technology.

14       (b) REQUIREMENTS.—

15           (1) ABILITY TO MEET REQUIREMENTS.—To re-  
16       ceive funding under the program under this section,  
17       a State must submit a proposal that demonstrates,  
18       to the satisfaction of the Secretary, that the State  
19       will meet the requirements of subsection (f).

20           (2) COMPLIANCE WITH REQUIREMENTS.—If a  
21       State has received funding under this section for the  
22       preceding year, the State must demonstrate, to the  
23       satisfaction of the Secretary, that it complied with  
24       the requirements of subsection (f) in carrying out  
25       the program during that preceding year, and that it

1 will do so in the future, before it can receive further  
2 funding under this section.

3 (c) COMPETITION.—The Secretary shall award  
4 grants on a competitive basis to the States with the pro-  
5 posals the Secretary considers most likely to encourage the  
6 widespread adoption of photovoltaic technologies. The Sec-  
7 retary shall take into consideration the geographic dis-  
8 tribution of awards.

9 (d) PROPOSALS.—Not later than 6 months after the  
10 date of enactment of this Act, and in each subsequent fis-  
11 cal year for the life of the program, the Secretary shall  
12 solicit proposals from the States to participate in the pro-  
13 gram under this section.

14 (e) COMPETITIVE CRITERIA.—In awarding funds in  
15 a competitive allocation under subsection (c), the Sec-  
16 retary shall consider—

17 (1) the likelihood of a proposal to encourage the  
18 demonstration of, or lower the costs of, advanced  
19 photovoltaic technologies; and

20 (2) the extent to which a proposal is likely to—

21 (A) maximize the amount of photovoltaics  
22 demonstrated;

23 (B) maximize the proportion of non-Fed-  
24 eral cost share; and

25 (C) limit State administrative costs.

1 (f) STATE PROGRAM.—A program operated by a  
2 State with funding under this section shall provide com-  
3 petitive awards for the demonstration of advanced photo-  
4 voltaic technologies. Each State program shall—

5 (1) require a contribution of at least 60 percent  
6 per award from non-Federal sources, which may in-  
7 clude any combination of State, local, and private  
8 funds, except that at least 10 percent of the funding  
9 must be supplied by the State;

10 (2) endeavor to fund recipients in the commer-  
11 cial, industrial, institutional, governmental, and resi-  
12 dential sectors;

13 (3) limit State administrative costs to no more  
14 than 10 percent of the grant;

15 (4) report annually to the Secretary on—

16 (A) the amount of funds disbursed;

17 (B) the amount of photovoltaics purchased;

18 and

19 (C) the results of the monitoring under  
20 paragraph (5);

21 (5) provide for measurement and verification of  
22 the output of a representative sample of the  
23 photovoltaics systems demonstrated throughout the  
24 average working life of the systems, or at least 20  
25 years; and

1           (6) require that applicant buildings must have  
2           received an independent energy efficiency audit dur-  
3           ing the 6-month period preceding the filing of the  
4           application.

5           (g) UNEXPENDED FUNDS.—If a State fails to expend  
6           any funds received under this section within 3 years of  
7           receipt, such remaining funds shall be returned to the  
8           Treasury.

9           (h) REPORTS.—The Secretary shall report to Con-  
10          gress 5 years after funds are first distributed to the States  
11          under this section—

12           (1) the amount of photovoltaics demonstrated;

13           (2) the number of projects undertaken;

14           (3) the administrative costs of the program;

15           (4) the results of the monitoring under sub-  
16          section (f)(5); and

17           (5) the total amount of funds distributed, in-  
18          cluding a breakdown by State.

19          (i) AUTHORIZATION OF APPROPRIATIONS.—There  
20          are authorized to be appropriated to the Secretary for the  
21          purposes of carrying out this section—

22           (1) \$15,000,000 for fiscal year 2008;

23           (2) \$30,000,000 for fiscal year 2009;

24           (3) \$45,000,000 for fiscal year 2010;

25           (4) \$60,000,000 for fiscal year 2011; and

1 (5) \$70,000,000 for fiscal year 2012.

## 2 **Subtitle B—Geothermal Energy**

### 3 **SEC. 611. SHORT TITLE.**

4 This subtitle may be cited as the “Advanced Geo-  
5 thermal Energy Research and Development Act of 2007”.

### 6 **SEC. 612. DEFINITIONS.**

7 For purposes of this subtitle:

8 (1) **ENGINEERED.**—When referring to enhanced  
9 geothermal systems, the term “engineered” means  
10 subjected to intervention, including intervention to  
11 address one or more of the following issues:

12 (A) Lack of effective permeability or poros-  
13 ity or open fracture connectivity within the res-  
14 ervoir.

15 (B) Insufficient contained geofluid in the  
16 reservoir.

17 (C) A low average geothermal gradient,  
18 which necessitates deeper drilling.

19 (2) **ENHANCED GEOTHERMAL SYSTEMS.**—The  
20 term “enhanced geothermal systems” means geo-  
21 thermal reservoir systems that are engineered, as op-  
22 posed to occurring naturally.

23 (3) **GEOFLUID.**—The term “geofluid” means  
24 any fluid used to extract thermal energy from the  
25 Earth which is transported to the surface for direct

1 use or electric power generation, except that such  
2 term shall not include oil or natural gas.

3 (4) GEOPRESSURED RESOURCES.—The term  
4 “geopressured resources” mean geothermal deposits  
5 found in sedimentary rocks under higher than nor-  
6 mal pressure and saturated with gas or methane.

7 (5) GEOTHERMAL.—The term “geothermal” re-  
8 fers to heat energy stored in the Earth’s crust that  
9 can be accessed for direct use or electric power gen-  
10 eration.

11 (6) HYDROTHERMAL.—The term “hydro-  
12 thermal” refers to naturally occurring subsurface  
13 reservoirs of hot water or steam.

14 (7) SYSTEMS APPROACH.—The term “systems  
15 approach” means an approach to solving problems  
16 or designing systems that attempts to optimize the  
17 performance of the overall system, rather than a  
18 particular component of the system.

19 **SEC. 613. HYDROTHERMAL RESEARCH AND DEVELOPMENT.**

20 (a) IN GENERAL.—The Secretary shall support pro-  
21 grams of research, development, demonstration, and com-  
22 mercial application to expand the use of geothermal en-  
23 ergy production from hydrothermal systems, including the  
24 programs described in subsection (b).

25 (b) PROGRAMS.—

1           (1) ADVANCED HYDROTHERMAL RESOURCE  
2 TOOLS.—The Secretary, in consultation with other  
3 appropriate agencies, shall support a program to de-  
4 velop advanced geophysical, geochemical, and geo-  
5 logic tools to assist in locating hidden hydrothermal  
6 resources, and to increase the reliability of site char-  
7 acterization before, during, and after initial drilling.  
8 The program shall develop new prospecting tech-  
9 niques to assist in prioritization of targets for char-  
10 acterization. The program shall include a field com-  
11 ponent.

12           (2) INDUSTRY COUPLED EXPLORATORY DRILL-  
13 ING.—The Secretary shall support a program of  
14 cost-shared field demonstration programs, to be pur-  
15 sued, simultaneously and independently, in collabo-  
16 ration with industry partners, for the demonstration  
17 of advanced technologies and techniques of siting  
18 and exploratory drilling for undiscovered resources  
19 in a variety of geologic settings. The program shall  
20 include incentives to encourage the use of advanced  
21 technologies and techniques.

22 **SEC. 614. GENERAL GEOTHERMAL SYSTEMS RESEARCH**  
23 **AND DEVELOPMENT.**

24           (a) SUBSURFACE COMPONENTS AND SYSTEMS.—The  
25 Secretary shall support a program of research, develop-

1 ment, demonstration, and commercial application of com-  
2 ponents and systems capable of withstanding extreme geo-  
3 thermal environments and necessary to cost-effectively de-  
4 velop, produce, and monitor geothermal reservoirs and  
5 produce geothermal energy. These components and sys-  
6 tems shall include advanced casing systems (expandable  
7 tubular casing, low-clearance casing designs, and others),  
8 high-temperature cements, high-temperature submersible  
9 pumps, and high-temperature packers, as well as tech-  
10 nologies for under-reaming, multilateral completions,  
11 high-temperature and high-pressure logging, logging while  
12 drilling, deep fracture stimulation, and reservoir system  
13 diagnostics.

14 (b) RESERVOIR PERFORMANCE MODELING.—The  
15 Secretary shall support a program of research, develop-  
16 ment, demonstration, and commercial application of mod-  
17 els of geothermal reservoir performance, with an emphasis  
18 on accurately modeling performance over time. Models  
19 shall be developed to assist both in the development of geo-  
20 thermal reservoirs and to more accurately account for  
21 stress-related effects in stimulated hydrothermal and en-  
22 hanced geothermal systems production environments.

23 (c) ENVIRONMENTAL IMPACTS.—The Secretary  
24 shall—

1           (1) support a program of research, develop-  
2           ment, demonstration, and commercial application of  
3           technologies and practices designed to mitigate or  
4           preclude potential adverse environmental impacts of  
5           geothermal energy development, production or use,  
6           and seek to ensure that geothermal energy develop-  
7           ment is consistent with the highest practicable  
8           standards of environmental stewardship;

9           (2) in conjunction with the Assistant Adminis-  
10          trator for Research and Development at the Envi-  
11          ronmental Protection Agency, support a research  
12          program to identify potential environmental impacts  
13          of geothermal energy development, production, and  
14          use, and ensure that the program described in para-  
15          graph (1) addresses such impacts, including effects  
16          on groundwater and local hydrology; and

17          (3) support a program of research to compare  
18          the potential environmental impacts identified as  
19          part of the development, production, and use of geo-  
20          thermal energy with the potential emission reduc-  
21          tions of greenhouse gases gained by geothermal en-  
22          ergy development, production, and use.

1 **SEC. 615. ENHANCED GEOTHERMAL SYSTEMS RESEARCH**  
2 **AND DEVELOPMENT.**

3 (a) IN GENERAL.—The Secretary shall support a  
4 program of research, development, demonstration, and  
5 commercial application for enhanced geothermal systems,  
6 including the programs described in subsection (b).

7 (b) PROGRAMS.—

8 (1) ENHANCED GEOTHERMAL SYSTEMS TECH-  
9 NOLOGIES.—The Secretary shall support a program  
10 of research, development, demonstration, and com-  
11 mercial application of the technologies and knowl-  
12 edge necessary for enhanced geothermal systems to  
13 advance to a state of commercial readiness, includ-  
14 ing advances in—

15 (A) reservoir stimulation;

16 (B) reservoir characterization, monitoring,  
17 and modeling;

18 (C) stress mapping;

19 (D) tracer development;

20 (E) three-dimensional tomography; and

21 (F) understanding seismic effects of res-  
22 ervoir engineering and stimulation.

23 (2) ENHANCED GEOTHERMAL SYSTEMS RES-  
24 ERVOIR STIMULATION.—

25 (A) PROGRAM.—In collaboration with in-  
26 dustry partners, the Secretary shall support a

1 program of research, development, and dem-  
2 onstration of enhanced geothermal systems res-  
3 ervoir stimulation technologies and techniques.  
4 A minimum of 4 sites shall be selected in loca-  
5 tions that show particular promise for enhanced  
6 geothermal systems development. Each site  
7 shall—

8 (i) represent a different class of sub-  
9 surface geologic environments; and

10 (ii) take advantage of an existing site  
11 where subsurface characterization has been  
12 conducted or existing drill holes can be uti-  
13 lized, if possible.

14 (B) CONSIDERATION OF EXISTING SITE.—  
15 The Desert Peak, Nevada, site, where a De-  
16 partment of Energy and industry cooperative  
17 enhanced geothermal systems project is already  
18 underway, may be considered for inclusion  
19 among the sites selected under subparagraph  
20 (A).

1 **SEC. 616. GEOTHERMAL ENERGY PRODUCTION FROM OIL**  
2 **AND GAS FIELDS AND RECOVERY AND PRO-**  
3 **DUCTION OF GEOPRESSURED GAS RE-**  
4 **SOURCES.**

5 (a) IN GENERAL.—The Secretary shall establish a  
6 program of research, development, demonstration, and  
7 commercial application to support development of geo-  
8 thermal energy production from oil and gas fields and pro-  
9 duction and recovery of energy, including electricity, from  
10 geopressured resources. In addition, the Secretary shall  
11 conduct such supporting activities including research, re-  
12 source characterization, and technology development as  
13 necessary.

14 (b) GEOTHERMAL ENERGY PRODUCTION FROM OIL  
15 AND GAS FIELDS.—The Secretary shall implement a  
16 grant program in support of geothermal energy production  
17 from oil and gas fields. The program shall include grants  
18 for a total of not less than three demonstration projects  
19 of the use of geothermal techniques such as advanced or-  
20 ganic rankine cycle systems at marginal, unproductive,  
21 and productive oil and gas wells. The Secretary shall, to  
22 the extent practicable and in the public interest, make  
23 awards that—

24 (1) include not less than five oil or gas well  
25 sites per project award;

1           (2) use a range of oil or gas well hot water  
2           source temperatures from 150 degrees Fahrenheit to  
3           300 degrees Fahrenheit;

4           (3) cover a range of sizes up to one megawatt;

5           (4) are located at a range of sites;

6           (5) can be replicated at a wide range of sites;

7           (6) facilitate identification of optimum tech-  
8           niques among competing alternatives;

9           (7) include business commercialization plans  
10          that have the potential for production of equipment  
11          at high volumes and operation and support at a  
12          large number of sites; and

13          (8) satisfy other criteria that the Secretary de-  
14          termines are necessary to carry out the program and  
15          collect necessary data and information.

16 The Secretary shall give preference to assessments that  
17 address multiple elements contained in paragraphs (1)  
18 through (8).

19          (c) GRANT AWARDS.—Each grant award for dem-  
20 onstration of geothermal technology such as advanced or-  
21 ganic rankine cycle systems at oil and gas wells made by  
22 the Secretary under subsection (b) shall include—

23           (1) necessary and appropriate site engineering  
24           study;

1           (2) detailed economic assessment of site specific  
2 conditions;

3           (3) appropriate feasibility studies to determine  
4 whether the demonstration can be replicated;

5           (4) design or adaptation of existing technology  
6 for site specific circumstances or conditions;

7           (5) installation of equipment, service, and sup-  
8 port;

9           (6) operation for a minimum of one year and  
10 monitoring for the duration of the demonstration;  
11 and

12           (7) validation of technical and economic as-  
13 sumptions and documentation of lessons learned.

14       (d) GEOPRESSURED GAS RESOURCE RECOVERY AND  
15 PRODUCTION.—(1) The Secretary shall implement a pro-  
16 gram to support the research, development, demonstra-  
17 tion, and commercial application of cost-effective tech-  
18 niques to produce energy from geopressured resources.

19       (2) The Secretary shall solicit preliminary engineer-  
20 ing designs for geopressured resources production and re-  
21 covery facilities.

22       (3) Based upon a review of the preliminary designs,  
23 the Secretary shall award grants, which may be cost-  
24 shared, to support the detailed development and comple-

1 tion of engineering, architectural and technical plans need-  
2 ed to support construction of new designs.

3 (4) Based upon a review of the final design plans  
4 above, the Secretary shall award cost-shared development  
5 and construction grants for demonstration geopressured  
6 production facilities that show potential for economic re-  
7 covery of the heat, kinetic energy and gas resources from  
8 geopressured resources.

9 (e) COMPETITIVE GRANT SELECTION.—Not less than  
10 90 days after the date of the enactment of this Act, the  
11 Secretary shall conduct a national solicitation for applica-  
12 tions for grants under the programs outlined in sub-  
13 sections (b) and (d). Grant recipients shall be selected on  
14 a competitive basis based on criteria in the respective sub-  
15 section.

16 (f) WELL DRILLING.—No funds may be used under  
17 this section for the purpose of drilling new wells.

18 **SEC. 617. COST SHARING AND PROPOSAL EVALUATION.**

19 (a) FEDERAL SHARE.—The Federal share of costs of  
20 projects funded under this subtitle shall be in accordance  
21 with section 988 of the Energy Policy Act of 2005.

22 (b) ORGANIZATION AND ADMINISTRATION OF PRO-  
23 GRAMS.—Programs under this subtitle shall incorporate  
24 the following elements:

1           (1) The Secretary shall coordinate with, and  
2           where appropriate may provide funds in furtherance  
3           of the purposes of this subtitle to, other Department  
4           of Energy research and development programs fo-  
5           cused on drilling, subsurface characterization, and  
6           other related technologies.

7           (2) In evaluating proposals, the Secretary shall  
8           give priority to proposals that demonstrate clear evi-  
9           dence of employing a systems approach.

10          (3) The Secretary shall coordinate and consult  
11          with the appropriate Federal land management  
12          agencies in selecting proposals for funding under  
13          this subtitle.

14          (4) Nothing in this subtitle shall be construed  
15          to alter or affect any law relating to the manage-  
16          ment or protection of Federal lands.

17 **SEC. 618. CENTER FOR GEOTHERMAL TECHNOLOGY TRANS-**  
18 **FER.**

19          (a) **IN GENERAL.**—The Secretary shall award to an  
20          institution of higher education (or consortium thereof) a  
21          grant to establish a Center for Geothermal Technology  
22          Transfer (referred to in this section as the “Center”).

23          (b) **DUTIES.**—The Center shall—

24                  (1) serve as an information clearinghouse for  
25                  the geothermal industry by collecting and dissemi-

1 nating information on best practices in all areas re-  
2 lating to developing and utilizing geothermal re-  
3 sources;

4 (2) make data collected by the Center available  
5 to the public; and

6 (3) seek opportunities to coordinate efforts and  
7 share information with domestic and international  
8 partners engaged in research and development of  
9 geothermal systems and related technology.

10 (c) SELECTION CRITERIA.—In awarding the grant  
11 under subsection (a) the Secretary shall select an institu-  
12 tion of higher education (or consortium thereof) best suit-  
13 ed to provide national leadership on geothermal related  
14 issues and perform the duties enumerated under sub-  
15 section (b).

16 (d) DURATION OF GRANT.—A grant made under sub-  
17 section (a)—

18 (1) shall be for an initial period of 5 years; and

19 (2) may be renewed for additional 5-year peri-  
20 ods on the basis of—

21 (A) satisfactory performance in meeting  
22 the duties outlined in subsection (b); and

23 (B) any other requirements specified by  
24 the Secretary.

1 **SEC. 619. GEOPOWERING AMERICA.**

2 The Secretary shall expand the Department of Ener-  
3 gy's GeoPowering the West program to extend its geo-  
4 thermal technology transfer activities throughout the en-  
5 tire United States. The program shall be renamed  
6 "GeoPowering America". The program shall continue to  
7 be based in the Department of Energy office in Golden,  
8 Colorado.

9 **SEC. 620. EDUCATIONAL PILOT PROGRAM.**

10 The Secretary shall seek to award grant funding, on  
11 a competitive basis, to an institution of higher education  
12 for a geothermal-powered energy generation facility on the  
13 institution's campus. The purpose of the facility shall be  
14 to provide electricity and space heating. The facility shall  
15 also serve as an educational resource to students in rel-  
16 evant fields of study, and the data generated by the facility  
17 shall be available to students and the general public. The  
18 total funding award shall not exceed \$2,000,000.

19 **SEC. 621. REPORTS.**

20 (a) **REPORTS ON ADVANCED USES OF GEOTHERMAL**  
21 **ENERGY.**—Not later than 3 years and 5 years after the  
22 date of enactment of this Act, the Secretary shall report  
23 to the Committee on Science and Technology of the House  
24 of Representatives and the Committee on Energy and  
25 Natural Resources of the Senate on advanced concepts

1 and technologies to maximize the geothermal resource po-  
2 tential of the United States. The reports shall include—

3 (1) the use of carbon dioxide as an alternative  
4 geofluid with potential carbon sequestration benefits;

5 (2) mineral recovery from geofluids;

6 (3) use of geothermal energy to produce hydro-  
7 gen;

8 (4) use of geothermal energy to produce  
9 biofuels;

10 (5) use of geothermal heat for oil recovery from  
11 oil shales and tar sands; and

12 (6) other advanced geothermal technologies, in-  
13 cluding advanced drilling technologies and advanced  
14 power conversion technologies.

15 (b) PROGRESS REPORTS.—(1) Not later than 36  
16 months after the date of enactment of this Act, the Sec-  
17 retary shall submit to the Committee on Science and Tech-  
18 nology of the House of Representatives and the Committee  
19 on Energy and Natural Resources of the Senate an in-  
20 terim report describing the progress made under this sub-  
21 title. At the end of 60 months, the Secretary shall submit  
22 to Congress a report on the results of projects undertaken  
23 under this subtitle and other such information the Sec-  
24 retary considers appropriate.

1           (2) As necessary, the Secretary shall report to the  
2 Congress on any legal, regulatory, or other barriers en-  
3 countered that hinder economic development of these re-  
4 sources, and provide recommendations on legislative or  
5 other actions needed to address such impediments.

6 **SEC. 622. APPLICABILITY OF OTHER LAWS.**

7           Nothing in this subtitle shall be construed as waiving,  
8 modifying, or superseding the applicability of any require-  
9 ment under any environmental or other Federal or State  
10 law. To the extent that activities authorized in this subtitle  
11 take place in coastal and ocean areas, the Secretary shall  
12 consult with the Secretary of Commerce, acting through  
13 the Under Secretary of Commerce for Oceans and Atmos-  
14 phere, regarding the potential marine environmental im-  
15 pacts and measures to address such impacts.

16 **SEC. 623. AUTHORIZATION OF APPROPRIATIONS.**

17           There are authorized to be appropriated to the Sec-  
18 retary to carry out this subtitle \$90,000,000 for each of  
19 the fiscal years 2008 through 2012, of which \$10,000,000  
20 for each fiscal year shall be for carrying out section 616.  
21 There are also authorized to be appropriated to the Sec-  
22 retary for the Intermountain West Geothermal Consor-  
23 tium \$5,000,000 for each of the fiscal years 2008 through  
24 2012.

1 **SEC. 624. INTERNATIONAL GEOTHERMAL ENERGY DEVEL-**  
2 **OPMENT.**

3 (a) IN GENERAL.—The Secretary of Energy, in co-  
4 ordination with other appropriate Federal and multilateral  
5 agencies (including the United States Agency for Inter-  
6 national Development) shall support international collabo-  
7 rative efforts to promote the research, development, and  
8 deployment of geothermal technologies used to develop hy-  
9 drothermal and enhanced geothermal system resources, in-  
10 cluding as partners (as appropriate) the African Rift Geo-  
11 thermal Development Facility, Australia, China, France,  
12 the Republic of Iceland, India, Japan, and the United  
13 Kingdom.

14 (b) UNITED STATES TRADE AND DEVELOPMENT  
15 AGENCY.—The Director of the United States Trade and  
16 Development Agency may—

17 (1) encourage participation by United States  
18 firms in actions taken to carry out subsection (a);  
19 and

20 (2) provide grants and other financial support  
21 for feasibility and resource assessment studies con-  
22 ducted in, or intended to benefit, less developed  
23 countries.

24 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
25 are authorized to be appropriated to carry out this section  
26 \$5,000,000 for each of fiscal years 2008 through 2012.

1 **SEC. 625. HIGH COST REGION GEOTHERMAL ENERGY**  
2 **GRANT PROGRAM.**

3 (a) DEFINITIONS.—In this section:

4 (1) ELIGIBLE ENTITY.—The term “eligible enti-  
5 ty” means—

6 (A) a utility;

7 (B) an electric cooperative;

8 (C) a State;

9 (D) a political subdivision of a State;

10 (E) an Indian tribe; or

11 (F) a Native corporation.

12 (2) HIGH-COST REGION.—The term “high-cost  
13 region” means a region in which the average cost of  
14 electrical power exceeds 150 percent of the national  
15 average retail cost, as determined by the Secretary.

16 (b) PROGRAM.—The Secretary shall use amounts  
17 made available to carry out this section to make grants  
18 to eligible entities for activities described in subsection (c).

19 (c) ELIGIBLE ACTIVITIES.—An eligible entity may  
20 use grant funds under this section, with respect to a geo-  
21 thermal energy project in a high-cost region, only—

22 (1) to conduct a feasibility study, including a  
23 study of exploration, geochemical testing, geo-  
24 magnetic surveys, geologic information gathering,  
25 baseline environmental studies, well drilling, resource  
26 characterization, permitting, and economic analysis;



1           (2) free flowing water in rivers, lakes, and  
2           streams;

3           (3) free flowing water in man-made channels;  
4           and

5           (4) differentials in ocean temperature (ocean  
6           thermal energy conversion).

7 The term “marine and hydrokinetic renewable energy”  
8 does not include energy from any source that uses a dam,  
9 diversionary structure, or impoundment for electric power  
10 purposes.

11 **SEC. 633. MARINE AND HYDROKINETIC RENEWABLE EN-**  
12 **ERGY RESEARCH AND DEVELOPMENT.**

13           (a) IN GENERAL.—The Secretary, in consultation  
14 with the Secretary of the Interior and the Secretary of  
15 Commerce, acting through the Under Secretary of Com-  
16 merce for Oceans and Atmosphere, shall establish a pro-  
17 gram of research, development, demonstration, and com-  
18 mercial application to expand marine and hydrokinetic re-  
19 newable energy production, including programs to—

20           (1) study and compare existing marine and  
21           hydrokinetic renewable energy technologies;

22           (2) research, develop, and demonstrate marine  
23           and hydrokinetic renewable energy systems and tech-  
24           nologies;

1           (3) reduce the manufacturing and operation  
2 costs of marine and hydrokinetic renewable energy  
3 technologies;

4           (4) investigate efficient and reliable integration  
5 with the utility grid and intermittency issues;

6           (5) advance wave forecasting technologies;

7           (6) conduct experimental and numerical mod-  
8 eling for optimization of marine energy conversion  
9 devices and arrays;

10          (7) increase the reliability and survivability of  
11 marine and hydrokinetic renewable energy tech-  
12 nologies, including development of corrosive-resistant  
13 materials;

14          (8) identify, in conjunction with the Secretary  
15 of Commerce, acting through the Under Secretary of  
16 Commerce for Oceans and Atmosphere, and other  
17 Federal agencies as appropriate, the potential envi-  
18 ronmental impacts, including potential impacts on  
19 fisheries and other marine resources, of marine and  
20 hydrokinetic renewable energy technologies, meas-  
21 ures to prevent adverse impacts, and technologies  
22 and other means available for monitoring and deter-  
23 mining environmental impacts;

24          (9) identify, in conjunction with the Secretary  
25 of the Department in which the United States Coast

1 Guard is operating, acting through the Commandant  
2 of the United States Coast Guard, the potential  
3 navigational impacts of marine and hydrokinetic re-  
4 newable energy technologies and measures to pre-  
5 vent adverse impacts on navigation;

6 (10) develop power measurement standards for  
7 marine and hydrokinetic renewable energy;

8 (11) develop identification standards for marine  
9 and hydrokinetic renewable energy devices;

10 (12) address standards development, dem-  
11 onstration, and technology transfer for advanced  
12 systems engineering and system integration methods  
13 to identify critical interfaces;

14 (13) identifying opportunities for cross fertiliza-  
15 tion and development of economies of scale between  
16 other renewable sources and marine and  
17 hydrokinetic renewable energy sources; and

18 (14) providing public information and oppor-  
19 tunity for public comment concerning all tech-  
20 nologies.

21 (b) REPORT.—Not later than 18 months after the  
22 date of enactment of this Act, the Secretary, in conjunc-  
23 tion with the Secretary of Commerce, acting through the  
24 Undersecretary of Commerce for Oceans and Atmosphere,

1 and the Secretary of the Interior, shall provide to the Con-  
2 gress a report that addresses—

3 (1) the potential environmental impacts, includ-  
4 ing impacts to fisheries and marine resources, of  
5 marine and hydrokinetic renewable energy tech-  
6 nologies;

7 (2) options to prevent adverse environmental  
8 impacts;

9 (3) the potential role of monitoring and adapt-  
10 ive management in identifying and addressing any  
11 adverse environmental impacts; and

12 (4) the necessary components of such an adapt-  
13 ive management program.

14 **SEC. 634. NATIONAL MARINE RENEWABLE ENERGY RE-**  
15 **SEARCH, DEVELOPMENT, AND DEMONSTRA-**  
16 **TION CENTERS.**

17 (a) CENTERS.—The Secretary shall award grants to  
18 institutions of higher education (or consortia thereof) for  
19 the establishment of 1 or more National Marine Renew-  
20 able Energy Research, Development, and Demonstration  
21 Centers. In selecting locations for Centers, the Secretary  
22 shall consider sites that meet one of the following criteria:

23 (1) Hosts an existing marine renewable energy  
24 research and development program in coordination

1 with an engineering program at an institution of  
2 higher education.

3 (2) Has proven expertise to support environ-  
4 mental and policy-related issues associated with har-  
5 nassing of energy in the marine environment.

6 (3) Has access to and utilizes the marine re-  
7 sources in the Gulf of Mexico, the Atlantic Ocean,  
8 or the Pacific Ocean.

9 The Secretary may give special consideration to histori-  
10 cally black colleges and universities and land grant univer-  
11 sities that also meet one of these criteria. In establishing  
12 criteria for the selection of the Centers, the Secretary shall  
13 consult with the Secretary of Commerce, acting through  
14 the Under Secretary of Commerce for Oceans and Atmos-  
15 phere, on the criteria related to ocean waves, tides, and  
16 currents including those for advancing wave forecasting  
17 technologies, ocean temperature differences, and studying  
18 the compatibility of marine renewable energy technologies  
19 and systems with the environment, fisheries, and other  
20 marine resources.

21 (b) PURPOSES.—The Centers shall advance research,  
22 development, demonstration, and commercial application  
23 of marine renewable energy, and shall serve as an informa-  
24 tion clearinghouse for the marine renewable energy indus-  
25 try, collecting and disseminating information on best prac-

1 tices in all areas related to developing and managing en-  
2 hanced marine renewable energy systems resources.

3 (c) DEMONSTRATION OF NEED.—When applying for  
4 a grant under this section, an applicant shall include a  
5 description of why Federal support is necessary for the  
6 Center, including evidence that the research of the Center  
7 will not be conducted in the absence of Federal support.

8 **SEC. 635. APPLICABILITY OF OTHER LAWS.**

9 Nothing in this subtitle shall be construed as waiving,  
10 modifying, or superseding the applicability of any require-  
11 ment under any environmental or other Federal or State  
12 law.

13 **SEC. 636. AUTHORIZATION OF APPROPRIATIONS.**

14 There are authorized to be appropriated to the Sec-  
15 retary to carry out this subtitle \$50,000,000 for each of  
16 the fiscal years 2008 through 2012, except that no funds  
17 shall be appropriated under this section for activities that  
18 are receiving funds under section 931(a)(2)(E)(i) of the  
19 Energy Policy Act of 2005 (42 U.S.C. 16231(a)(2)(E)(i)).

20 **Subtitle D—Energy Storage for**  
21 **Transportation and Electric Power**

22 **SEC. 641. ENERGY STORAGE COMPETITIVENESS.**

23 (a) SHORT TITLE.—This section may be cited as the  
24 “United States Energy Storage Competitiveness Act of  
25 2007”.

1 (b) DEFINITIONS.—In this section:

2 (1) COUNCIL.—The term “Council” means the  
3 Energy Storage Advisory Council established under  
4 subsection (e).

5 (2) COMPRESSED AIR ENERGY STORAGE.—The  
6 term “compressed air energy storage” means, in the  
7 case of an electricity grid application, the storage of  
8 energy through the compression of air.

9 (3) ELECTRIC DRIVE VEHICLE.—The term  
10 “electric drive vehicle” means—

11 (A) a vehicle that uses an electric motor  
12 for all or part of the motive power of the vehi-  
13 cle, including battery electric, hybrid electric,  
14 plug-in hybrid electric, fuel cell, and plug-in fuel  
15 cell vehicles and rail transportation vehicles; or

16 (B) mobile equipment that uses an electric  
17 motor to replace an internal combustion engine  
18 for all or part of the work of the equipment.

19 (4) ISLANDING.—The term “islanding” means  
20 a distributed generator or energy storage device con-  
21 tinuing to power a location in the absence of electric  
22 power from the primary source.

23 (5) FLYWHEEL.—The term “flywheel” means,  
24 in the case of an electricity grid application, a device  
25 used to store rotational kinetic energy.

1           (6) MICROGRID.—The term “microgrid” means  
2           an integrated energy system consisting of inter-  
3           connected loads and distributed energy resources  
4           (including generators and energy storage devices),  
5           which as an integrated system can operate in par-  
6           allel with the utility grid or in an intentional  
7           islanding mode.

8           (7) SELF-HEALING GRID.—The term “self-heal-  
9           ing grid” means a grid that is capable of automati-  
10          cally anticipating and responding to power system  
11          disturbances (including the isolation of failed sec-  
12          tions and components), while optimizing the per-  
13          formance and service of the grid to customers.

14          (8) SPINNING RESERVE SERVICES.—The term  
15          “spinning reserve services” means a quantity of elec-  
16          tric generating capacity in excess of the quantity  
17          needed to meet peak electric demand.

18          (9)           ULTRACAPACITOR.—The           term  
19          “ultracapacitor” means an energy storage device  
20          that has a power density comparable to a conven-  
21          tional capacitor but is capable of exceeding the en-  
22          ergy density of a conventional capacitor by several  
23          orders of magnitude.

24          (c) PROGRAM.—The Secretary shall carry out a re-  
25          search, development, and demonstration program to sup-

1 port the ability of the United States to remain globally  
2 competitive in energy storage systems for electric drive ve-  
3 hicles, stationary applications, and electricity transmission  
4 and distribution.

5 (d) COORDINATION.—In carrying out the activities of  
6 this section, the Secretary shall coordinate relevant efforts  
7 with appropriate Federal agencies, including the Depart-  
8 ment of Transportation.

9 (e) ENERGY STORAGE ADVISORY COUNCIL.—

10 (1) ESTABLISHMENT.—Not later than 90 days  
11 after the date of enactment of this Act, the Sec-  
12 retary shall establish an Energy Storage Advisory  
13 Council.

14 (2) COMPOSITION.—

15 (A) IN GENERAL.—Subject to subpara-  
16 graph (B), the Council shall consist of not less  
17 than 15 individuals appointed by the Secretary,  
18 based on recommendations of the National  
19 Academy of Sciences.

20 (B) ENERGY STORAGE INDUSTRY.—The  
21 Council shall consist primarily of representa-  
22 tives of the energy storage industry of the  
23 United States.

24 (C) CHAIRPERSON.—The Secretary shall  
25 select a Chairperson for the Council from

1 among the members appointed under subpara-  
2 graph (A).

3 (3) MEETINGS.—

4 (A) IN GENERAL.—The Council shall meet  
5 not less than once a year.

6 (B) FEDERAL ADVISORY COMMITTEE  
7 ACT.—The Federal Advisory Committee Act (5  
8 U.S.C. App.) shall apply to a meeting of the  
9 Council.

10 (4) PLANS.—No later than 1 year after the  
11 date of enactment of this Act and every 5 years  
12 thereafter, the Council, in conjunction with the Sec-  
13 retary, shall develop a 5-year plan for integrating  
14 basic and applied research so that the United States  
15 retains a globally competitive domestic energy stor-  
16 age industry for electric drive vehicles, stationary  
17 applications, and electricity transmission and dis-  
18 tribution.

19 (5) REVIEW.—The Council shall—

20 (A) assess, every 2 years, the performance  
21 of the Department in meeting the goals of the  
22 plans developed under paragraph (4); and

23 (B) make specific recommendations to the  
24 Secretary on programs or activities that should

1           be established or terminated to meet those  
2           goals.

3       (f) BASIC RESEARCH PROGRAM.—

4           (1) BASIC RESEARCH.—The Secretary shall  
5       conduct a basic research program on energy storage  
6       systems to support electric drive vehicles, stationary  
7       applications, and electricity transmission and dis-  
8       tribution, including—

9           (A) materials design;

10          (B) materials synthesis and characteriza-  
11       tion;

12          (C) electrode-active materials, including  
13       electrolytes and bioelectrolytes;

14          (D) surface and interface dynamics;

15          (E) modeling and simulation; and

16          (F) thermal behavior and life degradation  
17       mechanisms.

18       (2) NANOSCIENCE CENTERS.—The Secretary,  
19       in cooperation with the Council, shall coordinate the  
20       activities of the nanoscience centers of the Depart-  
21       ment to help the energy storage research centers of  
22       the Department maintain a globally competitive pos-  
23       ture in energy storage systems for electric drive ve-  
24       hicles, stationary applications, and electricity trans-  
25       mission and distribution.

1           (3) FUNDING.—For activities carried out under  
2 this subsection, in addition to funding activities at  
3 National Laboratories, the Secretary shall award  
4 funds to, and coordinate activities with, a range of  
5 stakeholders including the public, private, and aca-  
6 demic sectors.

7           (g) APPLIED RESEARCH PROGRAM.—

8           (1) IN GENERAL.—The Secretary shall conduct  
9 an applied research program on energy storage sys-  
10 tems to support electric drive vehicles, stationary ap-  
11 plications, and electricity transmission and distribu-  
12 tion technologies, including—

13                   (A) ultracapacitors;

14                   (B) flywheels;

15                   (C) batteries and battery systems (includ-  
16 ing flow batteries);

17                   (D) compressed air energy systems;

18                   (E) power conditioning electronics;

19                   (F) manufacturing technologies for energy  
20 storage systems;

21                   (G) thermal management systems; and

22                   (H) hydrogen as an energy storage me-  
23 dium.

24           (2) FUNDING.—For activities carried out under  
25 this subsection, in addition to funding activities at

1 National Laboratories, the Secretary shall provide  
2 funds to, and coordinate activities with, a range of  
3 stakeholders, including the public, private, and aca-  
4 demic sectors.

5 (h) ENERGY STORAGE RESEARCH CENTERS.—

6 (1) IN GENERAL.—The Secretary shall estab-  
7 lish, through competitive bids, not more than 4 en-  
8 ergy storage research centers to translate basic re-  
9 search into applied technologies to advance the capa-  
10 bility of the United States to maintain a globally  
11 competitive posture in energy storage systems for  
12 electric drive vehicles, stationary applications, and  
13 electricity transmission and distribution.

14 (2) PROGRAM MANAGEMENT.—The centers  
15 shall be managed by the Under Secretary for  
16 Science of the Department.

17 (3) PARTICIPATION AGREEMENTS.—As a condi-  
18 tion of participating in a center, a participant shall  
19 enter into a participation agreement with the center  
20 that requires that activities conducted by the partici-  
21 pant for the center promote the goal of enabling the  
22 United States to compete successfully in global en-  
23 ergy storage markets.

1           (4) PLANS.—A center shall conduct activities  
2 that promote the achievement of the goals of the  
3 plans of the Council under subsection (e)(4).

4           (5) NATIONAL LABORATORIES.—A national lab-  
5 oratory (as defined in section 2 of the Energy Policy  
6 Act of 2005 (42 U.S.C. 15801)) may participate in  
7 a center established under this subsection, including  
8 a cooperative research and development agreement  
9 (as defined in section 12(d) of the Stevenson-Wydler  
10 Technology Innovation Act of 1980 (15 U.S.C.  
11 3710a(d))).

12           (6) DISCLOSURE.—Section 623 of the Energy  
13 Policy Act of 1992 (42 U.S.C. 13293) may apply to  
14 any project carried out through a grant, contract, or  
15 cooperative agreement under this subsection.

16           (7) INTELLECTUAL PROPERTY.—In accordance  
17 with section 202(a)(ii) of title 35, United States  
18 Code, section 152 of the Atomic Energy Act of 1954  
19 (42 U.S.C. 2182), and section 9 of the Federal Non-  
20 nuclear Energy Research and Development Act of  
21 1974 (42 U.S.C. 5908), the Secretary may require,  
22 for any new invention developed under this sub-  
23 section, that—

24                   (A) if an industrial participant is active in  
25 a energy storage research center established

1           under this subsection relating to the advance-  
2           ment of energy storage technologies carried out,  
3           in whole or in part, with Federal funding, the  
4           industrial participant be granted the first op-  
5           tion to negotiate with the invention owner, at  
6           least in the field of energy storage technologies,  
7           nonexclusive licenses, and royalties on terms  
8           that are reasonable, as determined by the Sec-  
9           retary;

10           (B) if 1 or more industry participants are  
11           active in a center, during a 2-year period begin-  
12           ning on the date on which an invention is  
13           made—

14                   (i) the patent holder shall not nego-  
15                   tiate any license or royalty agreement with  
16                   any entity that is not an industrial partici-  
17                   pant under this subsection; and

18                   (ii) the patent holder shall negotiate  
19                   nonexclusive licenses and royalties in good  
20                   faith with any interested industrial partici-  
21                   pant under this subsection; and

22           (C) the new invention be developed under  
23           such other terms as the Secretary determines to  
24           be necessary to promote the accelerated com-  
25           mercialization of inventions made under this

1 subsection to advance the capability of the  
2 United States to successfully compete in global  
3 energy storage markets.

4 (i) ENERGY STORAGE SYSTEMS DEMONSTRATIONS.—  
5 TIONS.—

6 (1) IN GENERAL.—The Secretary shall carry  
7 out a program of new demonstrations of advanced  
8 energy storage systems.

9 (2) SCOPE.—The demonstrations shall—

10 (A) be regionally diversified; and

11 (B) expand on the existing technology  
12 demonstration program of the Department.

13 (3) STAKEHOLDERS.—In carrying out the dem-  
14 onstrations, the Secretary shall, to the maximum ex-  
15 tent practicable, include the participation of a range  
16 of stakeholders, including—

17 (A) rural electric cooperatives;

18 (B) investor owned utilities;

19 (C) municipally owned electric utilities;

20 (D) energy storage systems manufacturers;

21 (E) electric drive vehicle manufacturers;

22 (F) the renewable energy production indus-  
23 try;

24 (G) State or local energy offices;

25 (H) the fuel cell industry; and

1 (I) institutions of higher education.

2 (4) OBJECTIVES.—Each of the demonstrations  
3 shall include 1 or more of the following:

4 (A) Energy storage to improve the feasi-  
5 bility of microgrids or islanding, or trans-  
6 mission and distribution capability, to improve  
7 reliability in rural areas.

8 (B) Integration of an energy storage sys-  
9 tem with a self-healing grid.

10 (C) Use of energy storage to improve secu-  
11 rity to emergency response infrastructure and  
12 ensure availability of emergency backup power  
13 for consumers.

14 (D) Integration with a renewable energy  
15 production source, at the source or away from  
16 the source.

17 (E) Use of energy storage to provide ancil-  
18 lary services, such as spinning reserve services,  
19 for grid management.

20 (F) Advancement of power conversion sys-  
21 tems to make the systems smarter, more effi-  
22 cient, able to communicate with other inverters,  
23 and able to control voltage.

24 (G) Use of energy storage to optimize  
25 transmission and distribution operation and

1 power quality, which could address overloaded  
2 lines and maintenance of transformers and sub-  
3 stations.

4 (H) Use of advanced energy storage for  
5 peak load management of homes, businesses,  
6 and the grid.

7 (I) Use of energy storage devices to store  
8 energy during nonpeak generation periods to  
9 make better use of existing grid assets.

10 (j) VEHICLE ENERGY STORAGE DEMONSTRATION.—

11 (1) IN GENERAL.—The Secretary shall carry  
12 out a program of electric drive vehicle energy stor-  
13 age technology demonstrations.

14 (2) CONSORTIA.—The technology demonstra-  
15 tions shall be conducted through consortia, which  
16 may include—

17 (A) energy storage systems manufacturers  
18 and suppliers of the manufacturers;

19 (B) electric drive vehicle manufacturers;

20 (C) rural electric cooperatives;

21 (D) investor owned utilities;

22 (E) municipal and rural electric utilities;

23 (F) State and local governments;

24 (G) metropolitan transportation authori-  
25 ties; and

1 (H) institutions of higher education.

2 (3) OBJECTIVES.—The program shall dem-  
3 onstrate 1 or more of the following:

4 (A) Novel, high capacity, high efficiency  
5 energy storage, charging, and control systems,  
6 along with the collection of data on perform-  
7 ance characteristics, such as battery life, energy  
8 storage capacity, and power delivery capacity.

9 (B) Advanced onboard energy management  
10 systems and highly efficient battery cooling sys-  
11 tems.

12 (C) Integration of those systems on a pro-  
13 totype vehicular platform, including with  
14 drivetrain systems for passenger, commercial,  
15 and nonroad electric drive vehicles.

16 (D) New technologies and processes that  
17 reduce manufacturing costs.

18 (E) Integration of advanced vehicle tech-  
19 nologies with electricity distribution system and  
20 smart metering technology.

21 (F) Control systems that minimize emis-  
22 sions profiles in cases in which clean diesel en-  
23 gines are part of a plug-in hybrid drive system.

24 (k) SECONDARY APPLICATIONS AND DISPOSAL OF  
25 ELECTRIC DRIVE VEHICLE BATTERIES.—The Secretary

1 shall carry out a program of research, development, and  
2 demonstration of—

- 3           (1) secondary applications of energy storage de-  
4           vices following service in electric drive vehicles; and  
5           (2) technologies and processes for final recy-  
6           cling and disposal of the devices.

7           (l) COST SHARING.—The Secretary shall carry out  
8 the programs established under this section in accordance  
9 with section 988 of the Energy Policy Act of 2005 (42  
10 U.S.C. 16352).

11          (m) MERIT REVIEW OF PROPOSALS.—The Secretary  
12 shall carry out the programs established under subsections  
13 (i), (j), and (k) in accordance with section 989 of the En-  
14 ergy Policy Act of 2005 (42 U.S.C. 16353).

15          (n) COORDINATION AND NONDUPLICATION.—To the  
16 maximum extent practicable, the Secretary shall coordi-  
17 nate activities under this section with other programs and  
18 laboratories of the Department and other Federal research  
19 programs.

20          (o) REVIEW BY NATIONAL ACADEMY OF  
21 SCIENCES.—On the business day that is 5 years after the  
22 date of enactment of this Act, the Secretary shall offer  
23 to enter into an arrangement with the National Academy  
24 of Sciences to assess the performance of the Department  
25 in carrying out this section.

1           (p) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to carry out—

3           (1) the basic research program under sub-  
4 section (f) \$50,000,000 for each of fiscal years 2009  
5 through 2018;

6           (2) the applied research program under sub-  
7 section (g) \$80,000,000 for each of fiscal years 2009  
8 through 2018; and;

9           (3) the energy storage research center program  
10 under subsection (h) \$100,000,000 for each of fiscal  
11 years 2009 through 2018;

12           (4) the energy storage systems demonstration  
13 program under subsection (i) \$30,000,000 for each  
14 of fiscal years 2009 through 2018;

15           (5) the vehicle energy storage demonstration  
16 program under subsection (j) \$30,000,000 for each  
17 of fiscal years 2009 through 2018; and

18           (6) the secondary applications and disposal of  
19 electric drive vehicle batteries program under sub-  
20 section (k) \$5,000,000 for each of fiscal years 2009  
21 through 2018.

1                   **Subtitle E—Miscellaneous**  
2                                   **Provisions**

3   **SEC. 651. LIGHTWEIGHT MATERIALS RESEARCH AND DE-**  
4                                   **VELOPMENT.**

5           (a) IN GENERAL.—As soon as practicable after the  
6 date of enactment of this Act, the Secretary of Energy  
7 shall establish a program to determine ways in which the  
8 weight of motor vehicles could be reduced to improve fuel  
9 efficiency without compromising passenger safety by con-  
10 ducting research, development, and demonstration relating  
11 to—

12                   (1) the development of new materials (including  
13 cast metal composite materials formed by  
14 autocombustion synthesis) and material processes  
15 that yield a higher strength-to-weight ratio or other  
16 properties that reduce vehicle weight; and

17                   (2) reducing the cost of—

18                                   (A) lightweight materials (including high-  
19 strength steel alloys, aluminum, magnesium,  
20 metal composites, and carbon fiber reinforced  
21 polymer composites) with the properties re-  
22 quired for construction of lighter-weight vehi-  
23 cles; and

1 (B) materials processing, automated manu-  
2 facturing, joining, and recycling lightweight ma-  
3 terials for high-volume applications.

4 (b) AUTHORIZATION OF APPROPRIATIONS.—There is  
5 authorized to be appropriated to carry out this section  
6 \$80,000,000 for the period of fiscal years 2008 through  
7 2012.

8 **SEC. 652. COMMERCIAL INSULATION DEMONSTRATION**  
9 **PROGRAM.**

10 (a) DEFINITIONS.—In this section:

11 (1) ADVANCED INSULATION.—The term “ad-  
12 vanced insulation” means insulation that has an R  
13 value of not less than R35 per inch.

14 (2) COVERED REFRIGERATION UNIT.—The  
15 term “covered refrigeration unit” means any—

16 (A) commercial refrigerated truck;

17 (B) commercial refrigerated trailer; or

18 (C) commercial refrigerator, freezer, or re-  
19 frigerator-freezer described in section 342(c) of  
20 the Energy Policy and Conservation Act (42  
21 U.S.C. 6313(c)).

22 (b) REPORT.—Not later than 90 days after the date  
23 of enactment of this Act, the Secretary shall submit to  
24 Congress a report that includes an evaluation of—

1           (1) the state of technological advancement of  
2           advanced insulation; and

3           (2) the projected amount of cost savings that  
4           would be generated by implementing advanced insu-  
5           lation into covered refrigeration units.

6           (c) DEMONSTRATION PROGRAM.—

7           (1) ESTABLISHMENT.—If the Secretary deter-  
8           mines in the report described in subsection (b) that  
9           the implementation of advanced insulation into cov-  
10          ered refrigeration units would generate an economi-  
11          cally justifiable amount of cost savings, the Sec-  
12          retary, in cooperation with manufacturers of covered  
13          refrigeration units, shall establish a demonstration  
14          program under which the Secretary shall dem-  
15          onstrate the cost-effectiveness of advanced insula-  
16          tion.

17          (2) DISCLOSURE.—The Secretary may, for a  
18          period of up to five years after an award is granted  
19          under the demonstration program, exempt from  
20          mandatory disclosure under section 552 of title 5,  
21          United States Code (popularly known as the Free-  
22          dom of Information Act) information that the Sec-  
23          retary determines would be a privileged or confiden-  
24          tial trade secret or commercial or financial informa-  
25          tion under subsection (b)(4) of such section if the

1 information had been obtained from a non-Govern-  
2 ment party.

3 (3) COST-SHARING.—Section 988 of the Energy  
4 Policy Act of 2005 (42 U.S.C. 16352) shall apply to  
5 any project carried out under this subsection.

6 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
7 authorized to be appropriated to carry out this section  
8 \$8,000,000 for the period of fiscal years 2009 through  
9 2014.

10 **SEC. 653. TECHNICAL CRITERIA FOR CLEAN COAL POWER**  
11 **INITIATIVE.**

12 Section 402(b)(1)(B)(ii) of the Energy Policy Act of  
13 2005 (42 U.S.C. 15962(b)(1)(B)(ii)) is amended by strik-  
14 ing subclause (I) and inserting the following:

15 “(I)(aa) to remove at least 99  
16 percent of sulfur dioxide; or

17 “(bb) to emit not more than 0.04  
18 pound SO<sub>2</sub> per million Btu, based on  
19 a 30-day average;”.

20 **SEC. 654. H-PRIZE.**

21 Section 1008 of the Energy Policy Act of 2005 (42  
22 U.S.C. 16396) is amended by adding at the end the fol-  
23 lowing new subsection:

24 “(f) H-PRIZE.—

25 “(1) PRIZE AUTHORITY.—

1           “(A) IN GENERAL.—As part of the pro-  
2           gram under this section, the Secretary shall  
3           carry out a program to competitively award  
4           cash prizes in conformity with this subsection  
5           to advance the research, development, dem-  
6           onstration, and commercial application of hy-  
7           drogen energy technologies.

8           “(B) ADVERTISING AND SOLICITATION OF  
9           COMPETITORS.—

10           “(i) ADVERTISING.—The Secretary  
11           shall widely advertise prize competitions  
12           under this subsection to encourage broad  
13           participation, including by individuals, uni-  
14           versities (including historically Black col-  
15           leges and universities and other minority  
16           serving institutions), and large and small  
17           businesses (including businesses owned or  
18           controlled by socially and economically dis-  
19           advantaged persons).

20           “(ii) ANNOUNCEMENT THROUGH FED-  
21           ERAL REGISTER NOTICE.—The Secretary  
22           shall announce each prize competition  
23           under this subsection by publishing a no-  
24           tice in the Federal Register. This notice  
25           shall include essential elements of the com-

1                   petition such as the subject of the competi-  
2                   tion, the duration of the competition, the  
3                   eligibility requirements for participation in  
4                   the competition, the process for partici-  
5                   pants to register for the competition, the  
6                   amount of the prize, and the criteria for  
7                   awarding the prize.

8                   “(C) ADMINISTERING THE COMPETI-  
9                   TIONS.—The Secretary shall enter into an  
10                  agreement with a private, nonprofit entity to  
11                  administer the prize competitions under this  
12                  subsection, subject to the provisions of this sub-  
13                  section (in this subsection referred to as the  
14                  ‘administering entity’). The duties of the ad-  
15                  ministering entity under the agreement shall in-  
16                  clude—

17                         “(i) advertising prize competitions  
18                         under this subsection and their results;

19                         “(ii) raising funds from private enti-  
20                         ties and individuals to pay for administra-  
21                         tive costs and to contribute to cash prizes,  
22                         including funds provided in exchange for  
23                         the right to name a prize awarded under  
24                         this subsection;

1           “(iii) developing, in consultation with  
2           and subject to the final approval of the  
3           Secretary, the criteria for selecting winners  
4           in prize competitions under this subsection,  
5           based on goals provided by the Secretary;

6           “(iv) determining, in consultation with  
7           the Secretary, the appropriate amount and  
8           funding sources for each prize to be award-  
9           ed under this subsection, subject to the  
10          final approval of the Secretary with respect  
11          to Federal funding;

12          “(v) providing advice and consultation  
13          to the Secretary on the selection of judges  
14          in accordance with paragraph (2)(D),  
15          using criteria developed in consultation  
16          with and subject to the final approval of  
17          the Secretary; and

18          “(vi) protecting against the admin-  
19          istering entity’s unauthorized use or disclo-  
20          sure of a registered participant’s trade se-  
21          crets and confidential business informa-  
22          tion. Any information properly identified  
23          as trade secrets or confidential business in-  
24          formation that is submitted by a partici-  
25          pant as part of a competitive program

1           under this subsection may be withheld  
2           from public disclosure.

3           “(D) FUNDING SOURCES.—Prizes under  
4           this subsection shall consist of Federal appro-  
5           priated funds and any funds provided by the  
6           administering entity (including funds raised  
7           pursuant to subparagraph (C)(ii)) for such cash  
8           prize programs. The Secretary may accept  
9           funds from other Federal agencies for such  
10          cash prizes and, notwithstanding section  
11          3302(b) of title 31, United States Code, may  
12          use such funds for the cash prize program  
13          under this subsection. Other than publication of  
14          the names of prize sponsors, the Secretary may  
15          not give any special consideration to any private  
16          sector entity or individual in return for a dona-  
17          tion to the Secretary or administering entity.

18          “(E) ANNOUNCEMENT OF PRIZES.—The  
19          Secretary may not issue a notice required by  
20          subparagraph (B)(ii) until all the funds needed  
21          to pay out the announced amount of the prize  
22          have been appropriated or committed in writing  
23          by the administering entity. The Secretary may  
24          increase the amount of a prize after an initial

1 announcement is made under subparagraph  
2 (B)(ii) if—

3 “(i) notice of the increase is provided  
4 in the same manner as the initial notice of  
5 the prize; and

6 “(ii) the funds needed to pay out the  
7 announced amount of the increase have  
8 been appropriated or committed in writing  
9 by the administering entity.

10 “(F) SUNSET.—The authority to announce  
11 prize competitions under this subsection shall  
12 terminate on September 30, 2018.

13 “(2) PRIZE CATEGORIES.—

14 “(A) CATEGORIES.—The Secretary shall  
15 establish prizes under this subsection for—

16 “(i) advancements in technologies,  
17 components, or systems related to—

18 “(I) hydrogen production;

19 “(II) hydrogen storage;

20 “(III) hydrogen distribution; and

21 “(IV) hydrogen utilization;

22 “(ii) prototypes of hydrogen-powered  
23 vehicles or other hydrogen-based products  
24 that best meet or exceed objective perform-  
25 ance criteria, such as completion of a race

1 over a certain distance or terrain or gen-  
2 eration of energy at certain levels of effi-  
3 ciency; and

4 “(iii) transformational changes in  
5 technologies for the distribution or produc-  
6 tion of hydrogen that meet or exceed far-  
7 reaching objective criteria, which shall in-  
8 clude minimal carbon emissions and which  
9 may include cost criteria designed to facili-  
10 tate the eventual market success of a win-  
11 ning technology.

12 “(B) AWARDS.—

13 “(i) ADVANCEMENTS.—To the extent  
14 permitted under paragraph (1)(E), the  
15 prizes authorized under subparagraph  
16 (A)(i) shall be awarded biennially to the  
17 most significant advance made in each of  
18 the four subcategories described in sub-  
19 clauses (I) through (IV) of subparagraph  
20 (A)(i) since the submission deadline of the  
21 previous prize competition in the same cat-  
22 egory under subparagraph (A)(i) or the  
23 date of enactment of this subsection,  
24 whichever is later, unless no such advance  
25 is significant enough to merit an award.

1           No one such prize may exceed \$1,000,000.  
2           If less than \$4,000,000 is available for a  
3           prize competition under subparagraph  
4           (A)(i), the Secretary may omit one or more  
5           subcategories, reduce the amount of the  
6           prizes, or not hold a prize competition.

7           “(ii) **PROTOTYPES.**—To the extent  
8           permitted under paragraph (1)(E), prizes  
9           authorized under subparagraph (A)(ii)  
10          shall be awarded biennially in alternate  
11          years from the prizes authorized under  
12          subparagraph (A)(i). The Secretary is au-  
13          thorized to award up to one prize in this  
14          category in each 2-year period. No such  
15          prize may exceed \$4,000,000. If no reg-  
16          istered participants meet the objective per-  
17          formance criteria established pursuant to  
18          subparagraph (C) for a competition under  
19          this clause, the Secretary shall not award  
20          a prize.

21          “(iii) **TRANSFORMATIONAL TECH-**  
22          **NOLOGIES.**—To the extent permitted under  
23          paragraph (1)(E), the Secretary shall an-  
24          nounce one prize competition authorized  
25          under subparagraph (A)(iii) as soon after

1 the date of enactment of this subsection as  
2 is practicable. A prize offered under this  
3 clause shall be not less than \$10,000,000,  
4 paid to the winner in a lump sum, and an  
5 additional amount paid to the winner as a  
6 match for each dollar of private funding  
7 raised by the winner for the hydrogen tech-  
8 nology beginning on the date the winner  
9 was named. The match shall be provided  
10 for 3 years after the date the prize winner  
11 is named or until the full amount of the  
12 prize has been paid out, whichever occurs  
13 first. A prize winner may elect to have the  
14 match amount paid to another entity that  
15 is continuing the development of the win-  
16 ning technology. The Secretary shall an-  
17 nounce the rules for receiving the match in  
18 the notice required by paragraph  
19 (1)(B)(ii). The Secretary shall award a  
20 prize under this clause only when a reg-  
21 istered participant has met the objective  
22 criteria established for the prize pursuant  
23 to subparagraph (C) and announced pursu-  
24 ant to paragraph (1)(B)(ii). Not more than  
25 \$10,000,000 in Federal funds may be used

1           for the prize award under this clause. The  
2           administering entity shall seek to raise  
3           \$40,000,000 toward the matching award  
4           under this clause.

5           “(C) CRITERIA.—In establishing the cri-  
6           teria required by this subsection, the Sec-  
7           retary—

8                   “(i) shall consult with the Depart-  
9                   ment’s Hydrogen Technical and Fuel Cell  
10                  Advisory Committee;

11                   “(ii) shall consult with other Federal  
12                   agencies, including the National Science  
13                   Foundation; and

14                   “(iii) may consult with other experts  
15                   such as private organizations, including  
16                   professional societies, industry associa-  
17                   tions, and the National Academy of  
18                   Sciences and the National Academy of En-  
19                   gineering.

20           “(D) JUDGES.—For each prize competition  
21           under this subsection, the Secretary in con-  
22           sultation with the administering entity shall as-  
23           semble a panel of qualified judges to select the  
24           winner or winners on the basis of the criteria  
25           established under subparagraph (C). Judges for

1           each prize competition shall include individuals  
2           from outside the Department, including from  
3           the private sector. A judge, spouse, minor chil-  
4           dren, and members of the judge’s household  
5           may not—

6                   “(i) have personal or financial inter-  
7                   ests in, or be an employee, officer, director,  
8                   or agent of, any entity that is a registered  
9                   participant in the prize competition for  
10                  which he or she will serve as a judge; or

11                   “(ii) have a familial or financial rela-  
12                   tionship with an individual who is a reg-  
13                   istered participant in the prize competition  
14                  for which he or she will serve as a judge.

15           “(3) ELIGIBILITY.—To be eligible to win a  
16           prize under this subsection, an individual or entity—

17                   “(A) shall have complied with all the re-  
18                   quirements in accordance with the Federal Reg-  
19                   ister notice required under paragraph  
20                  (1)(B)(ii);

21                   “(B) in the case of a private entity, shall  
22                   be incorporated in and maintain a primary  
23                   place of business in the United States, and in  
24                   the case of an individual, whether participating  
25                   singly or in a group, shall be a citizen of, or an

1 alien lawfully admitted for permanent residence  
2 in, the United States; and

3 “(C) shall not be a Federal entity, a Fed-  
4 eral employee acting within the scope of his em-  
5 ployment, or an employee of a national labora-  
6 tory acting within the scope of his employment.

7 “(4) INTELLECTUAL PROPERTY.—The Federal  
8 Government shall not, by virtue of offering or  
9 awarding a prize under this subsection, be entitled  
10 to any intellectual property rights derived as a con-  
11 sequence of, or direct relation to, the participation  
12 by a registered participant in a competition author-  
13 ized by this subsection. This paragraph shall not be  
14 construed to prevent the Federal Government from  
15 negotiating a license for the use of intellectual prop-  
16 erty developed for a prize competition under this  
17 subsection.

18 “(5) LIABILITY.—

19 “(A) WAIVER OF LIABILITY.—The Sec-  
20 retary may require registered participants to  
21 waive claims against the Federal Government  
22 and the administering entity (except claims for  
23 willful misconduct) for any injury, death, dam-  
24 age, or loss of property, revenue, or profits aris-  
25 ing from the registered participants’ participa-



1                   “(ii) FEDERAL GOVERNMENT IN-  
2                   SURED.—The Federal Government shall be  
3                   named as an additional insured under a  
4                   registered participant’s insurance policy re-  
5                   quired under clause (i)(I), and registered  
6                   participants shall be required to agree to  
7                   indemnify the Federal Government against  
8                   third party claims for damages arising  
9                   from or related to competition activities  
10                  under this subsection.

11                 “(6) REPORT TO CONGRESS.—Not later than  
12                 60 days after the awarding of the first prize under  
13                 this subsection, and annually thereafter, the Sec-  
14                 retary shall transmit to the Congress a report  
15                 that—

16                         “(A) identifies each award recipient;

17                         “(B) describes the technologies developed  
18                         by each award recipient; and

19                         “(C) specifies actions being taken toward  
20                         commercial application of all technologies with  
21                         respect to which a prize has been awarded  
22                         under this subsection.

23                 “(7) AUTHORIZATION OF APPROPRIATIONS.—

24                         “(A) IN GENERAL.—

1                   “(i) AWARDS.—There are authorized  
2                   to be appropriated to the Secretary for the  
3                   period encompassing fiscal years 2008  
4                   through 2017 for carrying out this sub-  
5                   section—

6                               “(I) \$20,000,000 for awards de-  
7                               scribed in paragraph (2)(A)(i);

8                               “(II) \$20,000,000 for awards de-  
9                               scribed in paragraph (2)(A)(ii); and

10                              “(III) \$10,000,000 for the award  
11                              described in paragraph (2)(A)(iii).

12                   “(ii) ADMINISTRATION.—In addition  
13                   to the amounts authorized in clause (i),  
14                   there are authorized to be appropriated to  
15                   the Secretary for each of fiscal years 2008  
16                   and 2009 \$2,000,000 for the administra-  
17                   tive costs of carrying out this subsection.

18                   “(B) CARRYOVER OF FUNDS.—Funds ap-  
19                   propriated for prize awards under this sub-  
20                   section shall remain available until expended,  
21                   and may be transferred, reprogrammed, or ex-  
22                   pended for other purposes only after the expira-  
23                   tion of 10 fiscal years after the fiscal year for  
24                   which the funds were originally appropriated.  
25                   No provision in this subsection permits obliga-

1           tion or payment of funds in violation of section  
2           1341 of title 31 of the United States Code  
3           (commonly referred to as the Anti-Deficiency  
4           Act).

5           “(8) NONSUBSTITUTION.—The programs cre-  
6           ated under this subsection shall not be considered a  
7           substitute for Federal research and development  
8           programs.”.

9   **SEC. 655. BRIGHT TOMORROW LIGHTING PRIZES.**

10          (a) ESTABLISHMENT.—Not later than 1 year after  
11 the date of enactment of this Act, as part of the program  
12 carried out under section 1008 of the Energy Policy Act  
13 of 2005 (42 U.S.C. 16396), the Secretary shall establish  
14 and award Bright Tomorrow Lighting Prizes for solid  
15 state lighting in accordance with this section.

16          (b) PRIZE SPECIFICATIONS.—

17                  (1) 60-WATT INCANDESCENT REPLACEMENT  
18 LAMP PRIZE.—The Secretary shall award a 60-Watt  
19 Incandescent Replacement Lamp Prize to an entrant  
20 that produces a solid-state light package simulta-  
21 neously capable of—

22                          (A) producing a luminous flux greater than  
23                          900 lumens;

24                          (B) consuming less than or equal to 10  
25                          watts;

1           (C) having an efficiency greater than 90  
2 lumens per watt;

3           (D) having a color rendering index greater  
4 than 90;

5           (E) having a correlated color temperature  
6 of not less than 2,750, and not more than  
7 3,000, degrees Kelvin;

8           (F) having 70 percent of the lumen value  
9 under subparagraph (A) exceeding 25,000  
10 hours under typical conditions expected in resi-  
11 dential use;

12           (G) having a light distribution pattern  
13 similar to a soft 60-watt incandescent A19  
14 bulb;

15           (H) having a size and shape that fits with-  
16 in the maximum dimensions of an A19 bulb in  
17 accordance with American National Standards  
18 Institute standard C78.20–2003, figure  
19 C78.20–211;

20           (I) using a single contact medium screw  
21 socket; and

22           (J) mass production for a competitive sales  
23 commercial market satisfied by producing com-  
24 mercially accepted quality control lots of such

1 units equal to or exceeding the criteria de-  
2 scribed in subparagraphs (A) through (I).

3 (2) PAR TYPE 38 HALOGEN REPLACEMENT  
4 LAMP PRIZE.—The Secretary shall award a  
5 Parabolic Aluminized Reflector Type 38 Halogen  
6 Replacement Lamp Prize (referred to in this section  
7 as the “PAR Type 38 Halogen Replacement Lamp  
8 Prize”) to an entrant that produces a solid-state-  
9 light package simultaneously capable of—

10 (A) producing a luminous flux greater than  
11 or equal to 1,350 lumens;

12 (B) consuming less than or equal to 11  
13 watts;

14 (C) having an efficiency greater than 123  
15 lumens per watt;

16 (D) having a color rendering index greater  
17 than or equal to 90;

18 (E) having a correlated color coordinate  
19 temperature of not less than 2,750, and not  
20 more than 3,000, degrees Kelvin;

21 (F) having 70 percent of the lumen value  
22 under subparagraph (A) exceeding 25,000  
23 hours under typical conditions expected in resi-  
24 dential use;

1 (G) having a light distribution pattern  
2 similar to a PAR 38 halogen lamp;

3 (H) having a size and shape that fits with-  
4 in the maximum dimensions of a PAR 38 halo-  
5 gen lamp in accordance with American National  
6 Standards Institute standard C78-21-2003,  
7 figure C78.21-238;

8 (I) using a single contact medium screw  
9 socket; and

10 (J) mass production for a competitive sales  
11 commercial market satisfied by producing com-  
12 mercially accepted quality control lots of such  
13 units equal to or exceeding the criteria de-  
14 scribed in subparagraphs (A) through (I).

15 (3) TWENTY-FIRST CENTURY LAMP PRIZE.—  
16 The Secretary shall award a Twenty-First Century  
17 Lamp Prize to an entrant that produces a solid-  
18 state-light-light capable of—

19 (A) producing a light output greater than  
20 1,200 lumens;

21 (B) having an efficiency greater than 150  
22 lumens per watt;

23 (C) having a color rendering index greater  
24 than 90;

1                   (D) having a color coordinate temperature  
2                   between 2,800 and 3,000 degrees Kelvin; and  
3                   (E) having a lifetime exceeding 25,000  
4                   hours.

5           (c) PRIVATE FUNDS.—

6                   (1) IN GENERAL.—Subject to paragraph (2),  
7                   and notwithstanding section 3302 of title 31, United  
8                   States Code, the Secretary may accept, retain, and  
9                   use funds contributed by any person, government  
10                   entity, or organization for purposes of carrying out  
11                   this subsection—

12                               (A) without further appropriation; and

13                               (B) without fiscal year limitation.

14                   (2) PRIZE COMPETITION.—A private source of  
15                   funding may not participate in the competition for  
16                   prizes awarded under this section.

17                   (d) TECHNICAL REVIEW.—The Secretary shall estab-  
18                   lish a technical review committee composed of non-Federal  
19                   officers to review entrant data submitted under this sec-  
20                   tion to determine whether the data meets the prize speci-  
21                   fications described in subsection (b).

22                   (e) THIRD PARTY ADMINISTRATION.—The Secretary  
23                   may competitively select a third party to administer  
24                   awards under this section.

1 (f) ELIGIBILITY FOR PRIZES.—To be eligible to be  
2 awarded a prize under this section—

3 (1) in the case of a private entity, the entity  
4 shall be incorporated in and maintain a primary  
5 place of business in the United States; and

6 (2) in the case of an individual (whether par-  
7 ticipating as a single individual or in a group), the  
8 individual shall be a citizen or lawful permanent  
9 resident of the United States.

10 (g) AWARD AMOUNTS.—Subject to the availability of  
11 funds to carry out this section, the amount of—

12 (1) the 60-Watt Incandescent Replacement  
13 Lamp Prize described in subsection (b)(1) shall be  
14 \$10,000,000;

15 (2) the PAR Type 38 Halogen Replacement  
16 Lamp Prize described in subsection (b)(2) shall be  
17 \$5,000,000; and

18 (3) the Twenty-First Century Lamp Prize de-  
19 scribed in subsection (b)(3) shall be \$5,000,000.

20 (h) FEDERAL PROCUREMENT OF SOLID-STATE-  
21 LIGHTS.—

22 (1) 60-WATT INCANDESCENT REPLACEMENT.—  
23 Subject to paragraph (3), as soon as practicable  
24 after the successful award of the 60-Watt Incandes-  
25 cent Replacement Lamp Prize under subsection

1 (b)(1), the Secretary (in consultation with the Ad-  
2 ministrator of General Services) shall develop gov-  
3 ernmentwide Federal purchase guidelines with a goal  
4 of replacing the use of 60-watt incandescent lamps  
5 in Federal Government buildings with a solid-state-  
6 light package described in subsection (b)(1) by not  
7 later than the date that is 5 years after the date the  
8 award is made.

9 (2) PAR 38 HALOGEN REPLACEMENT LAMP RE-  
10 PLACEMENT.—Subject to paragraph (3), as soon as  
11 practicable after the successful award of the PAR  
12 Type 38 Halogen Replacement Lamp Prize under  
13 subsection (b)(2), the Secretary (in consultation with  
14 the Administrator of General Services) shall develop  
15 governmentwide Federal purchase guidelines with  
16 the goal of replacing the use of PAR 38 halogen  
17 lamps in Federal Government buildings with a solid-  
18 state-light package described in subsection (b)(2) by  
19 not later than the date that is 5 years after the date  
20 the award is made.

21 (3) WAIVERS.—

22 (A) IN GENERAL.—The Secretary or the  
23 Administrator of General Services may waive  
24 the application of paragraph (1) or (2) if the  
25 Secretary or Administrator determines that the

1 return on investment from the purchase of a  
2 solid-state-light package described in paragraph  
3 (1) or (2) of subsection (b), respectively, is cost  
4 prohibitive.

5 (B) REPORT OF WAIVER.—If the Secretary  
6 or Administrator waives the application of para-  
7 graph (1) or (2), the Secretary or Adminis-  
8 trator, respectively, shall submit to Congress an  
9 annual report that describes the waiver and  
10 provides a detailed justification for the waiver.

11 (i) REPORT.—Not later than 2 years after the date  
12 of enactment of this Act, and annually thereafter, the Ad-  
13 ministrator of General Services shall submit to the Energy  
14 Information Agency a report describing the quantity, type,  
15 and cost of each lighting product purchased by the Federal  
16 Government.

17 (j) BRIGHT TOMORROW LIGHTING AWARD FUND.—

18 (1) ESTABLISHMENT.—There is established in  
19 the United States Treasury a Bright Tomorrow  
20 Lighting permanent fund without fiscal year limita-  
21 tion to award prizes under paragraphs (1), (2), and  
22 (3) of subsection (b).

23 (2) SOURCES OF FUNDING.—The fund estab-  
24 lished under paragraph (1) shall accept—

25 (A) fiscal year appropriations; and

1 (B) private contributions authorized under  
2 subsection (c).

3 (k) AUTHORIZATION OF APPROPRIATIONS.—There  
4 are authorized to be appropriated such sums as are nec-  
5 essary to carry out this section.

6 **SEC. 656. RENEWABLE ENERGY INNOVATION MANUFAC-**  
7 **TURING PARTNERSHIP.**

8 (a) ESTABLISHMENT.—The Secretary shall carry out  
9 a program, to be known as the Renewable Energy Innova-  
10 tion Manufacturing Partnership Program (referred to in  
11 this section as the “Program”), to make assistance awards  
12 to eligible entities for use in carrying out research, devel-  
13 opment, and demonstration relating to the manufacturing  
14 of renewable energy technologies.

15 (b) SOLICITATION.—To carry out the Program, the  
16 Secretary shall annually conduct a competitive solicitation  
17 for assistance awards for an eligible project described in  
18 subsection (e).

19 (c) PROGRAM PURPOSES.—The purposes of the Pro-  
20 gram are—

21 (1) to develop, or aid in the development of, ad-  
22 vanced manufacturing processes, materials, and in-  
23 frastructure;

24 (2) to increase the domestic production of re-  
25 newable energy technology and components; and

1           (3) to better coordinate Federal, State, and pri-  
2           vate resources to meet regional and national renew-  
3           able energy goals through advanced manufacturing  
4           partnerships.

5           (d) **ELIGIBLE ENTITIES.**—An entity shall be eligible  
6           to receive an assistance award under the Program to carry  
7           out an eligible project described in subsection (e) if the  
8           entity is composed of—

9           (1) 1 or more public or private nonprofit insti-  
10          tutions or national laboratories engaged in research,  
11          development, demonstration, or technology transfer,  
12          that would participate substantially in the project;  
13          and

14          (2) 1 or more private entities engaged in the  
15          manufacturing or development of renewable energy  
16          system components (including solar energy, wind en-  
17          ergy, biomass, geothermal energy, energy storage, or  
18          fuel cells).

19          (e) **ELIGIBLE PROJECTS.**—An eligible entity may use  
20          an assistance award provided under this section to carry  
21          out a project relating to—

22          (1) the conduct of studies of market opportuni-  
23          ties for component manufacturing of renewable en-  
24          ergy systems;

1           (2) the conduct of multiyear applied research,  
2           development, demonstration, and deployment  
3           projects for advanced manufacturing processes, ma-  
4           terials, and infrastructure for renewable energy sys-  
5           tems; and

6           (3) other similar ventures, as approved by the  
7           Secretary, that promote advanced manufacturing of  
8           renewable technologies.

9           (f) CRITERIA AND GUIDELINES.—The Secretary shall  
10          establish criteria and guidelines for the submission, eval-  
11          uation, and funding of proposed projects under the Pro-  
12          gram.

13          (g) COST SHARING.—Section 988 of the Energy Pol-  
14          icy Act of 2005 (42 U.S.C. 16352) shall apply to a project  
15          carried out under this section.

16          (h) DISCLOSURE.—The Secretary may, for a period  
17          of up to five years after an award is granted under this  
18          section, exempt from mandatory disclosure under section  
19          552 of title 5, United States Code (popularly known as  
20          the Freedom of Information Act) information that the  
21          Secretary determines would be a privileged or confidential  
22          trade secret or commercial or financial information under  
23          subsection (b)(4) of such section if the information had  
24          been obtained from a non-Government party.

1 (i) SENSE OF THE CONGRESS.—It is the sense of the  
2 Congress that the Secretary should ensure that small busi-  
3 nesses engaged in renewable manufacturing be given pri-  
4 ority consideration for the assistance awards provided  
5 under this section.

6 (j) AUTHORIZATION OF APPROPRIATIONS.—There is  
7 authorized to be appropriated out of funds already author-  
8 ized to carry out this section \$25,000,000 for each of fis-  
9 cal years 2008 through 2013, to remain available until ex-  
10 pended.

11 **TITLE VII—CARBON CAPTURE**  
12 **AND SEQUESTRATION**  
13 **Subtitle A—Carbon Capture and**  
14 **Sequestration Research, Devel-**  
15 **opment, and Demonstration**

16 **SEC. 701. SHORT TITLE.**

17 This subtitle may be cited as the “Department of En-  
18 ergy Carbon Capture and Sequestration Research, Devel-  
19 opment, and Demonstration Act of 2007”.

20 **SEC. 702. CARBON CAPTURE AND SEQUESTRATION RE-**  
21 **SEARCH, DEVELOPMENT, AND DEMONSTRA-**  
22 **TION PROGRAM.**

23 (a) AMENDMENT.—Section 963 of the Energy Policy  
24 Act of 2005 (42 U.S.C. 16293) is amended—

1           (1) in the section heading, by striking “**RE-**  
2           **SEARCH AND DEVELOPMENT**” and inserting  
3           “**AND SEQUESTRATION RESEARCH, DEVELOP-**  
4           **MENT, AND DEMONSTRATION**”;

5           (2) in subsection (a)—

6                 (A) by striking “research and develop-  
7                 ment” and inserting “and sequestration re-  
8                 search, development, and demonstration”; and

9                 (B) by striking “capture technologies on  
10                combustion-based systems” and inserting “cap-  
11                ture and sequestration technologies related to  
12                industrial sources of carbon dioxide”;

13          (3) in subsection (b)—

14                 (A) in paragraph (3), by striking “and” at  
15                 the end;

16                 (B) in paragraph (4), by striking the pe-  
17                 riod at the end and inserting “; and”; and

18                 (C) by adding at the end the following:

19                 “(5) to expedite and carry out large-scale test-  
20                 ing of carbon sequestration systems in a range of  
21                 geologic formations that will provide information on  
22                 the cost and feasibility of deployment of sequestra-  
23                 tion technologies.”; and

24          (4) by striking subsection (c) and inserting the  
25          following:

1 “(c) PROGRAMMATIC ACTIVITIES.—

2 “(1) FUNDAMENTAL SCIENCE AND ENGINEER-  
3 ING RESEARCH AND DEVELOPMENT AND DEM-  
4 ONSTRATION SUPPORTING CARBON CAPTURE AND  
5 SEQUESTRATION TECHNOLOGIES AND CARBON USE  
6 ACTIVITIES.—

7 “(A) IN GENERAL.—The Secretary shall  
8 carry out fundamental science and engineering  
9 research (including laboratory-scale experi-  
10 ments, numeric modeling, and simulations) to  
11 develop and document the performance of new  
12 approaches to capture and sequester, or use  
13 carbon dioxide to lead to an overall reduction of  
14 carbon dioxide emissions.

15 “(B) PROGRAM INTEGRATION.—The Sec-  
16 retary shall ensure that fundamental research  
17 carried out under this paragraph is appro-  
18 priately applied to energy technology develop-  
19 ment activities, the field testing of carbon se-  
20 questration, and carbon use activities, includ-  
21 ing—

22 “(i) development of new or advanced  
23 technologies for the capture and sequestra-  
24 tion of carbon dioxide;

1                   “(ii) development of new or advanced  
2                   technologies that reduce the cost and in-  
3                   crease the efficacy of advanced compres-  
4                   sion of carbon dioxide required for the se-  
5                   questration of carbon dioxide;

6                   “(iii) modeling and simulation of geo-  
7                   logic sequestration field demonstrations;

8                   “(iv) quantitative assessment of risks  
9                   relating to specific field sites for testing of  
10                  sequestration technologies;

11                  “(v) research and development of new  
12                  and advanced technologies for carbon use,  
13                  including recycling and reuse of carbon di-  
14                  oxide; and

15                  “(vi) research and development of new  
16                  and advanced technologies for the separa-  
17                  tion of oxygen from air.

18                  “(2) FIELD VALIDATION TESTING ACTIVI-  
19                  TIES.—

20                  “(A) IN GENERAL.—The Secretary shall  
21                  promote, to the maximum extent practicable,  
22                  regional carbon sequestration partnerships to  
23                  conduct geologic sequestration tests involving  
24                  carbon dioxide injection and monitoring, mitiga-

1           tion, and verification operations in a variety of  
2           candidate geologic settings, including—

3                   “(i) operating oil and gas fields;

4                   “(ii) depleted oil and gas fields;

5                   “(iii) unmineable coal seams;

6                   “(iv) deep saline formations;

7                   “(v) deep geologic systems that may  
8           be used as engineered reservoirs to extract  
9           economical quantities of heat from geo-  
10          thermal resources of low permeability or  
11          porosity; and

12                   “(vi) deep geologic systems containing  
13          basalt formations.

14           “(B) OBJECTIVES.—The objectives of tests  
15          conducted under this paragraph shall be—

16                   “(i) to develop and validate geo-  
17          physical tools, analysis, and modeling to  
18          monitor, predict, and verify carbon dioxide  
19          containment;

20                   “(ii) to validate modeling of geologic  
21          formations;

22                   “(iii) to refine sequestration capacity  
23          estimated for particular geologic forma-  
24          tions;

1           “(iv) to determine the fate of carbon  
2           dioxide concurrent with and following in-  
3           jection into geologic formations;

4           “(v) to develop and implement best  
5           practices for operations relating to, and  
6           monitoring of, carbon dioxide injection and  
7           sequestration in geologic formations;

8           “(vi) to assess and ensure the safety  
9           of operations related to geologic sequestra-  
10          tion of carbon dioxide;

11          “(vii) to allow the Secretary to pro-  
12          mulgate policies, procedures, requirements,  
13          and guidance to ensure that the objectives  
14          of this subparagraph are met in large-scale  
15          testing and deployment activities for car-  
16          bon capture and sequestration that are  
17          funded by the Department of Energy; and

18          “(viii) to provide information to  
19          States, the Environmental Protection  
20          Agency, and other appropriate entities to  
21          support development of a regulatory frame-  
22          work for commercial-scale sequestration  
23          operations that ensure the protection of  
24          human health and the environment.

1           “(3) LARGE-SCALE CARBON DIOXIDE SEQUES-  
2 TRATION TESTING.—

3           “(A) IN GENERAL.—The Secretary shall  
4 conduct not less than 7 initial large-scale se-  
5 questration tests, not including the FutureGen  
6 project, for geologic containment of carbon di-  
7 oxide to collect and validate information on the  
8 cost and feasibility of commercial deployment of  
9 technologies for geologic containment of carbon  
10 dioxide. These 7 tests may include any Regional  
11 Partnership projects awarded as of the date of  
12 enactment of the Department of Energy Carbon  
13 Capture and Sequestration Research, Develop-  
14 ment, and Demonstration Act of 2007.

15           “(B) DIVERSITY OF FORMATIONS TO BE  
16 STUDIED.—In selecting formations for study  
17 under this paragraph, the Secretary shall con-  
18 sider a variety of geologic formations across the  
19 United States, and require characterization and  
20 modeling of candidate formations, as deter-  
21 mined by the Secretary.

22           “(C) SOURCE OF CARBON DIOXIDE FOR  
23 LARGE-SCALE SEQUESTRATION TESTS.—In the  
24 process of any acquisition of carbon dioxide for  
25 sequestration tests under subparagraph (A), the

1 Secretary shall give preference to sources of  
2 carbon dioxide from industrial sources. To the  
3 extent feasible, the Secretary shall prefer tests  
4 that would facilitate the creation of an inte-  
5 grated system of capture, transportation and  
6 sequestration of carbon dioxide. The preference  
7 provided for under this subparagraph shall not  
8 delay the implementation of the large-scale se-  
9 questration tests under this paragraph.

10 “(D) DEFINITION.—For purposes of this  
11 paragraph, the term ‘large-scale’ means the in-  
12 jection of more than 1,000,000 tons of carbon  
13 dioxide from industrial sources annually or a  
14 scale that demonstrates the ability to inject and  
15 sequester several million metric tons of indus-  
16 trial source carbon dioxide for a large number  
17 of years.

18 “(4) PREFERENCE IN PROJECT SELECTION  
19 FROM MERITORIOUS PROPOSALS.—In making com-  
20 petitive awards under this subsection, subject to the  
21 requirements of section 989, the Secretary shall—

22 “(A) give preference to proposals from  
23 partnerships among industrial, academic, and  
24 government entities; and

1           “(B) require recipients to provide assur-  
2           ances that all laborers and mechanics employed  
3           by contractors and subcontractors in the con-  
4           struction, repair, or alteration of new or exist-  
5           ing facilities performed in order to carry out a  
6           demonstration or commercial application activ-  
7           ity authorized under this subsection shall be  
8           paid wages at rates not less than those pre-  
9           vailing on similar construction in the locality, as  
10          determined by the Secretary of Labor in ac-  
11          cordance with subchapter IV of chapter 31 of  
12          title 40, United States Code, and the Secretary  
13          of Labor shall, with respect to the labor stand-  
14          ards in this paragraph, have the authority and  
15          functions set forth in Reorganization Plan  
16          Numbered 14 of 1950 (15 Fed. Reg. 3176; 5  
17          U.S.C. Appendix) and section 3145 of title 40,  
18          United States Code.

19          “(5) COST SHARING.—Activities under this sub-  
20          section shall be considered research and development  
21          activities that are subject to the cost sharing re-  
22          quirements of section 988(b).

23          “(6) PROGRAM REVIEW AND REPORT.—During  
24          fiscal year 2011, the Secretary shall—

1           “(A) conduct a review of programmatic ac-  
2           tivities carried out under this subsection; and

3           “(B) make recommendations with respect  
4           to continuation of the activities.

5           “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
6           are authorized to be appropriated to carry out this sec-  
7           tion—

8           “(1) \$240,000,000 for fiscal year 2008;

9           “(2) \$240,000,000 for fiscal year 2009;

10          “(3) \$240,000,000 for fiscal year 2010;

11          “(4) \$240,000,000 for fiscal year 2011; and

12          “(5) \$240,000,000 for fiscal year 2012.”.

13          (b) TABLE OF CONTENTS AMENDMENT.—The item  
14          relating to section 963 in the table of contents for the En-  
15          ergy Policy Act of 2005 is amended to read as follows:

          “Sec. 963. Carbon capture and sequestration research, development, and dem-  
          onstration program.”.

16       **SEC. 703. CARBON CAPTURE.**

17          (a) PROGRAM ESTABLISHMENT.—

18           (1) IN GENERAL.—The Secretary shall carry  
19           out a program to demonstrate technologies for the  
20           large-scale capture of carbon dioxide from industrial  
21           sources. In making awards under this program, the  
22           Secretary shall select, as appropriate, a diversity of  
23           capture technologies to address the need to capture  
24           carbon dioxide from a range of industrial sources.

1           (2) SCOPE OF AWARD.—Awards under this sec-  
2           tion shall be only for the portion of the project  
3           that—

4                   (A) carries out the large-scale capture (in-  
5                   cluding purification and compression) of carbon  
6                   dioxide from industrial sources;

7                   (B) provides for the transportation and in-  
8                   jection of carbon dioxide; and

9                   (C) incorporates a comprehensive measure-  
10                  ment, monitoring, and validation program.

11           (3) PREFERENCES FOR AWARD.—To ensure re-  
12           duced carbon dioxide emissions, the Secretary shall  
13           take necessary actions to provide for the integration  
14           of the program under this paragraph with the large-  
15           scale carbon dioxide sequestration tests described in  
16           section 963(c)(3) of the Energy Policy Act of 2005  
17           (42 U.S.C. 16293(c)(3)), as added by section 702 of  
18           this subtitle. These actions should not delay imple-  
19           mentation of these tests. The Secretary shall give  
20           priority consideration to projects with the following  
21           characteristics:

22                   (A) CAPACITY.—Projects that will capture  
23                   a high percentage of the carbon dioxide in the  
24                   treated stream and large volumes of carbon di-  
25                   oxide as determined by the Secretary.

1 (B) SEQUESTRATION.—Projects that cap-  
2 ture carbon dioxide from industrial sources that  
3 are near suitable geological reservoirs and could  
4 continue sequestration including—

5 (i) a field testing validation activity  
6 under section 963 of the Energy Policy Act  
7 of 2005 (42 U.S.C. 16293), as amended by  
8 this Act; or

9 (ii) other geologic sequestration  
10 projects approved by the Secretary.

11 (4) REQUIREMENT.—For projects that generate  
12 carbon dioxide that is to be sequestered, the carbon  
13 dioxide stream shall be of a sufficient purity level to  
14 allow for safe transport and sequestration.

15 (5) COST-SHARING.—The cost-sharing require-  
16 ments of section 988 of the Energy Policy Act of  
17 2005 (42 U.S.C. 16352) for research and develop-  
18 ment projects shall apply to this section.

19 (b) AUTHORIZATION OF APPROPRIATIONS.—There is  
20 authorized to be appropriated to the Secretary to carry  
21 out this section \$200,000,000 per year for fiscal years  
22 2009 through 2013.

23 **SEC. 704. REVIEW OF LARGE-SCALE PROGRAMS.**

24 The Secretary shall enter into an arrangement with  
25 the National Academy of Sciences for an independent re-

1 view and oversight, beginning in 2011, of the programs  
2 under section 963(c)(3) of the Energy Policy Act of 2005  
3 (42 U.S.C. 16293(c)(3)), as added by section 702 of this  
4 subtitle, and under section 703 of this subtitle, to ensure  
5 that the benefits of such programs are maximized. Not  
6 later than January 1, 2012, the Secretary shall transmit  
7 to the Congress a report on the results of such review and  
8 oversight.

9 **SEC. 705. GEOLOGIC SEQUESTRATION TRAINING AND RE-**  
10 **SEARCH.**

11 (a) STUDY.—

12 (1) IN GENERAL.—The Secretary shall enter  
13 into an arrangement with the National Academy of  
14 Sciences to undertake a study that—

15 (A) defines an interdisciplinary program in  
16 geology, engineering, hydrology, environmental  
17 science, and related disciplines that will support  
18 the Nation's capability to capture and sequester  
19 carbon dioxide from anthropogenic sources;

20 (B) addresses undergraduate and graduate  
21 education, especially to help develop graduate  
22 level programs of research and instruction that  
23 lead to advanced degrees with emphasis on geo-  
24 logic sequestration science;

1           (C) develops guidelines for proposals from  
2 colleges and universities with substantial capa-  
3 bilities in the required disciplines that seek to  
4 implement geologic sequestration science pro-  
5 grams that advance the Nation's capacity to ad-  
6 dress carbon management through geologic se-  
7 questration science; and

8           (D) outlines a budget and recommenda-  
9 tions for how much funding will be necessary to  
10 establish and carry out the grant program  
11 under subsection (b).

12           (2) REPORT.—Not later than 1 year after the  
13 date of enactment of this Act, the Secretary shall  
14 transmit to the Congress a copy of the results of the  
15 study provided by the National Academy of Sciences  
16 under paragraph (1).

17           (3) AUTHORIZATION OF APPROPRIATIONS.—  
18 There are authorized to be appropriated to the Sec-  
19 retary for carrying out this subsection \$1,000,000  
20 for fiscal year 2008.

21           (b) GRANT PROGRAM.—

22           (1) ESTABLISHMENT.—The Secretary shall es-  
23 tablish a competitive grant program through which  
24 colleges and universities may apply for and receive  
25 4-year grants for—

1 (A) salary and startup costs for newly des-  
2 igned faculty positions in an integrated geo-  
3 logic carbon sequestration science program; and

4 (B) internships for graduate students in  
5 geologic sequestration science.

6 (2) RENEWAL.—Grants under this subsection  
7 shall be renewable for up to 2 additional 3-year  
8 terms, based on performance criteria, established by  
9 the National Academy of Sciences study conducted  
10 under subsection (a), that include the number of  
11 graduates of such programs.

12 (3) INTERFACE WITH REGIONAL GEOLOGIC  
13 CARBON SEQUESTRATION PARTNERSHIPS.—To the  
14 greatest extent possible, geologic carbon sequestra-  
15 tion science programs supported under this sub-  
16 section shall interface with the research of the Re-  
17 gional Carbon Sequestration Partnerships operated  
18 by the Department to provide internships and prac-  
19 tical training in carbon capture and geologic seques-  
20 tration.

21 (4) AUTHORIZATION OF APPROPRIATIONS.—  
22 There are authorized to be appropriated to the Sec-  
23 retary for carrying out this subsection such sums as  
24 may be necessary.

1 **SEC. 706. RELATION TO SAFE DRINKING WATER ACT.**

2       The injection and geologic sequestration of carbon di-  
3 oxide pursuant to this subtitle and the amendments made  
4 by this subtitle shall be subject to the requirements of the  
5 Safe Drinking Water Act (42 U.S.C. 300f et seq.), includ-  
6 ing the provisions of part C of such Act (42 U.S.C. 300h  
7 et seq.; relating to protection of underground sources of  
8 drinking water). Nothing in this subtitle and the amend-  
9 ments made by this subtitle imposes or authorizes the pro-  
10 mulgation of any requirement that is inconsistent or in  
11 conflict with the requirements of the Safe Drinking Water  
12 Act (42 U.S.C. 300f et seq.) or regulations thereunder.

13 **SEC. 707. SAFETY RESEARCH.**

14       (a) PROGRAM.—The Administrator of the Environ-  
15 mental Protection Agency shall conduct a research pro-  
16 gram to address public health, safety, and environmental  
17 impacts that may be associated with capture, injection,  
18 and sequestration of greenhouse gases in geologic res-  
19 ervoirs.

20       (b) AUTHORIZATION OF APPROPRIATIONS.—There  
21 are authorized to be appropriated for carrying out this sec-  
22 tion \$5,000,000 for each fiscal year.

23 **SEC. 708. UNIVERSITY BASED RESEARCH AND DEVELOP-**  
24 **MENT GRANT PROGRAM.**

25       (a) ESTABLISHMENT.—The Secretary, in consulta-  
26 tion with other appropriate agencies, shall establish a uni-

1 versity based research and development program to study  
2 carbon capture and sequestration using the various types  
3 of coal.

4 (b) RURAL AND AGRICULTURAL INSTITUTIONS.—  
5 The Secretary shall give special consideration to rural or  
6 agricultural based institutions in areas that have regional  
7 sources of coal and that offer interdisciplinary programs  
8 in the area of environmental science to study carbon cap-  
9 ture and sequestration.

10 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
11 are to be authorized to be appropriated \$10,000,000 to  
12 carry out this section.

13 **Subtitle B—Carbon Capture and**  
14 **Sequestration Assessment and**  
15 **Framework**

16 **SEC. 711. CARBON DIOXIDE SEQUESTRATION CAPACITY AS-**  
17 **SESSMENT.**

18 (a) DEFINITIONS.—In this section

19 (1) ASSESSMENT.—The term “assessment”  
20 means the national assessment of onshore capacity  
21 for carbon dioxide completed under subsection (f).

22 (2) CAPACITY.—The term “capacity” means the  
23 portion of a sequestration formation that can retain  
24 carbon dioxide in accordance with the requirements  
25 (including physical, geological, and economic require-

1       ments) established under the methodology developed  
2       under subsection (b).

3           (3) ENGINEERED HAZARD.—The term “engi-  
4       neered hazard” includes the location and completion  
5       history of any well that could affect potential seques-  
6       tration.

7           (4) RISK.—The term “risk” includes any risk  
8       posed       by       geomechanical,       geochemical,  
9       hydrogeological, structural, and engineered hazards.

10          (5) SECRETARY.—The term “Secretary” means  
11       the Secretary of the Interior, acting through the Di-  
12       rector of the United States Geological Survey.

13          (6) SEQUESTRATION FORMATION.—The term  
14       “sequestration formation” means a deep saline for-  
15       mation, unmineable coal seam, or oil or gas reservoir  
16       that is capable of accommodating a volume of indus-  
17       trial carbon dioxide.

18       (b) METHODOLOGY.—Not later than 1 year after the  
19       date of enactment of this Act, the Secretary shall develop  
20       a methodology for conducting an assessment under sub-  
21       section (f), taking into consideration—

22           (1) the geographical extent of all potential se-  
23       questration formations in all States;

24           (2) the capacity of the potential sequestration  
25       formations;

1           (3) the injectivity of the potential sequestration  
2 formations;

3           (4) an estimate of potential volumes of oil and  
4 gas recoverable by injection and sequestration of in-  
5 dustrial carbon dioxide in potential sequestration  
6 formations;

7           (5) the risk associated with the potential se-  
8 questration formations; and

9           (6) the work done to develop the Carbon Se-  
10 questration Atlas of the United States and Canada  
11 that was completed by the Department.

12 (c) COORDINATION.—

13           (1) FEDERAL COORDINATION.—

14           (A) CONSULTATION.—The Secretary shall  
15 consult with the Secretary of Energy and the  
16 Administrator of the Environmental Protection  
17 Agency on issues of data sharing, format, devel-  
18 opment of the methodology, and content of the  
19 assessment required under this section to en-  
20 sure the maximum usefulness and success of  
21 the assessment.

22           (B) COOPERATION.—The Secretary of En-  
23 ergy and the Administrator shall cooperate with  
24 the Secretary to ensure, to the maximum extent

1           practicable, the usefulness and success of the  
2           assessment.

3           (2) STATE COORDINATION.—The Secretary  
4           shall consult with State geological surveys and other  
5           relevant entities to ensure, to the maximum extent  
6           practicable, the usefulness and success of the assess-  
7           ment.

8           (d) EXTERNAL REVIEW AND PUBLICATION.—On  
9           completion of the methodology under subsection (b), the  
10          Secretary shall—

11           (1) publish the methodology and solicit com-  
12           ments from the public and the heads of affected  
13           Federal and State agencies;

14           (2) establish a panel of individuals with exper-  
15           tise in the matters described in paragraphs (1)  
16           through (5) of subsection (b) composed, as appro-  
17           priate, of representatives of Federal agencies, insti-  
18           tutions of higher education, nongovernmental organi-  
19           zations, State organizations, industry, and inter-  
20           national geoscience organizations to review the  
21           methodology and comments received under para-  
22           graph (1); and

23           (3) on completion of the review under para-  
24           graph (2), publish in the Federal Register the re-  
25           vised final methodology.

1 (e) PERIODIC UPDATES.—The methodology devel-  
2 oped under this section shall be updated periodically (in-  
3 cluding at least once every 5 years) to incorporate new  
4 data as the data becomes available.

5 (f) NATIONAL ASSESSMENT.—

6 (1) IN GENERAL.—Not later than 2 years after  
7 the date of publication of the methodology under  
8 subsection (d)(1), the Secretary, in consultation with  
9 the Secretary of Energy and State geological sur-  
10 veys, shall complete a national assessment of capac-  
11 ity for carbon dioxide in accordance with the meth-  
12 odology.

13 (2) GEOLOGICAL VERIFICATION.—As part of  
14 the assessment under this subsection, the Secretary  
15 shall carry out a drilling program to supplement the  
16 geological data relevant to determining sequestration  
17 capacity of carbon dioxide in geological sequestration  
18 formations, including—

19 (A) well log data;

20 (B) core data; and

21 (C) fluid sample data.

22 (3) PARTNERSHIP WITH OTHER DRILLING PRO-  
23 GRAMS.—As part of the drilling program under  
24 paragraph (2), the Secretary shall enter, as appro-  
25 priate, into partnerships with other entities to collect

1 and integrate data from other drilling programs rel-  
2 evant to the sequestration of carbon dioxide in geo-  
3 logical formations.

4 (4) INCORPORATION INTO NATCARB.—

5 (A) IN GENERAL.—On completion of the  
6 assessment, the Secretary of Energy and the  
7 Secretary of the Interior shall incorporate the  
8 results of the assessment using—

9 (i) the NatCarb database, to the max-  
10 imum extent practicable; or

11 (ii) a new database developed by the  
12 Secretary of Energy, as the Secretary of  
13 Energy determines to be necessary.

14 (B) RANKING.—The database shall include  
15 the data necessary to rank potential sequestra-  
16 tion sites for capacity and risk, across the  
17 United States, within each State, by formation,  
18 and within each basin.

19 (5) REPORT.—Not later than 180 days after  
20 the date on which the assessment is completed, the  
21 Secretary shall submit to the Committee on Energy  
22 and Natural Resources of the Senate and the Com-  
23 mittee on Natural Resources of the House of Rep-  
24 resentatives a report describing the findings under  
25 the assessment.

1           (6) PERIODIC UPDATES.—The national assess-  
2           ment developed under this section shall be updated  
3           periodically (including at least once every 5 years) to  
4           support public and private sector decisionmaking.

5           (g) AUTHORIZATION OF APPROPRIATIONS.—There is  
6           authorized to be appropriated to carry out this section  
7           \$30,000,000 for the period of fiscal years 2008 through  
8           2012.

9   **SEC. 712. ASSESSMENT OF CARBON SEQUESTRATION AND**  
10                   **METHANE AND NITROUS OXIDE EMISSIONS**  
11                   **FROM ECOSYSTEMS.**

12           (a) DEFINITIONS.—In this section:

13           (1) ADAPTATION STRATEGY.—The term “adap-  
14           tation strategy” means a land use and management  
15           strategy that can be used—

16                   (A) to increase the sequestration capabili-  
17                   ties of covered greenhouse gases of any eco-  
18                   system; or

19                   (B) to reduce the emissions of covered  
20                   greenhouse gases from any ecosystem.

21           (2) ASSESSMENT.—The term “assessment”  
22           means the national assessment authorized under  
23           subsection (b).

1           (3) COVERED GREENHOUSE GAS.—The term  
2           “covered greenhouse gas” means carbon dioxide, ni-  
3           trous oxide, and methane gas.

4           (4) ECOSYSTEM.—The term “ecosystem”  
5           means any terrestrial, freshwater aquatic, or coastal  
6           ecosystem, including an estuary.

7           (5) NATIVE PLANT SPECIES.—The term “native  
8           plant species” means any noninvasive, naturally oc-  
9           curring plant species within an ecosystem.

10          (6) SECRETARY.—The term “Secretary” means  
11          the Secretary of the Interior.

12          (b) AUTHORIZATION OF ASSESSMENT.—Not later  
13          than 2 years after the date on which the final methodology  
14          is published under subsection (f)(3)(D), the Secretary  
15          shall complete a national assessment of—

16                (1) the quantity of carbon stored in and re-  
17                leased from ecosystems, including from man-caused  
18                and natural fires; and

19                (2) the annual flux of covered greenhouse gases  
20                in and out of ecosystems.

21          (c) COMPONENTS.—In conducting the assessment  
22          under subsection (b), the Secretary shall—

23                (1) determine the processes that control the  
24                flux of covered greenhouse gases in and out of each  
25                ecosystem;

1           (2) estimate the potential for increasing carbon  
2           sequestration in natural and managed ecosystems  
3           through management activities or restoration activi-  
4           ties in each ecosystem;

5           (3) develop near-term and long-term adaptation  
6           strategies or mitigation strategies that can be em-  
7           ployed—

8                 (A) to enhance the sequestration of carbon  
9                 in each ecosystem;

10                (B) to reduce emissions of covered green-  
11                house gases from ecosystems; and

12                (C) to adapt to climate change; and

13           (4) estimate the annual carbon sequestration  
14           capacity of ecosystems under a range of policies in  
15           support of management activities to optimize seques-  
16           tration.

17           (d) USE OF NATIVE PLANT SPECIES.—In developing  
18           restoration activities under subsection (c)(2) and manage-  
19           ment strategies and adaptation strategies under sub-  
20           section (c)(3), the Secretary shall emphasize the use of  
21           native plant species (including mixtures of many native  
22           plant species) for sequestering covered greenhouse gas in  
23           each ecosystem.

24           (e) CONSULTATION.—

1           (1) IN GENERAL.—In conducting the assess-  
2           ment under subsection (b) and developing the meth-  
3           odology under subsection (f), the Secretary shall  
4           consult with—

5                   (A) the Secretary of Energy;

6                   (B) the Secretary of Agriculture;

7                   (C) the Administrator of the Environ-  
8           mental Protection Agency;

9                   (D) the Secretary of Commerce, acting  
10           through the Under Secretary for Oceans and  
11           Atmosphere; and

12                   (E) the heads of other relevant agencies.

13           (2) OCEAN AND COASTAL ECOSYSTEMS.—In  
14           carrying out this section with respect to ocean and  
15           coastal ecosystems (including estuaries), the Sec-  
16           retary shall work jointly with the Secretary of Com-  
17           merce, acting through the Under Secretary for  
18           Oceans and Atmosphere.

19           (f) METHODOLOGY.—

20                   (1) IN GENERAL.—Not later than 1 year after  
21           the date of enactment of this Act, the Secretary  
22           shall develop a methodology for conducting the as-  
23           sessment.

24                   (2) REQUIREMENTS.—The methodology devel-  
25           oped under paragraph (1)—

1 (A) shall—

2 (i) determine the method for meas-  
3 uring, monitoring, and quantifying covered  
4 greenhouse gas emissions and reductions;

5 (ii) estimate the total capacity of each  
6 ecosystem to sequester carbon; and

7 (iii) estimate the ability of each eco-  
8 system to reduce emissions of covered  
9 greenhouse gases through management  
10 practices; and

11 (B) may employ economic and other sys-  
12 tems models, analyses, and estimates, to be de-  
13 veloped in consultation with each of the individ-  
14 uals described in subsection (e).

15 (3) EXTERNAL REVIEW AND PUBLICATION.—

16 On completion of a proposed methodology, the Sec-  
17 retary shall—

18 (A) publish the proposed methodology;

19 (B) at least 60 days before the date on  
20 which the final methodology is published, solicit  
21 comments from—

22 (i) the public; and

23 (ii) heads of affected Federal and  
24 State agencies;

1 (C) establish a panel to review the pro-  
2 posed methodology published under subpara-  
3 graph (A) and any comments received under  
4 subparagraph (B), to be composed of mem-  
5 bers—

6 (i) with expertise in the matters de-  
7 scribed in subsections (c) and (d); and

8 (ii) that are, as appropriate, rep-  
9 resentatives of Federal agencies, institu-  
10 tions of higher education, nongovernmental  
11 organizations, State organizations, indus-  
12 try, and international organizations; and

13 (D) on completion of the review under sub-  
14 paragraph (C), publish in the Federal register  
15 the revised final methodology.

16 (g) ESTIMATE; REVIEW.—The Secretary shall—

17 (1) based on the assessment, prescribe the data,  
18 information, and analysis needed to establish a sci-  
19 entifically sound estimate of the carbon sequestra-  
20 tion capacity of relevant ecosystems; and

21 (2) not later than 180 days after the date on  
22 which the assessment is completed, submit to the  
23 heads of applicable Federal agencies and the appro-  
24 priate committees of Congress a report that de-  
25 scribes the results of the assessment.

1 (h) DATA AND REPORT AVAILABILITY.—On comple-  
2 tion of the assessment, the Secretary shall incorporate the  
3 results of the assessment into a web-accessible database  
4 for public use.

5 (i) AUTHORIZATION.—There is authorized to be ap-  
6 propriated to carry out this section \$20,000,000 for the  
7 period of fiscal years 2008 through 2012.

8 **SEC. 713. CARBON DIOXIDE SEQUESTRATION INVENTORY.**

9 Section 354 of the Energy Policy Act of 2005 (42  
10 U.S.C. 15910) is amended—

11 (1) by redesignating subsection (d) as sub-  
12 section (e); and

13 (2) by inserting after subsection (c) the fol-  
14 lowing:

15 “(d) RECORDS AND INVENTORY.—The Secretary of  
16 the Interior, acting through the Bureau of Land Manage-  
17 ment, shall maintain records on, and an inventory of, the  
18 quantity of carbon dioxide stored within Federal mineral  
19 leaseholds.”.

20 **SEC. 714. FRAMEWORK FOR GEOLOGICAL CARBON SEQUES-**  
21 **TRATION ON PUBLIC LAND.**

22 (a) REPORT.—Not later than 1 year after the date  
23 of enactment of this Act, the Secretary of the Interior  
24 shall submit to the Committee on Natural Resources of  
25 the House of Representatives and the Committee on En-

1 ergy and Natural Resources of the Senate a report on a  
2 recommended framework for managing geological carbon  
3 sequestration activities on public land.

4 (b) CONTENTS.—The report required by subsection  
5 (a) shall include the following:

6 (1) Recommended criteria for identifying can-  
7 didate geological sequestration sites in each of the  
8 following types of geological settings:

9 (A) Operating oil and gas fields.

10 (B) Depleted oil and gas fields.

11 (C) Unmineable coal seams.

12 (D) Deep saline formations.

13 (E) Deep geological systems that may be  
14 used as engineered reservoirs to extract eco-  
15 nomical quantities of heat from geothermal re-  
16 sources of low permeability or porosity.

17 (F) Deep geological systems containing ba-  
18 salt formations.

19 (G) Coalbeds being used for methane re-  
20 covery.

21 (2) A proposed regulatory framework for the  
22 leasing of public land or an interest in public land  
23 for the long-term geological sequestration of carbon  
24 dioxide, which includes an assessment of options to  
25 ensure that the United States receives fair market

1 value for the use of public land or an interest in  
2 public land for geological sequestration.

3 (3) A proposed procedure for ensuring that any  
4 geological carbon sequestration activities on public  
5 land—

6 (A) provide for public review and comment  
7 from all interested persons; and

8 (B) protect the quality of natural and cul-  
9 tural resources of the public land overlaying a  
10 geological sequestration site.

11 (4) A description of the status of Federal lease-  
12 hold or Federal mineral estate liability issues related  
13 to the geological subsurface trespass of or caused by  
14 carbon dioxide stored in public land, including any  
15 relevant experience from enhanced oil recovery using  
16 carbon dioxide on public land.

17 (5) Recommendations for additional legislation  
18 that may be required to ensure that public land  
19 management and leasing laws are adequate to ac-  
20 commodate the long-term geological sequestration of  
21 carbon dioxide.

22 (6) An identification of the legal and regulatory  
23 issues specific to carbon dioxide sequestration on  
24 land in cases in which title to mineral resources is

1 held by the United States but title to the surface es-  
2 tate is not held by the United States.

3 (7)(A) An identification of the issues specific to  
4 the issuance of pipeline rights-of-way on public land  
5 under the Mineral Leasing Act (30 U.S.C. 181 et  
6 seq.) or the Federal Land Policy and Management  
7 Act of 1976 (43 U.S.C. 1701 et seq.) for natural or  
8 anthropogenic carbon dioxide.

9 (B) Recommendations for additional legislation  
10 that may be required to clarify the appropriate  
11 framework for issuing rights-of-way for carbon diox-  
12 ide pipelines on public land.

13 (c) CONSULTATION WITH OTHER AGENCIES.—In  
14 preparing the report under this section, the Secretary of  
15 the Interior shall coordinate with—

16 (1) the Administrator of the Environmental  
17 Protection Agency;

18 (2) the Secretary of Energy; and

19 (3) the heads of other appropriate agencies.

20 (d) COMPLIANCE WITH SAFE DRINKING WATER  
21 ACT.—The Secretary shall ensure that all recommenda-  
22 tions developed under this section are in compliance with  
23 all Federal environmental laws, including the Safe Drink-  
24 ing Water Act (42 U.S.C. 300f et seq.) and regulations  
25 under that Act.

1 **TITLE VIII—IMPROVED MANAGE-**  
2 **MENT OF ENERGY POLICY**  
3 **Subtitle A—Management**  
4 **Improvements**

5 **SEC. 801. NATIONAL MEDIA CAMPAIGN.**

6 (a) IN GENERAL.—The Secretary, acting through the  
7 Assistant Secretary for Energy Efficiency and Renewable  
8 Energy (referred to in this section as the “Secretary”),  
9 shall develop and conduct a national media campaign—

10 (1) to increase energy efficiency throughout the  
11 economy of the United States during the 10-year pe-  
12 riod beginning on the date of enactment of this Act;

13 (2) to promote the national security benefits as-  
14 sociated with increased energy efficiency; and

15 (3) to decrease oil consumption in the United  
16 States during the 10-year period beginning on the  
17 date of enactment of this Act.

18 (b) CONTRACT WITH ENTITY.—The Secretary shall  
19 carry out subsection (a) directly or through—

20 (1) competitively bid contracts with 1 or more  
21 nationally recognized media firms for the develop-  
22 ment and distribution of monthly television, radio,  
23 and newspaper public service announcements; or

24 (2) collective agreements with 1 or more nation-  
25 ally recognized institutes, businesses, or nonprofit

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1 organizations for the funding, development, and dis-  
2 tribution of monthly television, radio, and newspaper  
3 public service announcements.

4 (c) USE OF FUNDS.—

5 (1) IN GENERAL.—Amounts made available to  
6 carry out this section shall be used for—

7 (A) advertising costs, including—

8 (i) the purchase of media time and  
9 space;

10 (ii) creative and talent costs;

11 (iii) testing and evaluation of adver-  
12 tising; and

13 (iv) evaluation of the effectiveness of  
14 the media campaign; and

15 (B) administrative costs, including oper-  
16 ational and management expenses.

17 (2) LIMITATIONS.—In carrying out this section,  
18 the Secretary shall allocate not less than 85 percent  
19 of funds made available under subsection (e) for  
20 each fiscal year for the advertising functions speci-  
21 fied under paragraph (1)(A).

22 (d) REPORTS.—The Secretary shall annually submit  
23 to Congress a report that describes—

1           (1) the strategy of the national media campaign  
2           and whether specific objectives of the campaign were  
3           accomplished, including—

4                   (A) determinations concerning the rate of  
5                   change of energy consumption, in both absolute  
6                   and per capita terms; and

7                   (B) an evaluation that enables consider-  
8                   ation of whether the media campaign contrib-  
9                   uted to reduction of energy consumption;

10           (2) steps taken to ensure that the national  
11           media campaign operates in an effective and effi-  
12           cient manner consistent with the overall strategy  
13           and focus of the campaign;

14           (3) plans to purchase advertising time and  
15           space;

16           (4) policies and practices implemented to ensure  
17           that Federal funds are used responsibly to purchase  
18           advertising time and space and eliminate the poten-  
19           tial for waste, fraud, and abuse; and

20           (5) all contracts or cooperative agreements en-  
21           tered into with a corporation, partnership, or indi-  
22           vidual working on behalf of the national media cam-  
23           paign.

24           (e) AUTHORIZATION OF APPROPRIATIONS.—

1           (1) IN GENERAL.—There is authorized to be  
2           appropriated to carry out this section \$5,000,000 for  
3           each of fiscal years 2008 through 2012.

4           (2) DECREASED OIL CONSUMPTION.—The Sec-  
5           retary shall use not less than 50 percent of the  
6           amount that is made available under this section for  
7           each fiscal year to develop and conduct a national  
8           media campaign to decrease oil consumption in the  
9           United States over the next decade.

10 **SEC. 802. ALASKA NATURAL GAS PIPELINE ADMINISTRA-**  
11 **TION.**

12           Section 106 of the Alaska Natural Gas Pipeline Act  
13 (15 U.S.C. 720d) is amended by adding at the end the  
14 following:

15           “(h) ADMINISTRATION.—

16               “(1) PERSONNEL APPOINTMENTS.—

17                   “(A) IN GENERAL.—The Federal Coordi-  
18                   nator may appoint and terminate such per-  
19                   sonnel as the Federal Coordinator determines  
20                   to be appropriate.

21                   “(B) AUTHORITY OF FEDERAL COORDI-  
22                   NATOR.—Personnel appointed by the Federal  
23                   Coordinator under subparagraph (A) shall be  
24                   appointed without regard to the provisions of

1 title 5, United States Code, governing appoint-  
2 ments in the competitive service.

3 “(2) COMPENSATION.—

4 “(A) IN GENERAL.—Subject to subpara-  
5 graph (B), personnel appointed by the Federal  
6 Coordinator under paragraph (1)(A) shall be  
7 paid without regard to the provisions of chapter  
8 51 and subchapter III of chapter 53 of title 5,  
9 United States Code (relating to classification  
10 and General Schedule pay rates).

11 “(B) MAXIMUM LEVEL OF COMPENSA-  
12 TION.—The rate of pay for personnel appointed  
13 by the Federal Coordinator under paragraph  
14 (1)(A) shall not exceed the maximum level of  
15 rate payable for level III of the Executive  
16 Schedule (5 U.S.C. 5314).

17 “(C) ALLOWANCES.—Section 5941 of title  
18 5, United States Code, shall apply to personnel  
19 appointed by the Federal Coordinator under  
20 paragraph (1)(A).

21 “(3) TEMPORARY SERVICES.—

22 “(A) IN GENERAL.—The Federal Coordi-  
23 nator may procure temporary and intermittent  
24 services in accordance with section 3109(b) of  
25 title 5, United States Code.

1           “(B) MAXIMUM LEVEL OF COMPENSA-  
2           TION.—The level of compensation of an indi-  
3           vidual employed on a temporary or intermittent  
4           basis under subparagraph (A) shall not exceed  
5           the maximum level of rate payable for level III  
6           of the Executive Schedule (5 U.S.C. 5314).

7           “(4) FEES, CHARGES, AND COMMISSIONS.—

8           “(A) IN GENERAL.—With respect to the  
9           duties of the Federal Coordinator, as described  
10          in this Act, the Federal Coordinator shall have  
11          similar authority to establish, change, and abol-  
12          ish reasonable filing and service fees, charges,  
13          and commissions, require deposits of payments,  
14          and provide refunds as provided to the Sec-  
15          retary of the Interior in section 304 of the Fed-  
16          eral Land Policy and Management Act of 1976  
17          (43 U.S.C. 1734).

18          “(B) AUTHORITY OF SECRETARY OF THE  
19          INTERIOR.—Subparagraph (A) shall not affect  
20          the authority of the Secretary of the Interior to  
21          establish, change, and abolish reasonable filing  
22          and service fees, charges, and commissions, re-  
23          quire deposits of payments, and provide refunds  
24          under section 304 of the Federal Land Policy

1 and Management Act of 1976 (43 U.S.C.  
2 1734).

3 “(C) USE OF FUNDS.—The Federal Coor-  
4 dinator is authorized to use, without further ap-  
5 propriation, amounts collected under subpara-  
6 graph (A) to carry out this section.”.

7 **SEC. 803. RENEWABLE ENERGY DEPLOYMENT.**

8 (a) DEFINITIONS.—In this section:

9 (1) ALASKA SMALL HYDROELECTRIC POWER.—  
10 The term “Alaska small hydroelectric power” means  
11 power that—

12 (A) is generated—

13 (i) in the State of Alaska;

14 (ii) without the use of a dam or im-  
15 poundment of water; and

16 (iii) through the use of—

17 (I) a lake tap (but not a perched  
18 alpine lake); or

19 (II) a run-of-river screened at the  
20 point of diversion; and

21 (B) has a nameplate capacity rating of a  
22 wattage that is not more than 15 megawatts.

23 (2) ELIGIBLE APPLICANT.—The term “eligible  
24 applicant” means any—

25 (A) governmental entity;

1 (B) private utility;

2 (C) public utility;

3 (D) municipal utility;

4 (E) cooperative utility;

5 (F) Indian tribes; and

6 (G) Regional Corporation (as defined in  
7 section 3 of the Alaska Native Claims Settle-  
8 ment Act (43 U.S.C. 1602)).

9 (3) OCEAN ENERGY.—

10 (A) INCLUSIONS.—The term “ocean en-  
11 ergy” includes current, wave, and tidal energy.

12 (B) EXCLUSION.—The term “ocean en-  
13 ergy” excludes thermal energy.

14 (4) RENEWABLE ENERGY PROJECT.—The term  
15 “renewable energy project” means a project—

16 (A) for the commercial generation of elec-  
17 tricity; and

18 (B) that generates electricity from—

19 (i) solar, wind, or geothermal energy  
20 or ocean energy;

21 (ii) biomass (as defined in section  
22 203(b) of the Energy Policy Act of 2005  
23 (42 U.S.C. 15852(b)));

24 (iii) landfill gas; or

25 (iv) Alaska small hydroelectric power.

1 (b) RENEWABLE ENERGY CONSTRUCTION  
2 GRANTS.—

3 (1) IN GENERAL.—The Secretary shall use  
4 amounts appropriated under this section to make  
5 grants for use in carrying out renewable energy  
6 projects.

7 (2) CRITERIA.—Not later than 180 days after  
8 the date of enactment of this Act, the Secretary  
9 shall set forth criteria for use in awarding grants  
10 under this section.

11 (3) APPLICATION.—To receive a grant from the  
12 Secretary under paragraph (1), an eligible applicant  
13 shall submit to the Secretary an application at such  
14 time, in such manner, and containing such informa-  
15 tion as the Secretary may require, including a writ-  
16 ten assurance that—

17 (A) all laborers and mechanics employed  
18 by contractors or subcontractors during con-  
19 struction, alteration, or repair that is financed,  
20 in whole or in part, by a grant under this sec-  
21 tion shall be paid wages at rates not less than  
22 those prevailing on similar construction in the  
23 locality, as determined by the Secretary of  
24 Labor in accordance with sections 3141–3144,

1           3146, and 3147 of title 40, United States Code;  
2           and

3                   (B) the Secretary of Labor shall, with re-  
4           spect to the labor standards described in this  
5           paragraph, have the authority and functions set  
6           forth in Reorganization Plan Numbered 14 of  
7           1950 (5 U.S.C. App.) and section 3145 of title  
8           40, United States Code.

9           (4) NON-FEDERAL SHARE.—Each eligible appli-  
10          cant that receives a grant under this subsection shall  
11          contribute to the total cost of the renewable energy  
12          project constructed by the eligible applicant an  
13          amount not less than 50 percent of the total cost of  
14          the project.

15          (c) AUTHORIZATION OF APPROPRIATIONS.—There  
16          are authorized to be appropriated to the Fund such sums  
17          as are necessary to carry out this section.

18   **SEC. 804. COORDINATION OF PLANNED REFINERY OUT-**

19                   **AGES.**

20          (a) DEFINITIONS.—In this section:

21                   (1) ADMINISTRATOR.—The term “Adminis-  
22          trator” means the Administrator of the Energy In-  
23          formation Administration.

24                   (2) PLANNED REFINERY OUTAGE.—

1 (A) IN GENERAL.—The term “planned re-  
2 finery outage” means a removal, scheduled be-  
3 fore the date on which the removal occurs, of  
4 a refinery, or any unit of a refinery, from serv-  
5 ice for maintenance, repair, or modification.

6 (B) EXCLUSION.—The term “planned re-  
7 finery outage” does not include any necessary  
8 and unplanned removal of a refinery, or any  
9 unit of a refinery, from service as a result of a  
10 component failure, safety hazard, emergency, or  
11 action reasonably anticipated to be necessary to  
12 prevent such events.

13 (3) REFINED PETROLEUM PRODUCT.—The  
14 term “refined petroleum product” means any gaso-  
15 line, diesel fuel, fuel oil, lubricating oil, liquid petro-  
16 leum gas, or other petroleum distillate that is pro-  
17 duced through the refining or processing of crude oil  
18 or an oil derived from tar sands, shale, or coal.

19 (4) REFINERY.—The term “refinery” means a  
20 facility used in the production of a refined petroleum  
21 product through distillation, cracking, or any other  
22 process.

23 (b) REVIEW AND ANALYSIS OF AVAILABLE INFORMA-  
24 TION.—The Administrator shall, on an ongoing basis—

1           (1) review information on refinery outages that  
2           is available from commercial reporting services;

3           (2) analyze that information to determine  
4           whether the scheduling of a refinery outage may na-  
5           tionally or regionally substantially affect the price or  
6           supply of any refined petroleum product by—

7                   (A) decreasing the production of the re-  
8                   fined petroleum product; and

9                   (B) causing or contributing to a retail or  
10                  wholesale supply shortage or disruption;

11           (3) not less frequently than twice each year,  
12           submit to the Secretary a report describing the re-  
13           sults of the review and analysis under paragraphs  
14           (1) and (2); and

15           (4) specifically alert the Secretary of any refin-  
16           ery outage that the Administrator determines may  
17           nationally or regionally substantially affect the price  
18           or supply of a refined petroleum product.

19           (c) ACTION BY SECRETARY.—On a determination by  
20           the Secretary, based on a report or alert under paragraph  
21           (3) or (4) of subsection (b), that a refinery outage may  
22           affect the price or supply of a refined petroleum product,  
23           the Secretary shall make available to refinery operators  
24           information on planned refinery outages to encourage re-

1 ductions of the quantity of refinery capacity that is out  
2 of service at any time.

3 (d) LIMITATION.—Nothing in this section shall alter  
4 any existing legal obligation or responsibility of a refinery  
5 operator, or create any legal right of action, nor shall this  
6 section authorize the Secretary—

7 (1) to prohibit a refinery operator from con-  
8 ducting a planned refinery outage; or

9 (2) to require a refinery operator to continue to  
10 operate a refinery.

11 **SEC. 805. ASSESSMENT OF RESOURCES.**

12 (a) 5-YEAR PLAN.—

13 (1) ESTABLISHMENT.—The Administrator of  
14 the Energy Information Administration (referred to  
15 in this section as the “Administrator”) shall estab-  
16 lish a 5-year plan to enhance the quality and scope  
17 of the data collection necessary to ensure the scope,  
18 accuracy, and timeliness of the information needed  
19 for efficient functioning of energy markets and re-  
20 lated financial operations.

21 (2) REQUIREMENT.—In establishing the plan  
22 under paragraph (1), the Administrator shall pay  
23 particular attention to—

24 (A) data series terminated because of  
25 budget constraints;

- 1 (B) data on demand response;
- 2 (C) timely data series of State-level infor-
- 3 mation;
- 4 (D) improvements in the area of oil and
- 5 gas data;
- 6 (E) improvements in data on solid byprod-
- 7 ucts from coal-based energy-producing facilities;
- 8 and
- 9 (F) the ability to meet applicable deadlines
- 10 under Federal law (including regulations) to
- 11 provide data required by Congress.

12 (b) SUBMISSION TO CONGRESS.—The Administrator

13 shall submit to Congress the plan established under sub-

14 section (a), including a description of any improvements

15 needed to enhance the ability of the Administrator to col-

16 lect and process energy information in a manner con-

17 sistent with the needs of energy markets.

18 (c) GUIDELINES.—

- 19 (1) IN GENERAL.—The Administrator shall—
- 20 (A) establish guidelines to ensure the qual-
- 21 ity, comparability, and scope of State energy
- 22 data, including data on energy production and
- 23 consumption by product and sector and renew-
- 24 able and alternative sources, required to provide

1 a comprehensive, accurate energy profile at the  
2 State level;

3 (B) share company-level data collected at  
4 the State level with each State involved, in a  
5 manner consistent with the legal authorities,  
6 confidentiality protections, and stated uses in  
7 effect at the time the data were collected, sub-  
8 ject to the condition that the State shall agree  
9 to reasonable requirements for use of the data,  
10 as the Administrator may require;

11 (C) assess any existing gaps in data ob-  
12 tained and compiled by the Energy Information  
13 Administration; and

14 (D) evaluate the most cost-effective ways  
15 to address any data quality and quantity issues  
16 in conjunction with State officials.

17 (2) CONSULTATION.—The Administrator shall  
18 consult with State officials and the Federal Energy  
19 Regulatory Commission on a regular basis in—

20 (A) establishing guidelines and deter-  
21 mining the scope of State-level data under para-  
22 graph (1); and

23 (B) exploring ways to address data needs  
24 and serve data uses.

1 (d) ASSESSMENT OF STATE DATA NEEDS.—Not  
2 later than 1 year after the date of enactment of this Act,  
3 the Administrator shall submit to Congress an assessment  
4 of State-level data needs, including a plan to address the  
5 needs.

6 (e) AUTHORIZATION OF APPROPRIATIONS.—In addi-  
7 tion to any other amounts made available to the Adminis-  
8 trator, there are authorized to be appropriated to the Ad-  
9 ministrator to carry out this section—

- 10 (1) \$10,000,000 for fiscal year 2008;
- 11 (2) \$10,000,000 for fiscal year 2009;
- 12 (3) \$10,000,000 for fiscal year 2010;
- 13 (4) \$15,000,000 for fiscal year 2011;
- 14 (5) \$20,000,000 for fiscal year 2012; and
- 15 (6) such sums as are necessary for subsequent  
16 fiscal years.

17 **SEC. 806. SENSE OF CONGRESS RELATING TO THE USE OF**  
18 **RENEWABLE RESOURCES TO GENERATE EN-**  
19 **ERGY.**

20 (a) FINDINGS.—Congress finds that—

- 21 (1) the United States has a quantity of renew-  
22 able energy resources that is sufficient to supply a  
23 significant portion of the energy needs of the United  
24 States;

1           (2) the agricultural, forestry, and working land  
2 of the United States can help ensure a sustainable  
3 domestic energy system;

4           (3) accelerated development and use of renew-  
5 able energy technologies provide numerous benefits  
6 to the United States, including improved national se-  
7 curity, improved balance of payments, healthier  
8 rural economies, improved environmental quality,  
9 and abundant, reliable, and affordable energy for all  
10 citizens of the United States;

11          (4) the production of transportation fuels from  
12 renewable energy would help the United States meet  
13 rapidly growing domestic and global energy de-  
14 mands, reduce the dependence of the United States  
15 on energy imported from volatile regions of the  
16 world that are politically unstable, stabilize the cost  
17 and availability of energy, and safeguard the econ-  
18 omy and security of the United States;

19          (5) increased energy production from domestic  
20 renewable resources would attract substantial new  
21 investments in energy infrastructure, create eco-  
22 nomic growth, develop new jobs for the citizens of  
23 the United States, and increase the income for farm,  
24 ranch, and forestry jobs in the rural regions of the  
25 United States;



1 range of geothermal resources in the United States;  
2 and

3 (2) submit to the the Committee on Natural  
4 Resources of the House of Representatives and the  
5 Committee on Energy and Natural Resources of the  
6 Senate a report describing the results of the assess-  
7 ment.

8 (b) PERIODIC UPDATES.—At least once every 10  
9 years, the Secretary shall update the national assessment  
10 required under this section to support public and private  
11 sector decisionmaking.

12 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
13 are authorized to be appropriated to the Secretary of the  
14 Interior to carry out this section—

15 (1) \$15,000,000 for each of fiscal years 2008  
16 through 2012; and

17 (2) such sums as are necessary for each of fis-  
18 cal years 2013 through 2022.

19 **Subtitle B—Prohibitions on Market**  
20 **Manipulation and False Infor-**  
21 **mation**

22 **SEC. 811. PROHIBITION ON MARKET MANIPULATION.**

23 It is unlawful for any person, directly or indirectly,  
24 to use or employ, in connection with the purchase or sale  
25 of crude oil gasoline or petroleum distillates at wholesale,

1 any manipulative or deceptive device or contrivance, in  
2 contravention of such rules and regulations as the Federal  
3 Trade Commission may prescribe as necessary or appro-  
4 priate in the public interest or for the protection of United  
5 States citizens.

6 **SEC. 812. PROHIBITION ON FALSE INFORMATION.**

7 It is unlawful for any person to report information  
8 related to the wholesale price of crude oil gasoline or pe-  
9 troleum distillates to a Federal department or agency if—

10 (1) the person knew, or reasonably should have  
11 known, the information to be false or misleading;

12 (2) the information was required by law to be  
13 reported; and

14 (3) the person intended the false or misleading  
15 data to affect data compiled by the department or  
16 agency for statistical or analytical purposes with re-  
17 spect to the market for crude oil, gasoline, or petro-  
18 leum distillates.

19 **SEC. 813. ENFORCEMENT BY THE FEDERAL TRADE COM-**  
20 **MISSION.**

21 (a) ENFORCEMENT.—This subtitle shall be enforced  
22 by the Federal Trade Commission in the same manner,  
23 by the same means, and with the same jurisdiction as  
24 though all applicable terms of the Federal Trade Commis-

1 sion Act (15 U.S.C. 41 et seq.) were incorporated into and  
2 made a part of this subtitle.

3 (b) VIOLATION IS TREATED AS UNFAIR OR DECEP-  
4 TIVE ACT OR PRACTICE.—The violation of any provision  
5 of this subtitle shall be treated as an unfair or deceptive  
6 act or practice proscribed under a rule issued under sec-  
7 tion 18(a)(1)(B) of the Federal Trade Commission Act  
8 (15 U.S.C. 57a(a)(1)(B)).

9 **SEC. 814. PENALTIES.**

10 (a) CIVIL PENALTY.—In addition to any penalty ap-  
11 plicable under the Federal Trade Commission Act (15  
12 U.S.C. 41 et seq.), any supplier that violates section 811  
13 or 812 shall be punishable by a civil penalty of not more  
14 than \$1,000,000.

15 (b) METHOD.—The penalties provided by subsection  
16 (a) shall be obtained in the same manner as civil penalties  
17 imposed under section 5 of the Federal Trade Commission  
18 Act (15 U.S.C. 45).

19 (c) MULTIPLE OFFENSES; MITIGATING FACTORS.—  
20 In assessing the penalty provided by subsection (a)—

21 (1) each day of a continuing violation shall be  
22 considered a separate violation; and

23 (2) the court shall take into consideration,  
24 among other factors—

25 (A) the seriousness of the violation; and

1 (B) the efforts of the person committing  
2 the violation to remedy the harm caused by the  
3 violation in a timely manner.

4 **SEC. 815. EFFECT ON OTHER LAWS.**

5 (a) OTHER AUTHORITY OF THE COMMISSION.—  
6 Nothing in this subtitle limits or affects the authority of  
7 the Federal Trade Commission to bring an enforcement  
8 action or take any other measure under the Federal Trade  
9 Commission Act (15 U.S.C. 41 et seq.) or any other provi-  
10 sion of law.

11 (b) ANTITRUST LAW.—Nothing in this subtitle shall  
12 be construed to modify, impair, or supersede the operation  
13 of any of the antitrust laws. For purposes of this sub-  
14 section, the term “antitrust laws” shall have the meaning  
15 given it in subsection (a) of the first section of the Clayton  
16 Act (15 U.S.C. 12), except that it includes section 5 of  
17 the Federal Trade Commission Act (15 U.S.C. 45) to the  
18 extent that such section 5 applies to unfair methods of  
19 competition.

20 (c) STATE LAW.—Nothing in this subtitle preempts  
21 any State law.

22 **TITLE IX—INTERNATIONAL**  
23 **ENERGY PROGRAMS**

24 **SEC. 901. DEFINITIONS.**

25 In this title:

1           (1) APPROPRIATE CONGRESSIONAL COMMIT-  
2           TEES.—The term “appropriate congressional com-  
3           mittees” means—

4                   (A) the Committee on Foreign Affairs and  
5                   the Committee on Energy and Commerce of the  
6                   House of Representatives; and

7                   (B) the Committee on Foreign Relations,  
8                   the Committee on Energy and Natural Re-  
9                   sources, the Committee on Environment and  
10                  Public Works of the Senate, and the Committee  
11                  on Commerce, Science, and Transportation.

12          (2) CLEAN AND EFFICIENT ENERGY TECH-  
13          NOLOGY.—The term “clean and efficient energy  
14          technology” means an energy supply or end-use  
15          technology that, compared to a similar technology al-  
16          ready in widespread commercial use in a recipient  
17          country, will—

18                   (A) reduce emissions of greenhouse gases;

19                   or

20                   (B)(i) increase efficiency of energy produc-  
21                   tion; or

22                   (ii) decrease intensity of energy usage.

23          (3) GREENHOUSE GAS.—The term “greenhouse  
24          gas” means—

25                   (A) carbon dioxide;

- 1 (B) methane;  
2 (C) nitrous oxide;  
3 (D) hydrofluorocarbons;  
4 (E) perfluorocarbons; or  
5 (F) sulfur hexafluoride.

6 **Subtitle A—Assistance to Promote**  
7 **Clean and Efficient Energy**  
8 **Technologies in Foreign Coun-**  
9 **tries**

10 **SEC. 911. UNITED STATES ASSISTANCE FOR DEVELOPING**  
11 **COUNTRIES.**

12 (a) ASSISTANCE AUTHORIZED.—The Administrator  
13 of the United States Agency for International Develop-  
14 ment shall support policies and programs in developing  
15 countries that promote clean and efficient energy tech-  
16 nologies—

17 (1) to produce the necessary market conditions  
18 for the private sector delivery of energy and environ-  
19 mental management services;

20 (2) to create an environment that is conducive  
21 to accepting clean and efficient energy technologies  
22 that support the overall purpose of reducing green-  
23 house gas emissions, including—

24 (A) improving policy, legal, and regulatory  
25 frameworks;

1 (B) increasing institutional abilities to pro-  
2 vide energy and environmental management  
3 services; and

4 (C) increasing public awareness and par-  
5 ticipation in the decision-making of delivering  
6 energy and environmental management services;  
7 and

8 (3) to promote the use of American-made clean  
9 and efficient energy technologies, products, and en-  
10 ergy and environmental management services.

11 (b) REPORT.—The Administrator of the United  
12 States Agency for International Development shall submit  
13 to the appropriate congressional committees an annual re-  
14 port on the implementation of this section for each of the  
15 fiscal years 2008 through 2012.

16 (c) AUTHORIZATION OF APPROPRIATIONS.—To carry  
17 out this section, there are authorized to be appropriated  
18 to the Administrator of the United States Agency for  
19 International Development \$200,000,000 for each of the  
20 fiscal years 2008 through 2012.

21 **SEC. 912. UNITED STATES EXPORTS AND OUTREACH PRO-**  
22 **GRAMS FOR INDIA, CHINA, AND OTHER COUN-**  
23 **TRIES.**

24 (a) ASSISTANCE AUTHORIZED.—The Secretary of  
25 Commerce shall direct the United States and Foreign

1 Commercial Service to expand or create a corps of the  
2 Foreign Commercial Service officers to promote United  
3 States exports in clean and efficient energy technologies  
4 and build the capacity of government officials in India,  
5 China, and any other country the Secretary of Commerce  
6 determines appropriate, to become more familiar with the  
7 available technologies—

8           (1) by assigning or training Foreign Commer-  
9           cial Service attachés, who have expertise in clean  
10           and efficient energy technologies from the United  
11           States, to embark on business development and out-  
12           reach efforts to such countries; and

13           (2) by deploying the attachés described in para-  
14           graph (1) to educate provincial, state, and local gov-  
15           ernment officials in such countries on the variety of  
16           United States-based technologies in clean and effi-  
17           cient energy technologies for the purposes of pro-  
18           moting United States exports and reducing global  
19           greenhouse gas emissions.

20           (b) REPORT.—The Secretary of Commerce shall sub-  
21           mit to the appropriate congressional committees an annual  
22           report on the implementation of this section for each of  
23           the fiscal years 2008 through 2012.

24           (c) AUTHORIZATION OF APPROPRIATIONS.—To carry  
25           out this section, there are authorized to be appropriated

1 to the Secretary of Commerce such sums as may be nec-  
2 essary for each of the fiscal years 2008 through 2012.

3 **SEC. 913. UNITED STATES TRADE MISSIONS TO ENCOUR-**  
4 **AGE PRIVATE SECTOR TRADE AND INVEST-**  
5 **MENT.**

6       (a) ASSISTANCE AUTHORIZED.—The Secretary of  
7 Commerce shall direct the International Trade Adminis-  
8 tration to expand or create trade missions to and from  
9 the United States to encourage private sector trade and  
10 investment in clean and efficient energy technologies—

11           (1) by organizing and facilitating trade mis-  
12 sions to foreign countries and by matching United  
13 States private sector companies with opportunities in  
14 foreign markets so that clean and efficient energy  
15 technologies can help to combat increases in global  
16 greenhouse gas emissions; and

17           (2) by creating reverse trade missions in which  
18 the Department of Commerce facilitates the meeting  
19 of foreign private and public sector organizations  
20 with private sector companies in the United States  
21 for the purpose of showcasing clean and efficient en-  
22 ergy technologies in use or in development that could  
23 be exported to other countries.

24       (b) REPORT.—The Secretary of Commerce shall sub-  
25 mit to the appropriate congressional committees an annual

1 report on the implementation of this section for each of  
2 the fiscal years 2008 through 2012.

3 (c) AUTHORIZATION OF APPROPRIATIONS.—To carry  
4 out this section, there are authorized to be appropriated  
5 to the Secretary of Commerce such sums as may be nec-  
6 essary for each of the fiscal years 2008 through 2012.

7 **SEC. 914. ACTIONS BY OVERSEAS PRIVATE INVESTMENT**  
8 **CORPORATION.**

9 (a) SENSE OF CONGRESS.—It is the sense of Con-  
10 gress that the Overseas Private Investment Corporation  
11 should promote greater investment in clean and efficient  
12 energy technologies by—

13 (1) proactively reaching out to United States  
14 companies that are interested in investing in clean  
15 and efficient energy technologies in countries that  
16 are significant contributors to global greenhouse gas  
17 emissions;

18 (2) giving preferential treatment to the evalua-  
19 tion and awarding of projects that involve the invest-  
20 ment or utilization of clean and efficient energy  
21 technologies; and

22 (3) providing greater flexibility in supporting  
23 projects that involve the investment or utilization of  
24 clean and efficient energy technologies, including fi-  
25 nancing, insurance, and other assistance.

1 (b) REPORT.—The Overseas Private Investment Cor-  
2 poration shall include in its annual report required under  
3 section 240A of the Foreign Assistance Act of 1961 (22  
4 U.S.C. 2200a)—

5 (1) a description of the activities carried out to  
6 implement this section; or

7 (2) if the Corporation did not carry out any ac-  
8 tivities to implement this section, an explanation of  
9 the reasons therefor.

10 **SEC. 915. ACTIONS BY UNITED STATES TRADE AND DEVEL-**  
11 **OPMENT AGENCY.**

12 (a) ASSISTANCE AUTHORIZED.—The Director of the  
13 Trade and Development Agency shall establish or support  
14 policies that—

15 (1) proactively seek opportunities to fund  
16 projects that involve the utilization of clean and effi-  
17 cient energy technologies, including in trade capacity  
18 building and capital investment projects;

19 (2) where appropriate, advance the utilization  
20 of clean and efficient energy technologies, particu-  
21 larly to countries that have the potential for signifi-  
22 cant reduction in greenhouse gas emissions; and

23 (3) recruit and retain individuals with appro-  
24 priate expertise or experience in clean, renewable,  
25 and efficient energy technologies to identify and

1 evaluate opportunities for projects that involve clean  
2 and efficient energy technologies and services.

3 (b) REPORT.—The President shall include in the an-  
4 nual report on the activities of the Trade and Development  
5 Agency required under section 661(d) of the Foreign As-  
6 sistance Act of 1961 (22 U.S.C. 2421(d)) a description  
7 of the activities carried out to implement this section.

8 **SEC. 916. DEPLOYMENT OF INTERNATIONAL CLEAN AND**  
9 **EFFICIENT ENERGY TECHNOLOGIES AND IN-**  
10 **VESTMENT IN GLOBAL ENERGY MARKETS.**

11 (a) TASK FORCE.—

12 (1) ESTABLISHMENT.—Not later than 90 days  
13 after the date of the enactment of this Act, the  
14 President shall establish a Task Force on Inter-  
15 national Cooperation for Clean and Efficient Energy  
16 Technologies (in this section referred to as the  
17 “Task Force”).

18 (2) COMPOSITION.—The Task Force shall be  
19 composed of representatives, appointed by the head  
20 of the respective Federal department or agency, of—

21 (A) the Council on Environmental Quality;

22 (B) the Department of Energy;

23 (C) the Department of Commerce;

24 (D) the Department of the Treasury;

25 (E) the Department of State;

1 (F) the Environmental Protection Agency;

2 (G) the United States Agency for Inter-  
3 national Development;

4 (H) the Export-Import Bank of the United  
5 States;

6 (I) the Overseas Private Investment Cor-  
7 poration:

8 (J) the Trade and Development Agency;

9 (K) the Small Business Administration;

10 (L) the Office of the United States Trade  
11 Representative; and

12 (M) other Federal departments and agen-  
13 cies, as determined by the President.

14 (3) CHAIRPERSON.—The President shall des-  
15 ignate a Chairperson or Co-Chairpersons of the  
16 Task Force.

17 (4) DUTIES.—The Task Force—

18 (A) shall develop and assist in the imple-  
19 mentation of the strategy required under sub-  
20 section (c); and

21 (B)(i) shall analyze technology, policy, and  
22 market opportunities for the development, dem-  
23 onstration, and deployment of clean and effi-  
24 cient energy technologies on an international  
25 basis; and

1           (ii) shall examine relevant trade, tax, fi-  
2           nance, international, and other policy issues to  
3           assess which policies, in the United States and  
4           in developing countries, would help open mar-  
5           kets and improve the export of clean and effi-  
6           cient energy technologies from the United  
7           States.

8           (5) TERMINATION.—The Task Force, including  
9           any working group established by the Task Force  
10          pursuant to subsection (b), shall terminate 12 years  
11          after the date of the enactment of this Act.

12          (b) WORKING GROUPS.—

13           (1) ESTABLISHMENT.—The Task Force—

14           (A) shall establish an Interagency Working  
15           Group on the Export of Clean and Efficient  
16           Energy Technologies (in this section referred to  
17           as the “Interagency Working Group”); and

18           (B) may establish other working groups as  
19           may be necessary to carry out this section.

20           (2) COMPOSITION.—The Interagency Working  
21          Group shall be composed of—

22           (A) the Secretary of Energy, the Secretary  
23           of Commerce, and the Secretary of State, who  
24           shall serve as Co-Chairpersons of the Inter-  
25           agency Working Group; and

1                   (B) other members, as determined by the  
2                   Chairperson or Co-Chairpersons of the Task  
3                   Force.

4                   (3) DUTIES.—The Interagency Working Group  
5                   shall coordinate the resources and relevant programs  
6                   of the Department of Energy, the Department of  
7                   Commerce, the Department of State, and other rel-  
8                   evant Federal departments and agencies to support  
9                   the export of clean and efficient energy technologies  
10                  developed or demonstrated in the United States to  
11                  other countries and the deployment of such clean  
12                  and efficient energy technologies in such other coun-  
13                  tries.

14                  (4) INTERAGENCY CENTER.—The Interagency  
15                  Working Group—

16                         (A) shall establish an Interagency Center  
17                         on the Export of Clean and Efficient Energy  
18                         Technologies (in this section referred to as the  
19                         “Interagency Center”) to assist the Interagency  
20                         Working Group in carrying out its duties re-  
21                         quired under paragraph (3); and

22                         (B) shall locate the Interagency Center at  
23                         a site agreed upon by the Co-Chairpersons of  
24                         the Interagency Working Group, with the ap-

1           proval of Chairperson or Co-Chairpersons of the  
2           Task Force.

3       (c) STRATEGY.—

4           (1) IN GENERAL.—Not later than 1 year after  
5       the date of the enactment of this Act, the Task  
6       Force shall develop and submit to the President and  
7       the appropriate congressional committees a strategy  
8       to—

9           (A) support the development and imple-  
10       mentation of programs, policies, and initiatives  
11       in developing countries to promote the adoption  
12       and deployment of clean and efficient energy  
13       technologies, with an emphasis on those devel-  
14       oping countries that are expected to experience  
15       the most significant growth in energy produc-  
16       tion and use over the next 20 years;

17           (B) open and expand clean and efficient  
18       energy technology markets and facilitate the ex-  
19       port of clean and efficient energy technologies  
20       to developing countries, in a manner consistent  
21       with United States obligations as member of  
22       the World Trade Organization;

23           (C) integrate into the foreign policy objec-  
24       tives of the United States the promotion of—

1 (i) the deployment of clean and effi-  
2 cient energy technologies and the reduction  
3 of greenhouse gas emissions in developing  
4 countries; and

5 (ii) the export of clean and efficient  
6 energy technologies; and

7 (D) develop financial mechanisms and in-  
8 struments, including securities that mitigate the  
9 political and foreign exchange risks of uses that  
10 are consistent with the foreign policy objectives  
11 of the United States by combining the private  
12 sector market and government enhancements,  
13 that—

14 (i) are cost-effective; and

15 (ii) facilitate private capital invest-  
16 ment in clean and efficient energy tech-  
17 nology projects in developing countries.

18 (2) UPDATES.—Not later than 3 years after the  
19 date of submission of the strategy under paragraph  
20 (1), and every 3 years thereafter, the Task Force  
21 shall update the strategy in accordance with the re-  
22 quirements of paragraph (1).

23 (d) REPORT.—

24 (1) IN GENERAL.—Not later than 3 years after  
25 the date of submission of the strategy under sub-

1 section (c)(1), and every 3 years thereafter, the  
2 President shall transmit to the appropriate congress-  
3 sional committees a report on the implementation of  
4 this section for the prior 3-year period.

5 (2) MATTERS TO BE INCLUDED.—The report  
6 required under paragraph (1) shall include the fol-  
7 lowing:

8 (A) The update of the strategy required  
9 under subsection (c)(2) and a description of the  
10 actions taken by the Task Force to assist in the  
11 implementation of the strategy.

12 (B) A description of actions taken by the  
13 Task Force to carry out the duties required  
14 under subsection (a)(4)(B).

15 (C) A description of assistance provided  
16 under this section.

17 (D) The results of programs, projects, and  
18 activities carried out under this section.

19 (E) A description of priorities for pro-  
20 moting the diffusion and adoption of clean and  
21 efficient energy technologies and strategies in  
22 developing countries, taking into account eco-  
23 nomic and security interests of the United  
24 States and opportunities for the export of tech-  
25 nology of the United States.

1 (F) Recommendations to the heads of ap-  
2 propriate Federal departments and agencies on  
3 methods to streamline Federal programs and  
4 policies to improve the role of such Federal de-  
5 partments and agencies in the development,  
6 demonstration, and deployment of clean and ef-  
7 ficient energy technologies on an international  
8 basis.

9 (G) Strategies to integrate representatives  
10 of the private sector and other interested  
11 groups on the export and deployment of clean  
12 and efficient energy technologies.

13 (H) A description of programs to dissemi-  
14 nate information to the private sector and the  
15 public on clean and efficient energy technologies  
16 and opportunities to transfer such clean and ef-  
17 ficient energy technologies.

18 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
19 are authorized to be appropriated to carry out this section  
20 \$5,000,000 for each of fiscal years 2008 through 2020.

21 **SEC. 917. UNITED STATES-ISRAEL ENERGY COOPERATION.**

22 (a) FINDINGS.—Congress finds that—

23 (1) it is in the highest national security inter-  
24 ests of the United States to develop renewable en-  
25 ergy sources;

1           (2) the State of Israel is a steadfast ally of the  
2           United States;

3           (3) the special relationship between the United  
4           States and Israel is manifested in a variety of coop-  
5           erative scientific research and development pro-  
6           grams, such as—

7                   (A) the United States-Israel Binational  
8                   Science Foundation; and

9                   (B) the United States-Israel Binational In-  
10                  dustrial Research and Development Founda-  
11                  tion;

12           (4) those programs have made possible many  
13           scientific, technological, and commercial break-  
14           throughs in the fields of life sciences, medicine, bio-  
15           engineering, agriculture, biotechnology, communica-  
16           tions, and others;

17           (5) on February 1, 1996, the Secretary of En-  
18           ergy (referred to in this section as the “Secretary”)  
19           and the Israeli Minister of Energy and Infrastruc-  
20           ture signed an agreement to establish a framework  
21           for collaboration between the United States and  
22           Israel in energy research and development activities;

23           (6) Israeli scientists and engineers are at the  
24           forefront of research and development in the field of  
25           renewable energy sources; and

1           (7) enhanced cooperation between the United  
2 States and Israel for the purpose of research and de-  
3 velopment of renewable energy sources would be in  
4 the national interests of both countries.

5 (b) GRANT PROGRAM.—

6           (1) ESTABLISHMENT.—In implementing the  
7 agreement entitled the “Agreement between the De-  
8 partment of Energy of the United States of America  
9 and the Ministry of Energy and Infrastructure of  
10 Israel Concerning Energy Cooperation”, dated Feb-  
11 ruary 1, 1996, the Secretary shall establish a grant  
12 program in accordance with the requirements of sec-  
13 tions 988 and 989 of the Energy Policy Act of 2005  
14 (42 U.S.C. 16352, 16353) to support research, de-  
15 velopment, and commercialization of renewable en-  
16 ergy or energy efficiency.

17           (2) TYPES OF ENERGY.—In carrying out para-  
18 graph (1), the Secretary may make grants to pro-  
19 mote—

20                   (A) solar energy;

21                   (B) biomass energy;

22                   (C) energy efficiency;

23                   (D) wind energy;

24                   (E) geothermal energy;

25                   (F) wave and tidal energy; and

1 (G) advanced battery technology.

2 (3) ELIGIBLE APPLICANTS.—An applicant shall  
3 be eligible to receive a grant under this subsection  
4 if the project of the applicant—

5 (A) addresses a requirement in the area of  
6 improved energy efficiency or renewable energy  
7 sources, as determined by the Secretary; and

8 (B) is a joint venture between—

9 (i)(I) a for-profit business entity, aca-  
10 demic institution, National Laboratory (as  
11 defined in section 2 of the Energy Policy  
12 Act of 2005 (42 U.S.C. 15801)), or non-  
13 profit entity in the United States; and

14 (II) a for-profit business entity, aca-  
15 demic institution, or nonprofit entity in  
16 Israel; or

17 (ii)(I) the Federal Government; and

18 (II) the Government of Israel.

19 (4) APPLICATIONS.—To be eligible to receive a  
20 grant under this subsection, an applicant shall sub-  
21 mit to the Secretary an application for the grant in  
22 accordance with procedures established by the Sec-  
23 retary, in consultation with the advisory board es-  
24 tablished under paragraph (5).

25 (5) ADVISORY BOARD.—

1 (A) ESTABLISHMENT.—The Secretary  
2 shall establish an advisory board—

3 (i) to monitor the method by which  
4 grants are awarded under this subsection;  
5 and

6 (ii) to provide to the Secretary peri-  
7 odic performance reviews of actions taken  
8 to carry out this subsection.

9 (B) COMPOSITION.—The advisory board  
10 established under subparagraph (A) shall be  
11 composed of 3 members, to be appointed by the  
12 Secretary, of whom—

13 (i) 1 shall be a representative of the  
14 Federal Government;

15 (ii) 1 shall be selected from a list of  
16 nominees provided by the United States-  
17 Israel Binational Science Foundation; and

18 (iii) 1 shall be selected from a list of  
19 nominees provided by the United States-  
20 Israel Binational Industrial Research and  
21 Development Foundation.

22 (6) CONTRIBUTED FUNDS.—Notwithstanding  
23 section 3302 of title 31, United States Code, the  
24 Secretary may accept, retain, and use funds contrib-

1       uted by any person, government entity, or organiza-  
2       tion for purposes of carrying out this subsection—

3               (A) without further appropriation; and

4               (B) without fiscal year limitation.

5           (7) REPORT.—Not later than 180 days after  
6       the date of completion of a project for which a grant  
7       is provided under this subsection, the grant recipient  
8       shall submit to the Secretary a report that con-  
9       tains—

10               (A) a description of the method by which  
11       the recipient used the grant funds; and

12               (B) an evaluation of the level of success of  
13       each project funded by the grant.

14           (8) CLASSIFICATION.—Grants shall be awarded  
15       under this subsection only for projects that are con-  
16       sidered to be unclassified by both the United States  
17       and Israel.

18       (c) TERMINATION.—The grant program and the advi-  
19       sory committee established under this section terminate  
20       on the date that is 7 years after the date of enactment  
21       of this Act.

22       (d) AUTHORIZATION OF APPROPRIATIONS.—The Sec-  
23       retary shall use amounts authorized to be appropriated  
24       under section 931 of the Energy Policy Act of 2005 (42  
25       U.S.C. 16231) to carry out this section.

1       **Subtitle B—International Clean**  
2                   **Energy Foundation**

3       **SEC. 921. DEFINITIONS.**

4       In this subtitle:

5           (1) BOARD.—The term “Board” means the  
6       Board of Directors of the Foundation established  
7       pursuant to section 922(c).

8           (2) CHIEF EXECUTIVE OFFICER.—The term  
9       “Chief Executive Officer” means the chief executive  
10      officer of the Foundation appointed pursuant to sec-  
11      tion 922(b).

12          (3) FOUNDATION.—The term “Foundation”  
13      means the International Clean Energy Foundation  
14      established by section 922(a).

15       **SEC. 922. ESTABLISHMENT AND MANAGEMENT OF FOUNDA-**  
16                   **TION.**

17      (a) ESTABLISHMENT.—

18          (1) IN GENERAL.—There is established in the  
19      executive branch a foundation to be known as the  
20      “International Clean Energy Foundation” that shall  
21      be responsible for carrying out the provisions of this  
22      subtitle. The Foundation shall be a government cor-  
23      poration, as defined in section 103 of title 5, United  
24      States Code.

1           (2) BOARD OF DIRECTORS.—The Foundation  
2 shall be governed by a Board of Directors in accord-  
3 ance with subsection (c).

4           (3) INTENT OF CONGRESS.—It is the intent of  
5 Congress, in establishing the structure of the Foun-  
6 dation set forth in this subsection, to create an enti-  
7 ty that serves the long-term foreign policy and en-  
8 ergy security goals of reducing global greenhouse gas  
9 emissions.

10       (b) CHIEF EXECUTIVE OFFICER.—

11           (1) IN GENERAL.—There shall be in the Foun-  
12 dation a Chief Executive Officer who shall be re-  
13 sponsible for the management of the Foundation.

14           (2) APPOINTMENT.—The Chief Executive Offi-  
15 cer shall be appointed by the Board, with the advice  
16 and consent of the Senate, and shall be a recognized  
17 leader in clean and efficient energy technologies and  
18 climate change and shall have experience in energy  
19 security, business, or foreign policy, chosen on the  
20 basis of a rigorous search.

21           (3) RELATIONSHIP TO BOARD.—The Chief Ex-  
22 ecutive Officer shall report to, and be under the di-  
23 rect authority of, the Board.

24           (4) COMPENSATION AND RANK.—

1           (A) IN GENERAL.—The Chief Executive  
2           Officer shall be compensated at the rate pro-  
3           vided for level III of the Executive Schedule  
4           under section 5314 of title 5, United States  
5           Code.

6           (B) AMENDMENT.—Section 5314 of title  
7           5, United States Code, is amended by adding at  
8           the end the following:

9           “Chief Executive Officer, International Clean En-  
10          ergy Foundation.”.

11          (C) AUTHORITIES AND DUTIES.—The  
12          Chief Executive Officer shall be responsible for  
13          the management of the Foundation and shall  
14          exercise the powers and discharge the duties of  
15          the Foundation.

16          (D) AUTHORITY TO APPOINT OFFICERS.—  
17          In consultation and with approval of the Board,  
18          the Chief Executive Officer shall appoint all of-  
19          ficers of the Foundation.

20          (e) BOARD OF DIRECTORS.—

21               (1) ESTABLISHMENT.—There shall be in the  
22          Foundation a Board of Directors.

23               (2) DUTIES.—The Board shall perform the  
24          functions specified to be carried out by the Board in  
25          this subtitle and may prescribe, amend, and repeal

1 bylaws, rules, regulations, and procedures governing  
2 the manner in which the business of the Foundation  
3 may be conducted and in which the powers granted  
4 to it by law may be exercised.

5 (3) MEMBERSHIP.—The Board shall consist  
6 of—

7 (A) the Secretary of State (or the Sec-  
8 retary's designee), the Secretary of Energy (or  
9 the Secretary's designee), and the Adminis-  
10 trator of the United States Agency for Inter-  
11 national Development (or the Administrator's  
12 designee); and

13 (B) four other individuals with relevant ex-  
14 perience in matters relating to energy security  
15 (such as individuals who represent institutions  
16 of energy policy, business organizations, foreign  
17 policy organizations, or other relevant organiza-  
18 tions) who shall be appointed by the President,  
19 by and with the advice and consent of the Sen-  
20 ate, of whom—

21 (i) one individual shall be appointed  
22 from among a list of individuals submitted  
23 by the majority leader of the House of  
24 Representatives;

1                   (ii) one individual shall be appointed  
2                   from among a list of individuals submitted  
3                   by the minority leader of the House of  
4                   Representatives;

5                   (iii) one individual shall be appointed  
6                   from among a list of individuals submitted  
7                   by the majority leader of the Senate; and

8                   (iv) one individual shall be appointed  
9                   from among a list of individuals submitted  
10                  by the minority leader of the Senate.

11                  (4) CHIEF EXECUTIVE OFFICER.—The Chief  
12                  Executive Officer of the Foundation shall serve as a  
13                  nonvoting, ex officio member of the Board.

14                  (5) TERMS.—

15                   (A) OFFICERS OF THE FEDERAL GOVERN-  
16                   MENT.—Each member of the Board described  
17                   in paragraph (3)(A) shall serve for a term that  
18                   is concurrent with the term of service of the in-  
19                   dividual's position as an officer within the other  
20                   Federal department or agency.

21                   (B) OTHER MEMBERS.—Each member of  
22                   the Board described in paragraph (3)(B) shall  
23                   be appointed for a term of 3 years and may be  
24                   reappointed for a term of an additional 3 years.

1           (C) VACANCIES.—A vacancy in the Board  
2 shall be filled in the manner in which the origi-  
3 nal appointment was made.

4           (D) ACTING MEMBERS.—A vacancy in the  
5 Board may be filled with an appointment of an  
6 acting member by the Chairperson of the Board  
7 for up to 1 year while a nominee is named and  
8 awaits confirmation in accordance with para-  
9 graph (3)(B).

10          (6) CHAIRPERSON.—There shall be a Chair-  
11 person of the Board. The Secretary of State (or the  
12 Secretary's designee) shall serve as the Chairperson.

13          (7) QUORUM.—A majority of the members of  
14 the Board described in paragraph (3) shall con-  
15 stitute a quorum, which, except with respect to a  
16 meeting of the Board during the 135-day period be-  
17 ginning on the date of the enactment of this Act,  
18 shall include at least 1 member of the Board de-  
19 scribed in paragraph (3)(B).

20          (8) MEETINGS.—The Board shall meet at the  
21 call of the Chairperson, who shall call a meeting no  
22 less than once a year.

23          (9) COMPENSATION.—

24               (A) OFFICERS OF THE FEDERAL GOVERN-  
25               MENT.—

1 (i) IN GENERAL.—A member of the  
2 Board described in paragraph (3)(A) may  
3 not receive additional pay, allowances, or  
4 benefits by reason of the member's service  
5 on the Board.

6 (ii) TRAVEL EXPENSES.—Each such  
7 member of the Board shall receive travel  
8 expenses, including per diem in lieu of sub-  
9 sistence, in accordance with applicable pro-  
10 visions under subchapter I of chapter 57 of  
11 title 5, United States Code.

12 (B) OTHER MEMBERS.—

13 (i) IN GENERAL.—Except as provided  
14 in clause (ii), a member of the Board de-  
15 scribed in paragraph (3)(B)—

16 (I) shall be paid compensation  
17 out of funds made available for the  
18 purposes of this subtitle at the daily  
19 equivalent of the highest rate payable  
20 under section 5332 of title 5, United  
21 States Code, for each day (including  
22 travel time) during which the member  
23 is engaged in the actual performance  
24 of duties as a member of the Board;  
25 and

1 (II) while away from the mem-  
2 ber's home or regular place of busi-  
3 ness on necessary travel in the actual  
4 performance of duties as a member of  
5 the Board, shall be paid per diem,  
6 travel, and transportation expenses in  
7 the same manner as is provided under  
8 subchapter I of chapter 57 of title 5,  
9 United States Code.

10 (ii) LIMITATION.—A member of the  
11 Board may not be paid compensation  
12 under clause (i)(II) for more than 90 days  
13 in any calendar year.

14 **SEC. 923. DUTIES OF FOUNDATION.**

15 The Foundation shall—

16 (1) use the funds authorized by this subtitle to  
17 make grants to promote projects outside of the  
18 United States that serve as models of how to signifi-  
19 cantly reduce the emissions of global greenhouse  
20 gases through clean and efficient energy tech-  
21 nologies, processes, and services;

22 (2) seek contributions from foreign govern-  
23 ments, especially those rich in energy resources such  
24 as member countries of the Organization of the Pe-  
25 troleum Exporting Countries, and private organiza-

1 tions to supplement funds made available under this  
2 subtitle;

3 (3) harness global expertise through collabo-  
4 rative partnerships with foreign governments and  
5 domestic and foreign private actors, including non-  
6 governmental organizations and private sector com-  
7 panies, by leveraging public and private capital,  
8 technology, expertise, and services towards innova-  
9 tive models that can be instituted to reduce global  
10 greenhouse gas emissions;

11 (4) create a repository of information on best  
12 practices and lessons learned on the utilization and  
13 implementation of clean and efficient energy tech-  
14 nologies and processes to be used for future initia-  
15 tives to tackle the climate change crisis;

16 (5) be committed to minimizing administrative  
17 costs and to maximizing the availability of funds for  
18 grants under this subtitle; and

19 (6) promote the use of American-made clean  
20 and efficient energy technologies, processes, and  
21 services by giving preference to entities incorporated  
22 in the United States and whose technology will be  
23 substantially manufactured in the United States.

1 **SEC. 924. ANNUAL REPORT.**

2 (a) REPORT REQUIRED.—Not later than March 31,  
3 2008, and each March 31 thereafter, the Foundation shall  
4 submit to the appropriate congressional committees a re-  
5 port on the implementation of this subtitle during the  
6 prior fiscal year.

7 (b) CONTENTS.—The report required by subsection  
8 (a) shall include—

9 (1) the total financial resources available to the  
10 Foundation during the year, including appropriated  
11 funds, the value and source of any gifts or donations  
12 accepted pursuant to section 925(a)(6), and any  
13 other resources;

14 (2) a description of the Board's policy priorities  
15 for the year and the basis upon which competitive  
16 grant proposals were solicited and awarded to non-  
17 governmental institutions and other organizations;

18 (3) a list of grants made to nongovernmental  
19 institutions and other organizations that includes  
20 the identity of the institutional recipient, the dollar  
21 amount, and the results of the program; and

22 (4) the total administrative and operating ex-  
23 penses of the Foundation for the year, as well as  
24 specific information on—

25 (A) the number of Foundation employees  
26 and the cost of compensation for Board mem-

1           bers, Foundation employees, and personal serv-  
2           ice contractors;

3           (B) costs associated with securing the use  
4           of real property for carrying out the functions  
5           of the Foundation;

6           (C) total travel expenses incurred by Board  
7           members and Foundation employees in connec-  
8           tion with Foundation activities; and

9           (D) total representational expenses.

10 **SEC. 925. POWERS OF THE FOUNDATION; RELATED PROVI-**  
11 **SIONS.**

12       (a) **POWERS.**—The Foundation—

13           (1) shall have perpetual succession unless dis-  
14           solved by a law enacted after the date of the enact-  
15           ment of this Act;

16           (2) may adopt, alter, and use a seal, which shall  
17           be judicially noticed;

18           (3) may make and perform such contracts,  
19           grants, and other agreements with any person or  
20           government however designated and wherever situ-  
21           ated, as may be necessary for carrying out the func-  
22           tions of the Foundation;

23           (4) may determine and prescribe the manner in  
24           which its obligations shall be incurred and its ex-

1       penses allowed and paid, including expenses for rep-  
2       resentation;

3           (5) may lease, purchase, or otherwise acquire,  
4       improve, and use such real property wherever situ-  
5       ated, as may be necessary for carrying out the func-  
6       tions of the Foundation;

7           (6) may accept money, funds, services, or prop-  
8       erty (real, personal, or mixed), tangible or intan-  
9       gible, made available by gift, bequest grant, or oth-  
10      erwise for the purpose of carrying out the provisions  
11      of this title from domestic or foreign private individ-  
12      uals, charities, nongovernmental organizations, cor-  
13      porations, or governments;

14          (7) may use the United States mails in the  
15      same manner and on the same conditions as the ex-  
16      ecutive departments;

17          (8) may contract with individuals for personal  
18      services, who shall not be considered Federal em-  
19      ployees for any provision of law administered by the  
20      Office of Personnel Management;

21          (9) may hire or obtain passenger motor vehi-  
22      cles; and

23          (10) shall have such other powers as may be  
24      necessary and incident to carrying out this subtitle.

1 (b) PRINCIPAL OFFICE.—The Foundation shall  
2 maintain its principal office in the metropolitan area of  
3 Washington, District of Columbia.

4 (c) APPLICABILITY OF GOVERNMENT CORPORATION  
5 CONTROL ACT.—

6 (1) IN GENERAL.—The Foundation shall be  
7 subject to chapter 91 of subtitle VI of title 31,  
8 United States Code, except that the Foundation  
9 shall not be authorized to issue obligations or offer  
10 obligations to the public.

11 (2) CONFORMING AMENDMENT.—Section  
12 9101(3) of title 31, United States Code, is amended  
13 by adding at the end the following:

14 “(R) the International Clean Energy  
15 Foundation.”.

16 (d) INSPECTOR GENERAL.—

17 (1) IN GENERAL.—The Inspector General of  
18 the Department of State shall serve as Inspector  
19 General of the Foundation, and, in acting in such  
20 capacity, may conduct reviews, investigations, and  
21 inspections of all aspects of the operations and ac-  
22 tivities of the Foundation.

23 (2) AUTHORITY OF THE BOARD.—In carrying  
24 out the responsibilities under this subsection, the In-

1       spectator General shall report to and be under the  
2       general supervision of the Board.

3               (3) REIMBURSEMENT AND AUTHORIZATION OF  
4       SERVICES.—

5               (A) REIMBURSEMENT.—The Foundation  
6       shall reimburse the Department of State for all  
7       expenses incurred by the Inspector General in  
8       connection with the Inspector General's respon-  
9       sibilities under this subsection.

10              (B) AUTHORIZATION FOR SERVICES.—Of  
11       the amount authorized to be appropriated  
12       under section 927(a) for a fiscal year, up to  
13       \$500,000 is authorized to be made available to  
14       the Inspector General of the Department of  
15       State to conduct reviews, investigations, and in-  
16       spections of operations and activities of the  
17       Foundation.

18   **SEC. 926. GENERAL PERSONNEL AUTHORITIES.**

19       (a) DETAIL OF PERSONNEL.—Upon request of the  
20       Chief Executive Officer, the head of an agency may detail  
21       any employee of such agency to the Foundation on a reim-  
22       bursable basis. Any employee so detailed remains, for the  
23       purpose of preserving such employee's allowances, privi-  
24       leges, rights, seniority, and other benefits, an employee of  
25       the agency from which detailed.

1 (b) REEMPLOYMENT RIGHTS.—

2 (1) IN GENERAL.—An employee of an agency  
3 who is serving under a career or career conditional  
4 appointment (or the equivalent), and who, with the  
5 consent of the head of such agency, transfers to the  
6 Foundation, is entitled to be reemployed in such em-  
7 ployee's former position or a position of like senior-  
8 ity, status, and pay in such agency, if such em-  
9 ployee—

10 (A) is separated from the Foundation for  
11 any reason, other than misconduct, neglect of  
12 duty, or malfeasance; and

13 (B) applies for reemployment not later  
14 than 90 days after the date of separation from  
15 the Foundation.

16 (2) SPECIFIC RIGHTS.—An employee who satis-  
17 fies paragraph (1) is entitled to be reemployed (in  
18 accordance with such paragraph) within 30 days  
19 after applying for reemployment and, on reemploy-  
20 ment, is entitled to at least the rate of basic pay to  
21 which such employee would have been entitled had  
22 such employee never transferred.

23 (c) HIRING AUTHORITY.—Of persons employed by  
24 the Foundation, no more than 30 persons may be ap-

1 pointed, compensated, or removed without regard to the  
2 civil service laws and regulations.

3 (d) BASIC PAY.—The Chief Executive Officer may fix  
4 the rate of basic pay of employees of the Foundation with-  
5 out regard to the provisions of chapter 51 of title 5,  
6 United States Code (relating to the classification of posi-  
7 tions), subchapter III of chapter 53 of such title (relating  
8 to General Schedule pay rates), except that no employee  
9 of the Foundation may receive a rate of basic pay that  
10 exceeds the rate for level IV of the Executive Schedule  
11 under section 5315 of such title.

12 (e) DEFINITIONS.—In this section—

13 (1) the term “agency” means an executive  
14 agency, as defined by section 105 of title 5, United  
15 States Code; and

16 (2) the term “detail” means the assignment or  
17 loan of an employee, without a change of position,  
18 from the agency by which such employee is employed  
19 to the Foundation.

20 **SEC. 927. AUTHORIZATION OF APPROPRIATIONS.**

21 (a) AUTHORIZATION OF APPROPRIATIONS.—To carry  
22 out this subtitle, there are authorized to be appropriated  
23 \$20,000,000 for each of the fiscal years 2009 through  
24 2013.

25 (b) ALLOCATION OF FUNDS.—

1           (1) IN GENERAL.—The Foundation may allo-  
2           cate or transfer to any agency of the United States  
3           Government any of the funds available for carrying  
4           out this subtitle. Such funds shall be available for  
5           obligation and expenditure for the purposes for  
6           which the funds were authorized, in accordance with  
7           authority granted in this subtitle or under authority  
8           governing the activities of the United States Govern-  
9           ment agency to which such funds are allocated or  
10          transferred.

11          (2) NOTIFICATION.—The Foundation shall no-  
12          tify the appropriate congressional committees not  
13          less than 15 days prior to an allocation or transfer  
14          of funds pursuant to paragraph (1).

## 15                   **Subtitle C—Miscellaneous** 16                   **Provisions**

### 17   **SEC. 931. ENERGY DIPLOMACY AND SECURITY WITHIN THE** 18                   **DEPARTMENT OF STATE.**

19          (a) STATE DEPARTMENT COORDINATOR FOR INTER-  
20          NATIONAL ENERGY AFFAIRS.—

21           (1) IN GENERAL.—The Secretary of State  
22           should ensure that energy security is integrated into  
23           the core mission of the Department of State.

24           (2) COORDINATOR FOR INTERNATIONAL EN-  
25          ERGY AFFAIRS.—There is established within the Of-

1        fice of the Secretary of State a Coordinator for  
2        International Energy Affairs, who shall be respon-  
3        sible for—

4                (A) representing the Secretary of State in  
5        interagency efforts to develop the international  
6        energy policy of the United States;

7                (B) ensuring that analyses of the national  
8        security implications of global energy and envi-  
9        ronmental developments are reflected in the de-  
10       decision making process within the Department of  
11       State;

12               (C) incorporating energy security priorities  
13       into the activities of the Department of State;

14               (D) coordinating energy activities of the  
15       Department of State with relevant Federal  
16       agencies; and

17               (E) coordinating energy security and other  
18       relevant functions within the Department of  
19       State currently undertaken by offices within—

20                        (i) the Bureau of Economic, Energy  
21                        and Business Affairs;

22                        (ii) the Bureau of Oceans and Inter-  
23                        national Environmental and Scientific Af-  
24                        fairs; and

1 (iii) other offices within the Depart-  
2 ment of State.

3 (3) AUTHORIZATION OF APPROPRIATIONS.—

4 There are authorized to be appropriated such sums  
5 as may be necessary to carry out this subsection.

6 (b) ENERGY EXPERTS IN KEY EMBASSIES.—Not  
7 later than 180 days after the date of the enactment of  
8 this Act, the Secretary of State shall submit a report to  
9 the Committee on Foreign Relations of the Senate and  
10 the Committee on Foreign Affairs of the House of Rep-  
11 resentatives that includes—

12 (1) a description of the Department of State  
13 personnel who are dedicated to energy matters and  
14 are stationed at embassies and consulates in coun-  
15 tries that are major energy producers or consumers;

16 (2) an analysis of the need for Federal energy  
17 specialist personnel in United States embassies and  
18 other United States diplomatic missions; and

19 (3) recommendations for increasing energy ex-  
20 pertise within United States embassies among for-  
21 eign service officers and options for assigning to  
22 such embassies energy attachés from the National  
23 Laboratories or other agencies within the Depart-  
24 ment of Energy.

1           (c) ENERGY ADVISORS.—The Secretary of Energy  
2 may make appropriate arrangements with the Secretary  
3 of State to assign personnel from the Department of En-  
4 ergy or the National Laboratories of the Department of  
5 Energy to serve as dedicated advisors on energy matters  
6 in embassies of the United States or other United States  
7 diplomatic missions.

8           (d) REPORT.—Not later than 180 days after the date  
9 of the enactment of this Act, and every 2 years thereafter  
10 for the following 20 years, the Secretary of State shall  
11 submit a report to the Committee on Foreign Relations  
12 of the Senate and the Committee on Foreign Affairs of  
13 the House of Representatives that describes—

14                   (1) the energy-related activities being conducted  
15           by the Department of State, including activities  
16           within—

17                           (A) the Bureau of Economic, Energy and  
18           Business Affairs;

19                           (B) the Bureau of Oceans and Environ-  
20           mental and Scientific Affairs; and

21                           (C) other offices within the Department of  
22           State;

23                   (2) the amount of funds spent on each activity  
24           within each office described in paragraph (1); and



1 energy security of the United States by not later  
2 than 150 days after the date on which the President  
3 assumes the office of President after a presidential  
4 election.

5 (b) CONTENTS.—Each report under this section shall  
6 describe the national energy security strategy of the  
7 United States, including a comprehensive description of—

8 (1) the worldwide interests, goals, and objec-  
9 tives of the United States that are vital to the na-  
10 tional energy security of the United States;

11 (2) the foreign policy, worldwide commitments,  
12 and national defense capabilities of the United  
13 States necessary—

14 (A) to deter political manipulation of world  
15 energy resources; and

16 (B) to implement the national energy secu-  
17 rity strategy of the United States;

18 (3) the proposed short-term and long-term uses  
19 of the political, economic, military, and other au-  
20 thorities of the United States—

21 (A) to protect or promote energy security;  
22 and

23 (B) to achieve the goals and objectives de-  
24 scribed in paragraph (1);

1           (4) the adequacy of the capabilities of the  
2           United States to protect the national energy security  
3           of the United States, including an evaluation of the  
4           balance among the capabilities of all elements of the  
5           national authority of the United States to support  
6           the implementation of the national energy security  
7           strategy; and

8           (5) such other information as the President de-  
9           termines to be necessary to inform Congress on mat-  
10          ters relating to the national energy security of the  
11          United States.

12          (c) **CLASSIFIED AND UNCLASSIFIED FORM.**—Each  
13          national energy security strategy report shall be submitted  
14          to Congress in—

15                 (1) a classified form; and

16                 (2) an unclassified form.

17          **SEC. 934. CONVENTION ON SUPPLEMENTARY COMPENSA-**  
18                                 **TION FOR NUCLEAR DAMAGE CONTINGENT**  
19                                 **COST ALLOCATION.**

20          (a) **FINDINGS AND PURPOSE.**—

21                 (1) **FINDINGS.**—Congress finds that—

22                         (A) section 170 of the Atomic Energy Act  
23                         of 1954 (42 U.S.C. 2210) (commonly known as  
24                         the “Price-Anderson Act”)—

1 (i) provides a predictable legal frame-  
2 work necessary for nuclear projects; and

3 (ii) ensures prompt and equitable  
4 compensation in the event of a nuclear in-  
5 cident in the United States;

6 (B) the Price-Anderson Act, in effect, pro-  
7 vides operators of nuclear powerplants with in-  
8 surance for damage arising out of a nuclear in-  
9 cident and funds the insurance primarily  
10 through the assessment of a retrospective pre-  
11 mium from each operator after the occurrence  
12 of a nuclear incident;

13 (C) the Convention on Supplementary  
14 Compensation for Nuclear Damage, done at Vi-  
15 enna on September 12, 1997, will establish a  
16 global system—

17 (i) to provide a predictable legal  
18 framework necessary for nuclear energy  
19 projects; and

20 (ii) to ensure prompt and equitable  
21 compensation in the event of a nuclear in-  
22 cident;

23 (D) the Convention benefits United States  
24 nuclear suppliers that face potentially unlimited  
25 liability for nuclear incidents that are not cov-

1           ered by the Price-Anderson Act by replacing a  
2           potentially open-ended liability with a predict-  
3           able liability regime that, in effect, provides nu-  
4           clear suppliers with insurance for damage aris-  
5           ing out of such an incident;

6           (E) the Convention also benefits United  
7           States nuclear facility operators that may be  
8           publicly liable for a Price-Anderson incident by  
9           providing an additional early source of funds to  
10          compensate damage arising out of the Price-An-  
11          derson incident;

12          (F) the combined operation of the Conven-  
13          tion, the Price-Anderson Act, and this section  
14          will augment the quantity of assured funds  
15          available for victims in a wider variety of nu-  
16          clear incidents while reducing the potential li-  
17          ability of United States suppliers without in-  
18          creasing potential costs to United States opera-  
19          tors;

20          (G) the cost of those benefits is the obliga-  
21          tion of the United States to contribute to the  
22          supplementary compensation fund established  
23          by the Convention;

24          (H) any such contribution should be fund-  
25          ed in a manner that does not—

1 (i) upset settled expectations based on  
2 the liability regime established under the  
3 Price-Anderson Act; or

4 (ii) shift to Federal taxpayers liability  
5 risks for nuclear incidents at foreign in-  
6 stallations;

7 (I) with respect to a Price-Anderson inci-  
8 dent, funds already available under the Price-  
9 Anderson Act should be used; and

10 (J) with respect to a nuclear incident out-  
11 side the United States not covered by the Price-  
12 Anderson Act, a retrospective premium should  
13 be prorated among nuclear suppliers relieved  
14 from potential liability for which insurance is  
15 not available.

16 (2) PURPOSE.—The purpose of this section is  
17 to allocate the contingent costs associated with par-  
18 ticipation by the United States in the international  
19 nuclear liability compensation system established by  
20 the Convention on Supplementary Compensation for  
21 Nuclear Damage, done at Vienna on September 12,  
22 1997—

23 (A) with respect to a Price-Anderson inci-  
24 dent, by using funds made available under sec-  
25 tion 170 of the Atomic Energy Act of 1954 (42

1 U.S.C. 2210) to cover the contingent costs in a  
2 manner that neither increases the burdens nor  
3 decreases the benefits under section 170 of that  
4 Act; and

5 (B) with respect to a covered incident out-  
6 side the United States that is not a Price-An-  
7 derson incident, by allocating the contingent  
8 costs equitably, on the basis of risk, among the  
9 class of nuclear suppliers relieved by the Con-  
10 vention from the risk of potential liability re-  
11 sulting from any covered incident outside the  
12 United States.

13 (b) DEFINITIONS.—In this section:

14 (1) COMMISSION.—The term “Commission”  
15 means the Nuclear Regulatory Commission.

16 (2) CONTINGENT COST.—The term “contingent  
17 cost” means the cost to the United States in the  
18 event of a covered incident the amount of which is  
19 equal to the amount of funds the United States is  
20 obligated to make available under paragraph 1(b) of  
21 Article III of the Convention.

22 (3) CONVENTION.—The term “Convention”  
23 means the Convention on Supplementary Compensa-  
24 tion for Nuclear Damage, done at Vienna on Sep-  
25 tember 12, 1997.

1           (4) COVERED INCIDENT.—The term “covered  
2 incident” means a nuclear incident the occurrence of  
3 which results in a request for funds pursuant to Ar-  
4 ticle VII of the Convention.

5           (5) COVERED INSTALLATION.—The term “cov-  
6 ered installation” means a nuclear installation at  
7 which the occurrence of a nuclear incident could re-  
8 sult in a request for funds under Article VII of the  
9 Convention.

10          (6) COVERED PERSON.—

11           (A) IN GENERAL.—The term “covered per-  
12 son” means—

13                   (i) a United States person; and

14                   (ii) an individual or entity (including  
15 an agency or instrumentality of a foreign  
16 country) that—

17                           (I) is located in the United  
18 States; or

19                           (II) carries out an activity in the  
20 United States.

21          (B) EXCLUSIONS.—The term “covered per-  
22 son” does not include—

23                   (i) the United States; or

24                   (ii) any agency or instrumentality of  
25 the United States.



1 (ii) any other territory or possession  
2 of the United States;

3 (iii) the Canal Zone; and

4 (iv) the waters of the United States  
5 territorial sea under Presidential Procla-  
6 mation Number 5928, dated December 27,  
7 1988 (43 U.S.C. 1331 note).

8 (11) UNITED STATES PERSON.—The term  
9 “United States person” means—

10 (A) any individual who is a resident, na-  
11 tional, or citizen of the United States (other  
12 than an individual residing outside of the  
13 United States and employed by a person who is  
14 not a United States person); and

15 (B) any corporation, partnership, associa-  
16 tion, joint stock company, business trust, unin-  
17 corporated organization, or sole proprietorship  
18 that is organized under the laws of the United  
19 States.

20 (c) USE OF PRICE-ANDERSON FUNDS.—

21 (1) IN GENERAL.—Funds made available under  
22 section 170 of the Atomic Energy Act of 1954 (42  
23 U.S.C. 2210) shall be used to cover the contingent  
24 cost resulting from any Price-Anderson incident.

1           (2) EFFECT.—The use of funds pursuant to  
2 paragraph (1) shall not reduce the limitation on  
3 public liability established under section 170 e. of  
4 the Atomic Energy Act of 1954 (42 U.S.C.  
5 2210(e)).

6           (d) EFFECT ON AMOUNT OF PUBLIC LIABILITY.—

7           (1) IN GENERAL.—Funds made available to the  
8 United States under Article VII of the Convention  
9 with respect to a Price-Anderson incident shall be  
10 used to satisfy public liability resulting from the  
11 Price-Anderson incident.

12           (2) AMOUNT.—The amount of public liability  
13 allowable under section 170 of the Atomic Energy  
14 Act of 1954 (42 U.S.C. 2210) relating to a Price-  
15 Anderson incident under paragraph (1) shall be in-  
16 creased by an amount equal to the difference be-  
17 tween—

18           (A) the amount of funds made available  
19 for the Price-Anderson incident under Article  
20 VII of the Convention; and

21           (B) the amount of funds used under sub-  
22 section (c) to cover the contingent cost resulting  
23 from the Price-Anderson incident.

24           (e) RETROSPECTIVE RISK POOLING PROGRAM.—

1           (1) IN GENERAL.—Except as provided under  
2 paragraph (2), each nuclear supplier shall partici-  
3 pate in a retrospective risk pooling program in ac-  
4 cordance with this section to cover the contingent  
5 cost resulting from a covered incident outside the  
6 United States that is not a Price-Anderson incident.

7           (2) DEFERRED PAYMENT.—

8           (A) IN GENERAL.—The obligation of a nu-  
9 clear supplier to participate in the retrospective  
10 risk pooling program shall be deferred until the  
11 United States is called on to provide funds pur-  
12 suant to Article VII of the Convention with re-  
13 spect to a covered incident that is not a Price-  
14 Anderson incident.

15           (B) AMOUNT OF DEFERRED PAYMENT.—  
16 The amount of a deferred payment of a nuclear  
17 supplier under subparagraph (A) shall be based  
18 on the risk-informed assessment formula deter-  
19 mined under subparagraph (C).

20           (C) RISK-INFORMED ASSESSMENT FOR-  
21 MULA.—

22           (i) IN GENERAL.—Not later than 3  
23 years after the date of the enactment of  
24 this Act, and every 5 years thereafter, the  
25 Secretary shall, by regulation, determine

1           the risk-informed assessment formula for  
2           the allocation among nuclear suppliers of  
3           the contingent cost resulting from a cov-  
4           ered incident that is not a Price-Anderson  
5           incident, taking into account risk factors  
6           such as—

7                   (I) the nature and intended pur-  
8                   pose of the goods and services sup-  
9                   plied by each nuclear supplier to each  
10                  covered installation outside the United  
11                  States;

12                  (II) the quantity of the goods  
13                  and services supplied by each nuclear  
14                  supplier to each covered installation  
15                  outside the United States;

16                  (III) the hazards associated with  
17                  the supplied goods and services if the  
18                  goods and services fail to achieve the  
19                  intended purposes;

20                  (IV) the hazards associated with  
21                  the covered installation outside the  
22                  United States to which the goods and  
23                  services are supplied;

24                  (V) the legal, regulatory, and fi-  
25                  nancial infrastructure associated with

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1 the covered installation outside the  
2 United States to which the goods and  
3 services are supplied; and

4 (VI) the hazards associated with  
5 particular forms of transportation.

6 (ii) FACTORS FOR CONSIDERATION.—

7 In determining the formula, the Secretary  
8 may—

9 (I) exclude—

10 (aa) goods and services with  
11 negligible risk;

12 (bb) classes of goods and  
13 services not intended specifically  
14 for use in a nuclear installation;

15 (cc) a nuclear supplier with  
16 a de minimis share of the contin-  
17 gent cost; and

18 (dd) a nuclear supplier no  
19 longer in existence for which  
20 there is no identifiable successor;  
21 and

22 (II) establish the period on which  
23 the risk assessment is based.

24 (iii) APPLICATION.—In applying the  
25 formula, the Secretary shall not consider

1 any covered installation or transportation  
2 for which funds would be available under  
3 section 170 of the Atomic Energy Act of  
4 1954 (42 U.S.C. 2210).

5 (iv) REPORT.—Not later than 5 years  
6 after the date of the enactment of this Act,  
7 and every 5 years thereafter, the Secretary  
8 shall submit to the Committee on Environ-  
9 ment and Public Works of the Senate and  
10 the Committee on Energy and Commerce  
11 of the House of Representatives a report  
12 on whether there is a need for continuation  
13 or amendment of this section, taking into  
14 account the effects of the implementation  
15 of the Convention on the United States nu-  
16 clear industry and suppliers.

17 (f) REPORTING.—

18 (1) COLLECTION OF INFORMATION.—

19 (A) IN GENERAL.—The Secretary may col-  
20 lect information necessary for developing and  
21 implementing the formula for calculating the  
22 deferred payment of a nuclear supplier under  
23 subsection (e)(2).

24 (B) PROVISION OF INFORMATION.—Each  
25 nuclear supplier and other appropriate persons

1           shall make available to the Secretary such in-  
2           formation, reports, records, documents, and  
3           other data as the Secretary determines, by reg-  
4           ulation, to be necessary or appropriate to de-  
5           velop and implement the formula under sub-  
6           section (e)(2)(C).

7           (2) PRIVATE INSURANCE.—The Secretary shall  
8           make available to nuclear suppliers, and insurers of  
9           nuclear suppliers, information to support the vol-  
10          untary establishment and maintenance of private in-  
11          surance against any risk for which nuclear suppliers  
12          may be required to pay deferred payments under  
13          this section.

14          (g) EFFECT ON LIABILITY.—Nothing in any other  
15          law (including regulations) limits liability for a covered in-  
16          cident to an amount equal to less than the amount pre-  
17          scribed in paragraph 1(a) of Article IV of the Convention,  
18          unless the law—

19                (1) specifically refers to this section; and

20                (2) explicitly repeals, alters, amends, modifies,  
21          impairs, displaces, or supersedes the effect of this  
22          subsection.

23          (h) PAYMENTS TO AND BY THE UNITED STATES.—

24                (1) ACTION BY NUCLEAR SUPPLIERS.—

1           (A) NOTIFICATION.—In the case of a re-  
2           quest for funds under Article VII of the Con-  
3           vention resulting from a covered incident that is  
4           not a Price-Anderson incident, the Secretary  
5           shall notify each nuclear supplier of the amount  
6           of the deferred payment required to be made by  
7           the nuclear supplier.

8           (B) PAYMENTS.—

9           (i) IN GENERAL.—Except as provided  
10          under clause (ii), not later than 60 days  
11          after receipt of a notification under sub-  
12          paragraph (A), a nuclear supplier shall pay  
13          to the general fund of the Treasury the de-  
14          ferred payment of the nuclear supplier re-  
15          quired under subparagraph (A).

16          (ii) ANNUAL PAYMENTS.—A nuclear  
17          supplier may elect to prorate payment of  
18          the deferred payment required under sub-  
19          paragraph (A) in 5 equal annual payments  
20          (including interest on the unpaid balance  
21          at the prime rate prevailing at the time the  
22          first payment is due).

23          (C) VOUCHERS.—A nuclear supplier shall  
24          submit payment certification vouchers to the

1 Secretary of the Treasury in accordance with  
2 section 3325 of title 31, United States Code.

3 (2) USE OF FUNDS.—

4 (A) IN GENERAL.—Amounts paid into the  
5 Treasury under paragraph (1) shall be available  
6 to the Secretary of the Treasury, without fur-  
7 ther appropriation and without fiscal year limi-  
8 tation, for the purpose of making the contribu-  
9 tions of public funds required to be made by the  
10 United States under the Convention.

11 (B) ACTION BY SECRETARY OF TREAS-  
12 URY.—The Secretary of the Treasury shall pay  
13 the contribution required under the Convention  
14 to the court of competent jurisdiction under Ar-  
15 ticle XIII of the Convention with respect to the  
16 applicable covered incident.

17 (3) FAILURE TO PAY.—If a nuclear supplier  
18 fails to make a payment required under this sub-  
19 section, the Secretary may take appropriate action  
20 to recover from the nuclear supplier—

21 (A) the amount of the payment due from  
22 the nuclear supplier;

23 (B) any applicable interest on the pay-  
24 ment; and

1 (C) a penalty of not more than twice the  
2 amount of the deferred payment due from the  
3 nuclear supplier.

4 (i) LIMITATION ON JUDICIAL REVIEW; CAUSE OF AC-  
5 TION.—

6 (1) LIMITATION ON JUDICIAL REVIEW.—

7 (A) IN GENERAL.—In any civil action aris-  
8 ing under the Convention over which Article  
9 XIII of the Convention grants jurisdiction to  
10 the courts of the United States, any appeal or  
11 review by writ of mandamus or otherwise with  
12 respect to a nuclear incident that is not a Price-  
13 Anderson incident shall be in accordance with  
14 chapter 83 of title 28, United States Code, ex-  
15 cept that the appeal or review shall occur in the  
16 United States Court of Appeals for the District  
17 of Columbia Circuit.

18 (B) SUPREME COURT JURISDICTION.—  
19 Nothing in this paragraph affects the jurisdic-  
20 tion of the Supreme Court of the United States  
21 under chapter 81 of title 28, United States  
22 Code.

23 (2) CAUSE OF ACTION.—

24 (A) IN GENERAL.—Subject to subpara-  
25 graph (B), in any civil action arising under the

1 Convention over which Article XIII of the Con-  
2 vention grants jurisdiction to the courts of the  
3 United States, in addition to any other cause of  
4 action that may exist, an individual or entity  
5 shall have a cause of action against the oper-  
6 ator to recover for nuclear damage suffered by  
7 the individual or entity.

8 (B) REQUIREMENT.—Subparagraph (A)  
9 shall apply only if the individual or entity seeks  
10 a remedy for nuclear damage (as defined in Ar-  
11 ticle I of the Convention) that was caused by a  
12 nuclear incident (as defined in Article I of the  
13 Convention) that is not a Price-Anderson inci-  
14 dent.

15 (C) SAVINGS PROVISION.—Nothing in this  
16 paragraph may be construed to limit, modify,  
17 extinguish, or otherwise affect any cause of ac-  
18 tion that would have existed in the absence of  
19 enactment of this paragraph.

20 (j) RIGHT OF RECOURSE.—This section does not pro-  
21 vide to an operator of a covered installation any right of  
22 recourse under the Convention.

23 (k) PROTECTION OF SENSITIVE UNITED STATES IN-  
24 FORMATION.—Nothing in the Convention or this section  
25 requires the disclosure of—

1           (1) any data that, at any time, was Restricted  
2           Data (as defined in section 11 of the Atomic Energy  
3           Act of 1954 (42 U.S.C. 2014));

4           (2) information relating to intelligence sources  
5           or methods protected by section 102A(i) of the Na-  
6           tional Security Act of 1947 (50 U.S.C. 403–1(i)); or

7           (3) national security information classified  
8           under Executive Order 12958 (50 U.S.C. 435 note;  
9           relating to classified national security information)  
10          (or a successor Executive Order or regulation).

11          (l) REGULATIONS.—

12           (1) IN GENERAL.—The Secretary or the Com-  
13           mission, as appropriate, may prescribe regulations to  
14           carry out section 170 of the Atomic Energy Act of  
15           1954 (42 U.S.C. 2210) and this section.

16           (2) REQUIREMENT.—Rules prescribed under  
17           this subsection shall ensure, to the maximum extent  
18           practicable, that—

19                   (A) the implementation of section 170 of  
20                   the Atomic Energy Act of 1954 (42 U.S.C.  
21                   2210) and this section is consistent and equi-  
22                   table; and

23                   (B) the financial and operational burden  
24                   on a Commission licensee in complying with

1 section 170 of that Act is not greater as a re-  
2 sult of the enactment of this section.

3 (3) **APPLICABILITY OF PROVISION.**—Section  
4 553 of title 5, United States Code, shall apply with  
5 respect to the promulgation of regulations under this  
6 subsection.

7 (4) **EFFECT OF SUBSECTION.**—The authority  
8 provided under this subsection is in addition to, and  
9 does not impair or otherwise affect, any other au-  
10 thority of the Secretary or the Commission to pre-  
11 scribe regulations.

12 (m) **EFFECTIVE DATE.**—This section shall take ef-  
13 fect on the date of the enactment of this Act.

14 **SEC. 935. TRANSPARENCY IN EXTRACTIVE INDUSTRIES RE-**  
15 **SOURCE PAYMENTS.**

16 (a) **PURPOSE.**—The purpose of this section is to—

17 (1) ensure greater United States energy secu-  
18 rity by combating corruption in the governments of  
19 foreign countries that receive revenues from the sale  
20 of their natural resources; and

21 (2) enhance the development of democracy and  
22 increase political and economic stability in such re-  
23 source rich foreign countries.

24 (b) **STATEMENT OF POLICY.**—It is the policy of the  
25 United States—

1           (1) to increase energy security by promoting  
2 anti-corruption initiatives in oil and natural gas rich  
3 countries; and

4           (2) to promote global energy security through  
5 promotion of programs such as the Extractive In-  
6 dustries Transparency Initiative (EITI) that seek to  
7 instill transparency and accountability into extrac-  
8 tive industries resource payments.

9           (c) SENSE OF CONGRESS.—It is the sense of Con-  
10 gress that the United States should further global energy  
11 security and promote democratic development in resource-  
12 rich foreign countries by—

13           (1) encouraging further participation in the  
14 EITI by eligible countries and companies; and

15           (2) promoting the efficacy of the EITI program  
16 by ensuring a robust and candid review mechanism.

17           (d) REPORT.—

18           (1) REPORT REQUIRED.—Not later than 180  
19 days after the date of the enactment of this Act, and  
20 annually thereafter, the Secretary of State, in con-  
21 sultation with the Secretary of Energy, shall submit  
22 to the appropriate congressional committees a report  
23 on progress made in promoting transparency in ex-  
24 tractive industries resource payments.

1           (2) MATTERS TO BE INCLUDED.—The report  
2           required by paragraph (1) shall include a detailed  
3           description of United States participation in the  
4           EITI, bilateral and multilateral diplomatic efforts to  
5           further participation in the EITI, and other United  
6           States initiatives to strengthen energy security, deter  
7           energy kleptocracy, and promote transparency in the  
8           extractive industries.

9           (e) AUTHORIZATION OF APPROPRIATIONS.—There is  
10          authorized to be appropriated \$3,000,000 for the purposes  
11          of United States contributions to the Multi-Donor Trust  
12          Fund of the EITI.

## 13                   **TITLE X—GREEN JOBS**

### 14          **SEC. 1001. SHORT TITLE.**

15          This title may be cited as the “Green Jobs Act of  
16          2007”.

### 17          **SEC. 1002. ENERGY EFFICIENCY AND RENEWABLE ENERGY** 18                   **WORKER TRAINING PROGRAM.**

19          Section 171 of the Workforce Investment Act of 1998  
20          (29 U.S.C. 2916) is amended by adding at the end the  
21          following:

22               “(e) ENERGY EFFICIENCY AND RENEWABLE EN-  
23          ERGY WORKER TRAINING PROGRAM.—

24                   “(1) GRANT PROGRAM.—

1           “(A) IN GENERAL.—Not later than 6  
2 months after the date of enactment of the  
3 Green Jobs Act of 2007, the Secretary, in con-  
4 sultation with the Secretary of Energy, shall es-  
5 tablish an energy efficiency and renewable en-  
6 ergy worker training program under which the  
7 Secretary shall carry out the activities described  
8 in paragraph (2) to achieve the purposes of this  
9 subsection.

10           “(B) ELIGIBILITY.—For purposes of pro-  
11 viding assistance and services under the pro-  
12 gram established under this subsection—

13           “(i) target populations of eligible indi-  
14 viduals to be given priority for training  
15 and other services shall include—

16           “(I) workers impacted by na-  
17 tional energy and environmental pol-  
18 icy;

19           “(II) individuals in need of up-  
20 dated training related to the energy  
21 efficiency and renewable energy indus-  
22 tries;

23           “(III) veterans, or past and  
24 present members of reserve compo-  
25 nents of the Armed Forces;

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1 “(IV) unemployed individuals;

2 “(V) individuals, including at-risk  
3 youth, seeking employment pathways  
4 out of poverty and into economic self-  
5 sufficiency; and

6 “(VI) formerly incarcerated, ad-  
7 judicated, nonviolent offenders; and

8 “(ii) energy efficiency and renewable  
9 energy industries eligible to participate in  
10 a program under this subsection include—

11 “(I) the energy-efficient building,  
12 construction, and retrofits industries;

13 “(II) the renewable electric power  
14 industry;

15 “(III) the energy efficient and  
16 advanced drive train vehicle industry;

17 “(IV) the biofuels industry;

18 “(V) the deconstruction and ma-  
19 terials use industries;

20 “(VI) the energy efficiency as-  
21 sessment industry serving the residen-  
22 tial, commercial, or industrial sectors;  
23 and

24 “(VII) manufacturers that  
25 produce sustainable products using

1                   environmentally sustainable processes  
2                   and materials.

3           “(2) ACTIVITIES.—

4                   “(A) NATIONAL RESEARCH PROGRAM.—

5           Under the program established under para-  
6           graph (1), the Secretary, acting through the  
7           Bureau of Labor Statistics, where appropriate,  
8           shall collect and analyze labor market data to  
9           track workforce trends resulting from energy-  
10          related initiatives carried out under this sub-  
11          section. Activities carried out under this para-  
12          graph shall include—

13                   “(i) tracking and documentation of  
14                   academic and occupational competencies as  
15                   well as future skill needs with respect to  
16                   renewable energy and energy efficiency  
17                   technology;

18                   “(ii) tracking and documentation of  
19                   occupational information and workforce  
20                   training data with respect to renewable en-  
21                   ergy and energy efficiency technology;

22                   “(iii) collaborating with State agen-  
23                   cies, workforce investments boards, indus-  
24                   try, organized labor, and community and  
25                   nonprofit organizations to disseminate in-

1 formation on successful innovations for  
2 labor market services and worker training  
3 with respect to renewable energy and en-  
4 ergy efficiency technology;

5 “(iv) serving as a clearinghouse for  
6 best practices in workforce development,  
7 job placement, and collaborative training  
8 partnerships;

9 “(v) encouraging the establishment of  
10 workforce training initiatives with respect  
11 to renewable energy and energy efficiency  
12 technologies;

13 “(vi) linking research and develop-  
14 ment in renewable energy and energy effi-  
15 ciency technology with the development of  
16 standards and curricula for current and  
17 future jobs;

18 “(vii) assessing new employment and  
19 work practices including career ladder and  
20 upgrade training as well as high perform-  
21 ance work systems; and

22 “(viii) providing technical assistance  
23 and capacity building to national and State  
24 energy partnerships, including industry  
25 and labor representatives.



1 private employers, and labor organiza-  
2 tions, including joint labor-manage-  
3 ment training programs, and may in-  
4 clude workforce investment boards,  
5 community-based organizations, quali-  
6 fied service and conservation corps,  
7 educational institutions, small busi-  
8 nesses, cooperatives, State and local  
9 veterans agencies, and veterans serv-  
10 ice organizations; and

11 “(II) demonstrates—

12 “(aa) experience in imple-  
13 menting and operating worker  
14 skills training and education pro-  
15 grams;

16 “(bb) the ability to identify  
17 and involve in training programs  
18 carried out under this grant, tar-  
19 get populations of individuals  
20 who would benefit from training  
21 and be actively involved in activi-  
22 ties related to energy efficiency  
23 and renewable energy industries;  
24 and

1                   “(cc) the ability to help indi-  
2                   viduals achieve economic self-suf-  
3                   ficiency.

4                   “(iii) PRIORITY.—Priority shall be  
5                   given to partnerships which leverage addi-  
6                   tional public and private resources to fund  
7                   training programs, including cash or in-  
8                   kind matches from participating employers.

9                   “(C) STATE LABOR MARKET RESEARCH,  
10                  INFORMATION, AND LABOR EXCHANGE RE-  
11                  SEARCH PROGRAM.—

12                  “(i) IN GENERAL.—Under the pro-  
13                  gram established under paragraph (1), the  
14                  Secretary shall award competitive grants to  
15                  States to enable such States to administer  
16                  labor market and labor exchange informa-  
17                  tion programs that include the implemen-  
18                  tation of the activities described in clause  
19                  (ii), in coordination with the one-stop deliv-  
20                  ery system.

21                  “(ii) ACTIVITIES.—A State shall use  
22                  amounts awarded under a grant under this  
23                  subparagraph to provide funding to the  
24                  State agency that administers the Wagner-  
25                  Peysner Act and State unemployment com-

1                   pensation programs to carry out the fol-  
2                   lowing activities using State agency merit  
3                   staff:

4                   “(I) The identification of job  
5                   openings in the renewable energy and  
6                   energy efficiency sector.

7                   “(II) The administration of skill  
8                   and aptitude testing and assessment  
9                   for workers.

10                  “(III) The counseling, case man-  
11                  agement, and referral of qualified job  
12                  seekers to openings and training pro-  
13                  grams, including energy efficiency and  
14                  renewable energy training programs.

15                  “(D) STATE ENERGY TRAINING PARTNER-  
16                  SHIP PROGRAM.—

17                  “(i) IN GENERAL.—Under the pro-  
18                  gram established under paragraph (1), the  
19                  Secretary shall award competitive grants to  
20                  States to enable such States to administer  
21                  renewable energy and energy efficiency  
22                  workforce development programs that in-  
23                  clude the implementation of the activities  
24                  described in clause (ii).

1           “(ii) PARTNERSHIPS.—A State shall  
2           use amounts awarded under a grant under  
3           this subparagraph to award competitive  
4           grants to eligible State Energy Sector  
5           Partnerships to enable such Partnerships  
6           to coordinate with existing apprenticeship  
7           and labor management training programs  
8           and implement training programs that lead  
9           to the economic self-sufficiency of trainees.

10           “(iii) ELIGIBILITY.—To be eligible to  
11           receive a grant under this subparagraph, a  
12           State Energy Sector Partnership shall—

13                   “(I) consist of nonprofit organi-  
14                   zations that include equal participa-  
15                   tion from industry, including public or  
16                   private nonprofit employers, and labor  
17                   organizations, including joint labor-  
18                   management training programs, and  
19                   may include representatives from local  
20                   governments, the workforce invest-  
21                   ment system, including one-stop ca-  
22                   reer centers, community based organi-  
23                   zations, qualified service and con-  
24                   servation corps, community colleges,  
25                   and other post-secondary institutions,

1 small businesses, cooperatives, State  
2 and local veterans agencies, and vet-  
3 erans service organizations;

4 “(II) demonstrate experience in  
5 implementing and operating worker  
6 skills training and education pro-  
7 grams; and

8 “(III) demonstrate the ability to  
9 identify and involve in training pro-  
10 grams, target populations of workers  
11 who would benefit from training and  
12 be actively involved in activities re-  
13 lated to energy efficiency and renew-  
14 able energy industries.

15 “(iv) PRIORITY.—In awarding grants  
16 under this subparagraph, the Secretary  
17 shall give priority to States that dem-  
18 onstrate that activities under the grant—

19 “(I) meet national energy policies  
20 associated with energy efficiency, re-  
21 newable energy, and the reduction of  
22 emissions of greenhouse gases;

23 “(II) meet State energy policies  
24 associated with energy efficiency, re-

1 newable energy, and the reduction of  
2 emissions of greenhouse gases; and

3 “(III) leverage additional public  
4 and private resources to fund training  
5 programs, including cash or in-kind  
6 matches from participating employers.

7 “(v) COORDINATION.—A grantee  
8 under this subparagraph shall coordinate  
9 activities carried out under the grant with  
10 existing other appropriate training pro-  
11 grams, including apprenticeship and labor  
12 management training programs, including  
13 such activities referenced in paragraph  
14 (3)(A), and implement training programs  
15 that lead to the economic self-sufficiency of  
16 trainees.

17 “(E) PATHWAYS OUT OF POVERTY DEM-  
18 ONSTRATION PROGRAM.—

19 “(i) IN GENERAL.—Under the pro-  
20 gram established under paragraph (1), the  
21 Secretary shall award competitive grants of  
22 sufficient size to eligible entities to enable  
23 such entities to carry out training that  
24 leads to economic self-sufficiency. The Sec-  
25 retary shall give priority to entities that



1 and operating worker skills training  
2 and education programs;

3 “(III) coordinates activities,  
4 where appropriate, with the workforce  
5 investment system; and

6 “(IV) demonstrates the ability to  
7 recruit individuals for training and to  
8 support such individuals to successful  
9 completion in training programs car-  
10 ried out under this grant, targeting  
11 populations of workers who are or will  
12 be engaged in activities related to en-  
13 ergy efficiency and renewable energy  
14 industries.

15 “(iii) PRIORITIES.—In awarding  
16 grants under this paragraph, the Secretary  
17 shall give priority to applicants that—

18 “(I) target programs to benefit  
19 low-income workers, unemployed  
20 youth and adults, high school drop-  
21 outs, or other underserved sectors of  
22 the workforce within areas of high  
23 poverty;

24 “(II) ensure that supportive serv-  
25 ices are integrated with education and

1 training, and delivered by organiza-  
2 tions with direct access to and experi-  
3 ence with targeted populations;

4 “(III) leverage additional public  
5 and private resources to fund training  
6 programs, including cash or in-kind  
7 matches from participating employers;

8 “(IV) involve employers and  
9 labor organizations in the determina-  
10 tion of relevant skills and com-  
11 petencies and ensure that the certifi-  
12 cates or credentials that result from  
13 the training are employer-recognized;

14 “(V) deliver courses at alter-  
15 native times (such as evening and  
16 weekend programs) and locations  
17 most convenient and accessible to par-  
18 ticipants and link adult remedial edu-  
19 cation with occupational skills train-  
20 ing; and

21 “(VI) demonstrate substantial  
22 experience in administering local, mu-  
23 nicipal, State, Federal, foundation, or  
24 private entity grants.

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1                   “(iv) DATA COLLECTION.—Grantees  
2 shall collect and report the following infor-  
3 mation:

4                   “(I) The number of participants.

5                   “(II) The demographic character-  
6 istics of participants, including race,  
7 gender, age, parenting status, partici-  
8 pation in other Federal programs,  
9 education and literacy level at entry,  
10 significant barriers to employment  
11 (such as limited English proficiency,  
12 criminal record, addiction or mental  
13 health problem requiring treatment,  
14 or mental disability).

15                   “(III) The services received by  
16 participants, including training, edu-  
17 cation, and supportive services.

18                   “(IV) The amount of program  
19 spending per participant.

20                   “(V) Program completion rates.

21                   “(VI) Factors determined as sig-  
22 nificantly interfering with program  
23 participation or completion.

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1                   “(VII) The rate of Job placement  
2                   and the rate of employment retention  
3                   after 1 year.

4                   “(VIII) The average wage at  
5                   placement, including any benefits, and  
6                   the rate of average wage increase  
7                   after 1 year.

8                   “(IX) Any post-employment sup-  
9                   portive services provided.

10                  The Secretary shall assist grantees in the  
11                  collection of data under this clause by  
12                  making available, where practicable, low-  
13                  cost means of tracking the labor market  
14                  outcomes of participants, and by providing  
15                  standardized reporting forms, where appro-  
16                  priate.

17                  “(3) ACTIVITIES.—

18                         “(A) IN GENERAL.—Activities to be car-  
19                         ried out under a program authorized by sub-  
20                         paragraph (B), (D), or (E) of paragraph (2)  
21                         shall be coordinated with existing systems or  
22                         providers, as appropriate. Such activities may  
23                         include—

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1                   “(i) occupational skills training, in-  
2                   cluding curriculum development, on-the-job  
3                   training, and classroom training;

4                   “(ii) safety and health training;

5                   “(iii) the provision of basic skills, lit-  
6                   eracy, GED, English as a second language,  
7                   and job readiness training;

8                   “(iv) individual referral and tuition  
9                   assistance for a community college training  
10                  program, or any training program leading  
11                  to an industry-recognized certificate;

12                  “(v) internship programs in fields re-  
13                  lated to energy efficiency and renewable  
14                  energy;

15                  “(vi) customized training in conjunc-  
16                  tion with an existing registered apprentice-  
17                  ship program or labor-management part-  
18                  nership;

19                  “(vii) incumbent worker and career  
20                  ladder training and skill upgrading and re-  
21                  training;

22                  “(viii) the implementation of transi-  
23                  tional jobs strategies; and

24                  “(ix) the provision of supportive serv-  
25                  ices.

1           “(B) OUTREACH ACTIVITIES.—In addition  
2           to the activities authorized under subparagraph  
3           (A), activities authorized for programs under  
4           subparagraph (E) of paragraph (2) may include  
5           the provision of outreach, recruitment, career  
6           guidance, and case management services.

7           “(4) WORKER PROTECTIONS AND NON-  
8           DISCRIMINATION REQUIREMENTS.—

9           “(A) APPLICATION OF WIA.—The provi-  
10          sions of sections 181 and 188 of the Workforce  
11          Investment Act of 1998 (29 U.S.C. 2931 and  
12          2938) shall apply to all programs carried out  
13          with assistance under this subsection.

14          “(B) CONSULTATION WITH LABOR ORGANI-  
15          ZATIONS.—If a labor organization represents a  
16          substantial number of workers who are engaged  
17          in similar work or training in an area that is  
18          the same as the area that is proposed to be  
19          funded under this Act, the labor organization  
20          shall be provided an opportunity to be consulted  
21          and to submit comments in regard to such a  
22          proposal.

23          “(5) PERFORMANCE MEASURES.—

24          “(A) IN GENERAL.—The Secretary shall  
25          negotiate and reach agreement with the eligible

1 entities that receive grants and assistance  
2 under this section on performance measures for  
3 the indicators of performance referred to in  
4 subparagraphs (A) and (B) of section 136(b)(2)  
5 that will be used to evaluate the performance of  
6 the eligible entity in carrying out the activities  
7 described in subsection (e)(2). Each perform-  
8 ance measure shall consist of such an indicator  
9 of performance, and a performance level re-  
10 ferred to in subparagraph (B).

11 “(B) PERFORMANCE LEVELS.—The Sec-  
12 retary shall negotiate and reach agreement with  
13 the eligible entity regarding the levels of per-  
14 formance expected to be achieved by the eligible  
15 entity on the indicators of performance.

16 “(6) REPORT.—

17 “(A) STATUS REPORT.—Not later than 18  
18 months after the date of enactment of the  
19 Green Jobs Act of 2007, the Secretary shall  
20 transmit a report to the Senate Committee on  
21 Energy and Natural Resources, the Senate  
22 Committee on Health, Education, Labor, and  
23 Pensions, the House Committee on Education  
24 and Labor, and the House Committee on En-  
25 ergy and Commerce on the training program

1 established by this subsection. The report shall  
2 include a description of the entities receiving  
3 funding and the activities carried out by such  
4 entities.

5 “(B) EVALUATION.—Not later than 3  
6 years after the date of enactment of such Act,  
7 the Secretary shall transmit to the Senate Com-  
8 mittee on Energy and Natural Resources, the  
9 Senate Committee on Health, Education,  
10 Labor, and Pensions, the House Committee on  
11 Education and Labor, and the House Com-  
12 mittee on Energy and Commerce an assessment  
13 of such program and an evaluation of the ac-  
14 tivities carried out by entities receiving funding  
15 from such program.

16 “(7) DEFINITION.—As used in this subsection,  
17 the term ‘renewable energy’ has the meaning given  
18 such term in section 203(b)(2) of the Energy Policy  
19 Act of 2005 (Public Law 109–58).

20 “(8) AUTHORIZATION OF APPROPRIATIONS.—  
21 There is authorized to be appropriated to carry out  
22 this subsection, \$125,000,000 for each fiscal years,  
23 of which—

24 “(A) not to exceed 20 percent of the  
25 amount appropriated in each such fiscal year

1 shall be made available for, and shall be equally  
2 divided between, national labor market research  
3 and information under paragraph (2)(A) and  
4 State labor market information and labor ex-  
5 change research under paragraph (2)(C), and  
6 not more than 2 percent of such amount shall  
7 be for the evaluation and report required under  
8 paragraph (4);

9 “(B) 20 percent shall be dedicated to  
10 Pathways Out of Poverty Demonstration Pro-  
11 grams under paragraph (2)(E); and

12 “(C) the remainder shall be divided equally  
13 between National Energy Partnership Training  
14 Grants under paragraph (2)(B) and State en-  
15 ergy training partnership grants under para-  
16 graph (2)(D).”.

17 **TITLE XI—ENERGY TRANSPORTATION AND INFRASTRUCTURE**

18 **Subtitle A—Department of**  
19 **Transportation**

20 **SEC. 1101. OFFICE OF CLIMATE CHANGE AND ENVIRONMENT.**  
21 **MENT.**

22 (a) IN GENERAL.—Section 102 of title 49, United  
23 States Code, is amended—  
24  
25

1           (1) by redesignating subsection (g) as sub-  
2           section (h); and

3           (2) by inserting after subsection (f) the fol-  
4           lowing:

5           “(g) OFFICE OF CLIMATE CHANGE AND ENVIRON-  
6           MENT.—

7           “(1) ESTABLISHMENT.—There is established in  
8           the Department an Office of Climate Change and  
9           Environment to plan, coordinate, and implement—

10                   “(A) department-wide research, strategies,  
11                   and actions under the Department’s statutory  
12                   authority to reduce transportation-related en-  
13                   ergy use and mitigate the effects of climate  
14                   change; and

15                   “(B) department-wide research strategies  
16                   and actions to address the impacts of climate  
17                   change on transportation systems and infra-  
18                   structure.

19           “(2) CLEARINGHOUSE.—The Office shall estab-  
20           lish a clearinghouse of solutions, including cost-effec-  
21           tive congestion reduction approaches, to reduce air  
22           pollution and transportation-related energy use and  
23           mitigate the effects of climate change.”.

24           (b) COORDINATION.—The Office of Climate Change  
25           and Environment of the Department of Transportation

1 shall coordinate its activities with the United States Global  
2 Change Research Program.

3 (c) TRANSPORTATION SYSTEM'S IMPACT ON CLI-  
4 MATE CHANGE AND FUEL EFFICIENCY.—

5 (1) STUDY.—The Office of Climate Change and  
6 Environment, in coordination with the Environ-  
7 mental Protection Agency and in consultation with  
8 the United States Global Change Research Program,  
9 shall conduct a study to examine the impact of the  
10 Nation's transportation system on climate change  
11 and the fuel efficiency savings and clean air impacts  
12 of major transportation projects, to identify solu-  
13 tions to reduce air pollution and transportation-re-  
14 lated energy use and mitigate the effects of climate  
15 change, and to examine the potential fuel savings  
16 that could result from changes in the current trans-  
17 portation system and through the use of intelligent  
18 transportation systems that help businesses and con-  
19 sumers to plan their travel and avoid delays, includ-  
20 ing Web-based real-time transit information systems,  
21 congestion information systems, carpool information  
22 systems, parking information systems, freight route  
23 management systems, and traffic management sys-  
24 tems.

1           (2) REPORT.—Not later than one year after the  
2           date of enactment of this Act, the Secretary of  
3           Transportation, in coordination with the Adminis-  
4           trator of the Environmental Protection Agency, shall  
5           transmit to the Committee on Transportation and  
6           Infrastructure and the Committee on Energy and  
7           Commerce of the House of Representatives and the  
8           Committee on Commerce, Science, and Transpor-  
9           tation and the Committee on Environment and Pub-  
10          lic Works of the Senate a report that contains the  
11          results of the study required under this section.

12          (d) AUTHORIZATION OF APPROPRIATIONS.—There  
13          are authorized to be appropriated to the Secretary of  
14          Transportation for the Office of Climate Change and En-  
15          vironment to carry out its duties under section 102(g) of  
16          title 49, United States Code (as amended by this Act),  
17          such sums as may be necessary for fiscal years 2008  
18          through 2011.

## 19                                   **Subtitle B—Railroads**

### 20   **SEC. 1111. ADVANCED TECHNOLOGY LOCOMOTIVE GRANT** 21                                   **PILOT PROGRAM.**

22          (a) IN GENERAL.—The Secretary of Transportation,  
23          in consultation with the Administrator of the Environ-  
24          mental Protection Agency, shall establish and carry out  
25          a pilot program for making grants to railroad carriers (as

1 defined in section 20102 of title 49, United States Code)  
2 and State and local governments—

3 (1) for assistance in purchasing hybrid or other  
4 energy-efficient locomotives, including hybrid switch  
5 and generator-set locomotives; and

6 (2) to demonstrate the extent to which such lo-  
7 comotives increase fuel economy, reduce emissions,  
8 and lower costs of operation.

9 (b) LIMITATION.—Notwithstanding subsection (a),  
10 no grant under this section may be used to fund the costs  
11 of emissions reductions that are mandated under Federal  
12 law.

13 (c) GRANT CRITERIA.—In selecting applicants for  
14 grants under this section, the Secretary of Transportation  
15 shall consider—

16 (1) the level of energy efficiency that would be  
17 achieved by the proposed project;

18 (2) the extent to which the proposed project  
19 would assist in commercial deployment of hybrid or  
20 other energy-efficient locomotive technologies;

21 (3) the extent to which the proposed project  
22 complements other private or governmental partner-  
23 ship efforts to improve air quality or fuel efficiency  
24 in a particular area; and

1           (4) the extent to which the applicant dem-  
2           onstrates innovative strategies and a financial com-  
3           mitment to increasing energy efficiency and reducing  
4           greenhouse gas emissions of its railroad operations.

5           (d) COMPETITIVE GRANT SELECTION PROCESS.—

6           (1) APPLICATIONS.—A railroad carrier or State  
7           or local government seeking a grant under this sec-  
8           tion shall submit for approval by the Secretary of  
9           Transportation an application for the grant con-  
10          taining such information as the Secretary of Trans-  
11          portation may require.

12          (2) COMPETITIVE SELECTION.—The Secretary  
13          of Transportation shall conduct a national sollicita-  
14          tion for applications for grants under this section  
15          and shall select grantees on a competitive basis.

16          (e) FEDERAL SHARE.—The Federal share of the cost  
17          of a project under this section shall not exceed 80 percent  
18          of the project cost.

19          (f) REPORT.—Not later than 3 years after the date  
20          of enactment of this Act, the Secretary of Transportation  
21          shall submit to Congress a report on the results of the  
22          pilot program carried out under this section.

23          (g) AUTHORIZATION OF APPROPRIATIONS.—There is  
24          authorized to be appropriated to the Secretary of Trans-  
25          portation \$10,000,000 for each of the fiscal years 2008

1 through 2011 to carry out this section. Such funds shall  
2 remain available until expended.

3 **SEC. 1112. CAPITAL GRANTS FOR CLASS II AND CLASS III**  
4 **RAILROADS.**

5 (a) AMENDMENT.—Chapter 223 of title 49, United  
6 States Code, is amended to read as follows:

7 **“CHAPTER 223—CAPITAL GRANTS FOR**  
8 **CLASS II AND CLASS III RAILROADS**

“Sec.

“22301. Capital grants for class II and class III railroads.

9 **“§ 22301. Capital grants for class II and class III rail-**  
10 **roads**

11 “(a) ESTABLISHMENT OF PROGRAM.—

12 “(1) ESTABLISHMENT.—The Secretary of  
13 Transportation shall establish a program for making  
14 capital grants to class II and class III railroads.  
15 Such grants shall be for projects in the public inter-  
16 est that—

17 “(A)(i) rehabilitate, preserve, or improve  
18 railroad track (including roadbed, bridges, and  
19 related track structures) used primarily for  
20 freight transportation;

21 “(ii) facilitate the continued or greater use  
22 of railroad transportation for freight shipments;  
23 and

1           “(iii) reduce the use of less fuel efficient  
2           modes of transportation in the transportation of  
3           such shipments; and

4           “(B) demonstrate innovative technologies  
5           and advanced research and development that  
6           increase fuel economy, reduce greenhouse gas  
7           emissions, and lower the costs of operation.

8           “(2) PROVISION OF GRANTS.—Grants may be  
9           provided under this chapter—

10           “(A) directly to the class II or class III  
11           railroad; or

12           “(B) with the concurrence of the class II  
13           or class III railroad, to a State or local govern-  
14           ment.

15           “(3) STATE COOPERATION.—Class II and class  
16           III railroad applicants for a grant under this chap-  
17           ter are encouraged to utilize the expertise and assist-  
18           ance of State transportation agencies in applying for  
19           and administering such grants. State transportation  
20           agencies are encouraged to provide such expertise  
21           and assistance to such railroads.

22           “(4) REGULATIONS.—Not later than October 1,  
23           2008, the Secretary shall issue final regulations to  
24           implement the program under this section.

1           “(b) MAXIMUM FEDERAL SHARE.—The maximum  
2 Federal share for carrying out a project under this section  
3 shall be 80 percent of the project cost. The non-Federal  
4 share may be provided by any non-Federal source in cash,  
5 equipment, or supplies. Other in-kind contributions may  
6 be approved by the Secretary on a case-by-case basis con-  
7 sistent with this chapter.

8           “(c) USE OF FUNDS.—Grants provided under this  
9 section shall be used to implement track capital projects  
10 as soon as possible. In no event shall grant funds be con-  
11 tractually obligated for a project later than the end of the  
12 third Federal fiscal year following the year in which the  
13 grant was awarded. Any funds not so obligated by the end  
14 of such fiscal year shall be returned to the Secretary for  
15 reallocation.

16           “(d) EMPLOYEE PROTECTION.—The Secretary shall  
17 require as a condition of any grant made under this sec-  
18 tion that the recipient railroad provide a fair arrangement  
19 at least as protective of the interests of employees who  
20 are affected by the project to be funded with the grant  
21 as the terms imposed under section 11326(a), as in effect  
22 on the date of the enactment of this chapter.

23           “(e) LABOR STANDARDS.—

24                   “(1) PREVAILING WAGES.—The Secretary shall  
25 ensure that laborers and mechanics employed by

1 contractors and subcontractors in construction work  
2 financed by a grant made under this section will be  
3 paid wages not less than those prevailing on similar  
4 construction in the locality, as determined by the  
5 Secretary of Labor under subchapter IV of chapter  
6 31 of title 40 (commonly known as the ‘Davis-Bacon  
7 Act’). The Secretary shall make a grant under this  
8 section only after being assured that required labor  
9 standards will be maintained on the construction  
10 work.

11 “(2) WAGE RATES.—Wage rates in a collective  
12 bargaining agreement negotiated under the Railway  
13 Labor Act (45 U.S.C. 151 et seq.) are deemed for  
14 purposes of this subsection to comply with the sub-  
15 chapter IV of chapter 31 of title 40.

16 “(f) STUDY.—The Secretary shall conduct a study of  
17 the projects carried out with grant assistance under this  
18 section to determine the extent to which the program helps  
19 promote a reduction in fuel use associated with the trans-  
20 portation of freight and demonstrates innovative tech-  
21 nologies that increase fuel economy, reduce greenhouse  
22 gas emissions, and lower the costs of operation. Not later  
23 than March 31, 2009, the Secretary shall submit a report  
24 to the Committee on Transportation and Infrastructure  
25 of the House of Representatives and the Committee on

1 Commerce, Science, and Transportation of the Senate on  
 2 the study, including any recommendations the Secretary  
 3 considers appropriate regarding the program.

4 “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
 5 is authorized to be appropriated to the Secretary  
 6 \$50,000,000 for each of fiscal years 2008 through 2011  
 7 for carrying out this section.”.

8 (b) CLERICAL AMENDMENT.—The item relating to  
 9 chapter 223 in the table of chapters of subtitle V of title  
 10 49, United States Code, is amended to read as follows:

“223. CAPITAL GRANTS FOR CLASS II AND CLASS III RAIL-  
 ROADS ..... 22301”.

## 11 **Subtitle C—Marine Transportation**

### 12 **SEC. 1121. SHORT SEA TRANSPORTATION INITIATIVE.**

13 (a) IN GENERAL.—Title 46, United States Code, is  
 14 amended by adding after chapter 555 the following:

### 15 **“CHAPTER 556—SHORT SEA** 16 **TRANSPORTATION**

“Sec. 55601. Short sea transportation program.

“Sec. 55602. Cargo and shippers.

“Sec. 55603. Interagency coordination.

“Sec. 55604. Research on short sea transportation.

“Sec. 55605. Short sea transportation defined.

### 17 **“§ 55601. Short sea transportation program**

18 “(a) ESTABLISHMENT.—The Secretary of Transpor-  
 19 tation shall establish a short sea transportation program  
 20 and designate short sea transportation projects to be con-  
 21 ducted under the program to mitigate landside congestion.

1           “(b) PROGRAM ELEMENTS.—The program shall en-  
2 courage the use of short sea transportation through the  
3 development and expansion of—

4           “(1) documented vessels;

5           “(2) shipper utilization;

6           “(3) port and landside infrastructure; and

7           “(4) marine transportation strategies by State  
8 and local governments.

9           “(c) SHORT SEA TRANSPORTATION ROUTES.—The  
10 Secretary shall designate short sea transportation routes  
11 as extensions of the surface transportation system to focus  
12 public and private efforts to use the waterways to relieve  
13 landside congestion along coastal corridors. The Secretary  
14 may collect and disseminate data for the designation and  
15 delineation of short sea transportation routes.

16           “(d) PROJECT DESIGNATION.—The Secretary may  
17 designate a project to be a short sea transportation project  
18 if the Secretary determines that the project may—

19           “(1) offer a waterborne alternative to available  
20 landside transportation services using documented  
21 vessels; and

22           “(2) provide transportation services for pas-  
23 sengers or freight (or both) that may reduce conges-  
24 tion on landside infrastructure using documented  
25 vessels.

1           “(e) ELEMENTS OF PROGRAM.—For a short sea  
2 transportation project designated under this section, the  
3 Secretary may—

4           “(1) promote the development of short sea  
5 transportation services;

6           “(2) coordinate, with ports, State departments  
7 of transportation, localities, other public agencies,  
8 and the private sector and on the development of  
9 landside facilities and infrastructure to support  
10 short sea transportation services; and

11           “(3) develop performance measures for the  
12 short sea transportation program.

13           “(f) MULTISTATE, STATE AND REGIONAL TRANS-  
14 PORTATION PLANNING.—The Secretary, in consultation  
15 with Federal entities and State and local governments,  
16 shall develop strategies to encourage the use of short sea  
17 transportation for transportation of passengers and cargo.  
18 The Secretary shall—

19           “(1) assess the extent to which States and local  
20 governments include short sea transportation and  
21 other marine transportation solutions in their trans-  
22 portation planning;

23           “(2) encourage State departments of transpor-  
24 tation to develop strategies, where appropriate, to  
25 incorporate short sea transportation, ferries, and

1 other marine transportation solutions for regional  
2 and interstate transport of freight and passengers in  
3 their transportation planning; and

4 “(3) encourage groups of States and multi-  
5 State transportation entities to determine how short  
6 sea transportation can address congestion, bottle-  
7 necks, and other interstate transportation chal-  
8 lenges.

9 **“§ 55602. Cargo and shippers**

10 “(a) MEMORANDUMS OF AGREEMENT.—The Sec-  
11 retary of Transportation shall enter into memorandums  
12 of understanding with the heads of other Federal entities  
13 to transport federally owned or generated cargo using a  
14 short sea transportation project designated under section  
15 55601 when practical or available.

16 “(b) SHORT-TERM INCENTIVES.—The Secretary  
17 shall consult shippers and other participants in transpor-  
18 tation logistics and develop proposals for short-term incen-  
19 tives to encourage the use of short sea transportation.

20 **“§ 55603. Interagency coordination**

21 “The Secretary of Transportation shall establish a  
22 board to identify and seek solutions to impediments hin-  
23 dering effective use of short sea transportation. The board  
24 shall include representatives of the Environmental Protec-

1 tion Agency and other Federal, State, and local govern-  
2 mental entities and private sector entities.

3 **“§ 55604. Research on short sea transportation**

4 “The Secretary of Transportation, in consultation  
5 with the Administrator of the Environmental Protection  
6 Agency, may conduct research on short sea transportation,  
7 regarding—

8 “(1) the environmental and transportation ben-  
9 efits to be derived from short sea transportation al-  
10 ternatives for other forms of transportation;

11 “(2) technology, vessel design, and other im-  
12 provements that would reduce emissions, increase  
13 fuel economy, and lower costs of short sea transpor-  
14 tation and increase the efficiency of intermodal  
15 transfers; and

16 “(3) solutions to impediments to short sea  
17 transportation projects designated under section  
18 55601.

19 **“§ 55605. Short sea transportation defined**

20 “In this chapter, the term ‘short sea transportation’  
21 means the carriage by vessel of cargo—

22 “(1) that is—

23 “(A) contained in intermodal cargo con-  
24 tainers and loaded by crane on the vessel; or

1           “(B) loaded on the vessel by means of  
2           wheeled technology; and

3           “(2) that is—

4           “(A) loaded at a port in the United States  
5           and unloaded either at another port in the  
6           United States or at a port in Canada located in  
7           the Great Lakes Saint Lawrence Seaway Sys-  
8           tem; or

9           “(B) loaded at a port in Canada located in  
10          the Great Lakes Saint Lawrence Seaway Sys-  
11          tem and unloaded at a port in the United  
12          States.”.

13          (b) CLERICAL AMENDMENT.—The table of chapters  
14 at the beginning of subtitle V of such title is amended  
15 by inserting after the item relating to chapter 555 the fol-  
16 lowing:

**“556. Short Sea Transportation .....55601”.**

17          (c) REGULATIONS.—

18           (1) INTERIM REGULATIONS.—Not later than 90  
19           days after the date of enactment of this Act, the  
20           Secretary of Transportation shall issue temporary  
21           regulations to implement the program under this  
22           section. Subchapter II of chapter 5 of title 5, United  
23           States Code, does not apply to a temporary regula-  
24           tion issued under this paragraph or to an amend-  
25           ment to such a temporary regulation.



1 in the United States or at a port in Can-  
2 ada located in the Great Lakes Saint Law-  
3 rence Seaway System; or

4 “(ii) loaded at a port in Canada lo-  
5 cated in the Great Lakes Saint Lawrence  
6 Seaway System and unloaded at a port in  
7 the United States.”.

8 (b) ALLOWABLE PURPOSE.—Section 53503(b) of  
9 such title is amended by striking “or noncontiguous do-  
10 mestic trade” and inserting “noncontiguous domestic, or  
11 short sea transportation trade”.

12 **SEC. 1123. SHORT SEA TRANSPORTATION REPORT.**

13 Not later than one year after the date of enactment  
14 of this Act, the Secretary of Transportation, in consulta-  
15 tion with the Administrator of the Environmental Protec-  
16 tion Agency, shall submit to the Committee on Transpor-  
17 tation and Infrastructure of the House of Representatives  
18 and the Committee on Commerce, Science, and Transpor-  
19 tation of the Senate a report on the short sea transpor-  
20 tation program established under the amendments made  
21 by section 1121. The report shall include a description of  
22 the activities conducted under the program, and any rec-  
23 ommendations for further legislative or administrative ac-  
24 tion that the Secretary of Transportation considers appro-  
25 priate.

## Subtitle D—Highways

1  
2 **SEC. 1131. INCREASED FEDERAL SHARE FOR CMAQ**  
3 **PROJECTS.**

4 Section 120(c) of title 23, United States Code, is  
5 amended—

6 (1) in the subsection heading by striking “FOR  
7 CERTAIN SAFETY PROJECTS”;

8 (2) by striking “The Federal share” and insert-  
9 ing the following:

10 “(1) CERTAIN SAFETY PROJECTS.—The Fed-  
11 eral share”; and

12 (3) by adding at the end the following:

13 “(2) CMAQ PROJECTS.—The Federal share  
14 payable on account of a project or program carried  
15 out under section 149 with funds obligated in fiscal  
16 year 2008 or 2009, or both, shall be not less than  
17 80 percent and, at the discretion of the State, may  
18 be up to 100 percent of the cost thereof.”.

19 **SEC. 1132. DISTRIBUTION OF RESCISSIONS.**

20 (a) IN GENERAL.—Any unobligated balances of  
21 amounts that are appropriated from the Highway Trust  
22 Fund for a fiscal year, and apportioned under chapter 1  
23 of title 23, United States Code, before, on, or after the  
24 date of enactment of this Act and that are rescinded in  
25 fiscal year 2008 or fiscal year 2009 shall be distributed

1 by the Secretary of Transportation within each State (as  
2 defined in section 101 of such title) among all programs  
3 for which funds are apportioned under such chapter for  
4 such fiscal year, to the extent sufficient funds remain  
5 available for obligation, in the ratio that the amount of  
6 funds apportioned for each program under such chapter  
7 for such fiscal year, bears to the amount of funds appor-  
8 tioned for all such programs under such chapter for such  
9 fiscal year.

10 (b) ADJUSTMENTS.—A State may make adjustments  
11 to the distribution of a rescission within the State for a  
12 fiscal year under subsection (a) by transferring the  
13 amounts to be rescinded among the programs for which  
14 funds are apportioned under chapter 1 of title 23, United  
15 States Code, for such fiscal year, except that in making  
16 such adjustments the State may not rescind from any such  
17 program more than 110 percent of the funds to be re-  
18 scinded from the program for the fiscal year as determined  
19 by the Secretary of Transportation under subsection (a).

20 (c) TREATMENT OF TRANSPORTATION ENHANCE-  
21 MENT SET-ASIDE AND FUNDS SUBALLOCATED TO SUB-  
22 STATE AREAS.—Funds set aside under sections 133(d)(2)  
23 and 133(d)(3) of title 23, United States Code, shall be  
24 treated as being apportioned under chapter 1 of such title  
25 for purposes of subsection (a).

1 **SEC. 1133. SENSE OF CONGRESS REGARDING USE OF COM-**  
2 **plete Streets Design Techniques.**

3 It is the sense of Congress that in constructing new  
4 roadways or rehabilitating existing facilities, State and  
5 local governments should consider policies designed to ac-  
6 commodate all users, including motorists, pedestrians, cy-  
7 clists, transit riders, and people of all ages and abilities,  
8 in order to—

9 (1) serve all surface transportation users by  
10 creating a more interconnected and intermodal sys-  
11 tem;

12 (2) create more viable transportation options;  
13 and

14 (3) facilitate the use of environmentally friendly  
15 options, such as public transportation, walking, and  
16 bicycling.

17 **TITLE XII—SMALL BUSINESS**  
18 **ENERGY PROGRAMS**

19 **SEC. 1201. EXPRESS LOANS FOR RENEWABLE ENERGY AND**  
20 **ENERGY EFFICIENCY.**

21 Section 7(a)(31) of the Small Business Act (15  
22 U.S.C. 636(a)(31)) is amended by adding at the end the  
23 following:

24 “(F) EXPRESS LOANS FOR RENEWABLE  
25 ENERGY AND ENERGY EFFICIENCY.—

1                   “(i) DEFINITIONS.—In this subpara-  
2 graph—

3                   “(I) the term ‘biomass’—

4                   “(aa) means any organic  
5 material that is available on a re-  
6 newable or recurring basis, in-  
7 cluding—

8                   “(AA) agricultural  
9 crops;

10                   “(BB) trees grown for  
11 energy production;

12                   “(CC) wood waste and  
13 wood residues;

14                   “(DD) plants (includ-  
15 ing aquatic plants and  
16 grasses);

17                   “(EE) residues;

18                   “(FF) fibers;

19                   “(GG) animal wastes  
20 and other waste materials;  
21 and

22                   “(HH) fats, oils, and  
23 greases (including recycled  
24 fats, oils, and greases); and

25                   “(bb) does not include—

1 “(AA) paper that is  
2 commonly recycled; or

3 “(BB) unsegregated  
4 solid waste;

5 “(II) the term ‘energy efficiency  
6 project’ means the installation or up-  
7 grading of equipment that results in a  
8 significant reduction in energy usage;  
9 and

10 “(III) the term ‘renewable energy  
11 system’ means a system of energy de-  
12 rived from—

13 “(aa) a wind, solar, biomass  
14 (including biodiesel), or geo-  
15 thermal source; or

16 “(bb) hydrogen derived from  
17 biomass or water using an energy  
18 source described in item (aa).

19 “(ii) LOANS.—The Administrator may  
20 make a loan under the Express Loan Pro-  
21 gram for the purpose of—

22 “(I) purchasing a renewable en-  
23 ergy system; or

1                   “(II) carrying out an energy effi-  
2                   ciency project for a small business  
3                   concern.”.

4 **SEC. 1202. PILOT PROGRAM FOR REDUCED 7(a) FEES FOR**  
5 **PURCHASE OF ENERGY EFFICIENT TECH-**  
6 **NOLOGIES.**

7           Section 7(a) of the Small Business Act (15 U.S.C.  
8 636(a)) is amended by adding at the end the following:

9                   “(32) LOANS FOR ENERGY EFFICIENT TECH-  
10           NOLOGIES.—

11                   “(A) DEFINITIONS.—In this paragraph—

12                   “(i) the term ‘cost’ has the meaning  
13                   given that term in section 502 of the Fed-  
14                   eral Credit Reform Act of 1990 (2 U.S.C.  
15                   661a);

16                   “(ii) the term ‘covered energy effi-  
17                   ciency loan’ means a loan—

18                   “(I) made under this subsection;

19                   and

20                   “(II) the proceeds of which are  
21                   used to purchase energy efficient de-  
22                   signs, equipment, or fixtures, or to re-  
23                   duce the energy consumption of the  
24                   borrower by 10 percent or more; and

1                   “(iii) the term ‘pilot program’ means  
2                   the pilot program established under sub-  
3                   paragraph (B)

4                   “(B) ESTABLISHMENT.—The Adminis-  
5                   trator shall establish and carry out a pilot pro-  
6                   gram under which the Administrator shall re-  
7                   duce the fees for covered energy efficiency  
8                   loans.

9                   “(C) DURATION.—The pilot program shall  
10                  terminate at the end of the second full fiscal  
11                  year after the date that the Administrator es-  
12                  tablishes the pilot program.

13                  “(D) MAXIMUM PARTICIPATION.—A cov-  
14                  ered energy efficiency loan shall include the  
15                  maximum participation levels by the Adminis-  
16                  trator permitted for loans made under this sub-  
17                  section.

18                  “(E) FEES.—

19                         “(i) IN GENERAL.—The fee on a cov-  
20                         ered energy efficiency loan shall be equal  
21                         to 50 percent of the fee otherwise applica-  
22                         ble to that loan under paragraph (18).

23                         “(ii) WAIVER.—The Administrator  
24                         may waive clause (i) for a fiscal year if—

1                   “(I) for the fiscal year before  
2                   that fiscal year, the annual rate of de-  
3                   fault of covered energy efficiency  
4                   loans exceeds that of loans made  
5                   under this subsection that are not  
6                   covered energy efficiency loans;

7                   “(II) the cost to the Administra-  
8                   tion of making loans under this sub-  
9                   section is greater than zero and such  
10                  cost is directly attributable to the cost  
11                  of making covered energy efficiency  
12                  loans; and

13                  “(III) no additional sources of  
14                  revenue authority are available to re-  
15                  duce the cost of making loans under  
16                  this subsection to zero.

17                  “(iii) EFFECT OF WAIVER.—If the  
18                  Administrator waives the reduction of fees  
19                  under clause (ii), the Administrator—

20                  “(I) shall not assess or collect  
21                  fees in an amount greater than nec-  
22                  essary to ensure that the cost of the  
23                  program under this subsection is not  
24                  greater than zero; and

1                   “(II) shall reinstate the fee re-  
2                   ductions under clause (i) when the  
3                   conditions in clause (ii) no longer  
4                   apply.

5                   “(iv) NO INCREASE OF FEES.—The  
6                   Administrator shall not increase the fees  
7                   under paragraph (18) on loans made under  
8                   this subsection that are not covered energy  
9                   efficiency loans as a direct result of the  
10                  pilot program.

11                  “(F) GAO REPORT.—

12                  “(i) IN GENERAL.—Not later than 1  
13                  year after the date that the pilot program  
14                  terminates, the Comptroller General of the  
15                  United States shall submit to the Com-  
16                  mittee on Small Business of the House of  
17                  Representatives and the Committee on  
18                  Small Business and Entrepreneurship of  
19                  the Senate a report on the pilot program.

20                  “(ii) CONTENTS.—The report sub-  
21                  mitted under clause (i) shall include—

22                  “(I) the number of covered en-  
23                  ergy efficiency loans for which fees  
24                  were reduced under the pilot program;



1           (4) the term “Efficiency Program” means the  
2           Small Business Energy Efficiency Program estab-  
3           lished under subsection (c)(1);

4           (5) the term “electric utility” has the meaning  
5           given that term in section 3 of the Public Utility  
6           Regulatory Policies Act of 1978 (16 U.S.C. 2602);

7           (6) the term “high performance green building”  
8           has the meaning given that term in section 401;

9           (7) the term “on-bill financing” means a low in-  
10          terest or no interest financing agreement between a  
11          small business concern and an electric utility for the  
12          purchase or installation of equipment, under which  
13          the regularly scheduled payment of that small busi-  
14          ness concern to that electric utility is not reduced by  
15          the amount of the reduction in cost attributable to  
16          the new equipment and that amount is credited to  
17          the electric utility, until the cost of the purchase or  
18          installation is repaid;

19          (8) the term “small business concern” has the  
20          same meaning as in section 3 of the Small Business  
21          Act (15 U.S.C. 632);

22          (9) the term “small business development cen-  
23          ter” means a small business development center de-  
24          scribed in section 21 of the Small Business Act (15  
25          U.S.C. 648);

1           (10) the term “telecommuting” means the use  
2 of telecommunications to perform work functions  
3 under circumstances which reduce or eliminate the  
4 need to commute;

5           (11) the term “Telecommuting Pilot Program”  
6 means the pilot program established under sub-  
7 section (d)(1)(A); and

8           (12) the term “veteran” has the meaning given  
9 that term in section 101 of title 38, United States  
10 Code.

11       (b) IMPLEMENTATION OF SMALL BUSINESS ENERGY  
12 EFFICIENCY PROGRAM.—

13           (1) IN GENERAL.—Not later than 90 days after  
14 the date of enactment of this Act, the Administrator  
15 shall promulgate final rules establishing the Govern-  
16 ment-wide program authorized under subsection (d)  
17 of section 337 of the Energy Policy and Conserva-  
18 tion Act (42 U.S.C. 6307) that ensure compliance  
19 with that subsection by not later than 6 months  
20 after such date of enactment.

21           (2) PROGRAM REQUIRED.—The Administrator  
22 shall develop and coordinate a Government-wide pro-  
23 gram, building on the Energy Star for Small Busi-  
24 ness program, to assist small business concerns in—

25           (A) becoming more energy efficient;

1 (B) understanding the cost savings from  
2 improved energy efficiency; and

3 (C) identifying financing options for en-  
4 ergy efficiency upgrades.

5 (3) CONSULTATION AND COOPERATION.—The  
6 program required by paragraph (2) shall be devel-  
7 oped and coordinated—

8 (A) in consultation with the Secretary of  
9 Energy and the Administrator of the Environ-  
10 mental Protection Agency; and

11 (B) in cooperation with any entities the  
12 Administrator considers appropriate, such as  
13 industry trade associations, industry members,  
14 and energy efficiency organizations.

15 (4) AVAILABILITY OF INFORMATION.—The Ad-  
16 ministrator shall make available the information and  
17 materials developed under the program required by  
18 paragraph (2) to—

19 (A) small business concerns, including  
20 smaller design, engineering, and construction  
21 firms; and

22 (B) other Federal programs for energy ef-  
23 ficiency, such as the Energy Star for Small  
24 Business program.

25 (5) STRATEGY AND REPORT.—

1           (A) STRATEGY REQUIRED.—The Adminis-  
2           trator shall develop a strategy to educate, en-  
3           courage, and assist small business concerns in  
4           adopting energy efficient building fixtures and  
5           equipment.

6           (B) REPORT.—Not later than December  
7           31, 2008, the Administrator shall submit to  
8           Congress a report containing a plan to imple-  
9           ment the strategy developed under subpara-  
10          graph (A).

11       (c) SMALL BUSINESS SUSTAINABILITY INITIATIVE.—

12           (1) AUTHORITY.—The Administrator shall es-  
13           tablish a Small Business Energy Efficiency Program  
14           to provide energy efficiency assistance to small busi-  
15           ness concerns through small business development  
16           centers.

17           (2) SMALL BUSINESS DEVELOPMENT CEN-  
18           TERS.—

19           (A) IN GENERAL.—In carrying out the Ef-  
20           ficiency Program, the Administrator shall enter  
21           into agreements with small business develop-  
22           ment centers under which such centers shall—

23                   (i) provide access to information and  
24                   resources on energy efficiency practices, in-  
25                   cluding on-bill financing options;

1                   (ii) conduct training and educational  
2 activities;

3                   (iii) offer confidential, free, one-on-  
4 one, in-depth energy audits to the owners  
5 and operators of small business concerns  
6 regarding energy efficiency practices;

7                   (iv) give referrals to certified profes-  
8 sionals and other providers of energy effi-  
9 ciency assistance who meet such standards  
10 for educational, technical, and professional  
11 competency as the Administrator shall es-  
12 tablish;

13                   (v) to the extent not inconsistent with  
14 controlling State public utility regulations,  
15 act as a facilitator between small business  
16 concerns, electric utilities, lenders, and the  
17 Administration to facilitate on-bill financ-  
18 ing arrangements;

19                   (vi) provide necessary support to  
20 small business concerns to—

21                   (I) evaluate energy efficiency op-  
22 portunities and opportunities to de-  
23 sign or construct high performance  
24 green buildings;

1 (II) evaluate renewable energy  
2 sources, such as the use of solar and  
3 small wind to supplement power con-  
4 sumption;

5 (III) secure financing to achieve  
6 energy efficiency or to design or con-  
7 struct high performance green build-  
8 ings; and

9 (IV) implement energy efficiency  
10 projects;

11 (vii) assist owners of small business  
12 concerns with the development and com-  
13 mercialization of clean technology prod-  
14 ucts, goods, services, and processes that  
15 use renewable energy sources, dramatically  
16 reduce the use of natural resources, and  
17 cut or eliminate greenhouse gas emissions  
18 through—

19 (I) technology assessment;

20 (II) intellectual property;

21 (III) Small Business Innovation  
22 Research submissions under section 9  
23 of the Small Business Act (15 U.S.C.  
24 638);

25 (IV) strategic alliances;

740

1 (V) business model development;

2 and

3 (VI) preparation for investors;

4 and

5 (viii) help small business concerns im-

6 prove environmental performance by shift-

7 ing to less hazardous materials and reduc-

8 ing waste and emissions, including by pro-

9 viding assistance for small business con-

10 cerns to adapt the materials they use, the

11 processes they operate, and the products

12 and services they produce.

13 (B) REPORTS.—Each small business devel-

14 opment center participating in the Efficiency

15 Program shall submit to the Administrator and

16 the Administrator of the Environmental Protec-

17 tion Agency an annual report that includes—

18 (i) a summary of the energy efficiency

19 assistance provided by that center under

20 the Efficiency Program;

21 (ii) the number of small business con-

22 cerns assisted by that center under the Ef-

23 ficiency Program;

24 (iii) statistics on the total amount of

25 energy saved as a result of assistance pro-

1           vided by that center under the Efficiency  
2           Program; and

3                   (iv) any additional information deter-  
4                   mined necessary by the Administrator, in  
5                   consultation with the association.

6           (C) REPORTS TO CONGRESS.—Not later  
7           than 60 days after the date on which all reports  
8           under subparagraph (B) relating to a year are  
9           submitted, the Administrator shall submit to  
10          the Committee on Small Business and Entre-  
11          preneurship of the Senate and the Committee  
12          on Small Business of the House of Representa-  
13          tives a report summarizing the information re-  
14          garding the Efficiency Program submitted by  
15          small business development centers partici-  
16          pating in that program.

17          (3) ELIGIBILITY.—A small business develop-  
18          ment center shall be eligible to participate in the Ef-  
19          ficiency Program only if that center is certified  
20          under section 21(k)(2) of the Small Business Act  
21          (15 U.S.C. 648(k)(2)).

22          (4) SELECTION OF PARTICIPATING STATE PRO-  
23          GRAMS.—From among small business development  
24          centers submitting applications to participate in the  
25          Efficiency Program, the Administrator—

1 (A) shall, to the maximum extent prac-  
2 ticable, select small business development cen-  
3 ters in such a manner so as to promote a na-  
4 tionwide distribution of centers participating in  
5 the Efficiency Program; and

6 (B) may not select more than 1 small busi-  
7 ness development center in a State to partici-  
8 pate in the Efficiency Program.

9 (5) MATCHING REQUIREMENT.—Subparagraphs  
10 (A) and (B) of section 21(a)(4) of the Small Busi-  
11 ness Act (15 U.S.C. 648(a)(4)) shall apply to assist-  
12 ance made available under the Efficiency Program.

13 (6) GRANT AMOUNTS.—Each small business de-  
14 velopment center selected to participate in the Effi-  
15 ciency Program under paragraph (4) shall be eligible  
16 to receive a grant in an amount equal to—

17 (A) not less than \$100,000 in each fiscal  
18 year; and

19 (B) not more than \$300,000 in each fiscal  
20 year.

21 (7) EVALUATION AND REPORT.—The Comp-  
22 troller General of the United States shall—

23 (A) not later than 30 months after the  
24 date of disbursement of the first grant under

1 the Efficiency Program, initiate an evaluation  
2 of that program; and

3 (B) not later than 6 months after the date  
4 of the initiation of the evaluation under sub-  
5 paragraph (A), submit to the Administrator,  
6 the Committee on Small Business and Entre-  
7 preneurship of the Senate, and the Committee  
8 on Small Business of the House of Representa-  
9 tives, a report containing—

10 (i) the results of the evaluation; and

11 (ii) any recommendations regarding  
12 whether the Efficiency Program, with or  
13 without modification, should be extended  
14 to include the participation of all small  
15 business development centers.

16 (8) GUARANTEE.—To the extent not incon-  
17 sistent with State law, the Administrator may guar-  
18 antee the timely payment of a loan made to a small  
19 business concern through an on-bill financing agree-  
20 ment on such terms and conditions as the Adminis-  
21 trator shall establish through a formal rule making,  
22 after providing notice and an opportunity for com-  
23 ment.

24 (9) IMPLEMENTATION.—Subject to amounts ap-  
25 proved in advance in appropriations Acts and sepa-

1 rate from amounts approved to carry out section  
2 21(a)(1) of the Small Business Act (15 U.S.C.  
3 648(a)(1)), the Administrator may make grants or  
4 enter into cooperative agreements to carry out this  
5 subsection.

6 (10) AUTHORIZATION OF APPROPRIATIONS.—  
7 There are authorized to be appropriated such sums  
8 as are necessary to make grants and enter into coop-  
9 erative agreements to carry out this subsection.

10 (11) TERMINATION.—The authority under this  
11 subsection shall terminate 4 years after the date of  
12 disbursement of the first grant under the Efficiency  
13 Program.

14 (d) SMALL BUSINESS TELECOMMUTING.—

15 (1) PILOT PROGRAM.—

16 (A) IN GENERAL.—The Administrator  
17 shall conduct, in not more than 5 of the regions  
18 of the Administration, a pilot program to pro-  
19 vide information regarding telecommuting to  
20 employers that are small business concerns and  
21 to encourage such employers to offer telecom-  
22 muting options to employees.

23 (B) SPECIAL OUTREACH TO INDIVIDUALS  
24 WITH DISABILITIES.—In carrying out the Tele-  
25 commuting Pilot Program, the Administrator

1 shall make a concerted effort to provide infor-  
2 mation to—

3 (i) small business concerns owned by  
4 or employing individuals with disabilities,  
5 particularly veterans who are individuals  
6 with disabilities;

7 (ii) Federal, State, and local agencies  
8 having knowledge and expertise in assist-  
9 ing individuals with disabilities, including  
10 veterans who are individuals with disabil-  
11 ities; and

12 (iii) any group or organization, the  
13 primary purpose of which is to aid individ-  
14 uals with disabilities or veterans who are  
15 individuals with disabilities.

16 (C) PERMISSIBLE ACTIVITIES.—In car-  
17 rying out the Telecommuting Pilot Program,  
18 the Administrator may—

19 (i) produce educational materials and  
20 conduct presentations designed to raise  
21 awareness in the small business community  
22 of the benefits and the ease of telecom-  
23 muting;

24 (ii) conduct outreach—

1 (I) to small business concerns  
2 that are considering offering telecom-  
3 muting options; and

4 (II) as provided in subparagraph  
5 (B); and

6 (iii) acquire telecommuting tech-  
7 nologies and equipment to be used for  
8 demonstration purposes.

9 (D) SELECTION OF REGIONS.—In deter-  
10 mining which regions will participate in the  
11 Telecommuting Pilot Program, the Adminis-  
12 trator shall give priority consideration to re-  
13 gions in which Federal agencies and private-sec-  
14 tor employers have demonstrated a strong re-  
15 gional commitment to telecommuting.

16 (2) REPORT TO CONGRESS.—Not later than 2  
17 years after the date on which funds are first appro-  
18 priated to carry out this subsection, the Adminis-  
19 trator shall transmit to the Committee on Small  
20 Business and Entrepreneurship of the Senate and  
21 the Committee on Small Business of the House of  
22 Representatives a report containing the results of an  
23 evaluation of the Telecommuting Pilot Program and  
24 any recommendations regarding whether the pilot  
25 program, with or without modification, should be ex-

1 tended to include the participation of all regions of  
2 the Administration.

3 (3) TERMINATION.—The Telecommuting Pilot  
4 Program shall terminate 4 years after the date on  
5 which funds are first appropriated to carry out this  
6 subsection.

7 (4) AUTHORIZATION OF APPROPRIATIONS.—  
8 There is authorized to be appropriated to the Ad-  
9 ministration \$5,000,000 to carry out this subsection.

10 (e) ENCOURAGING INNOVATION IN ENERGY EFFI-  
11 CIENCY.—Section 9 of the Small Business Act (15 U.S.C.  
12 638) is amended by adding at the end the following:

13 “(z) ENCOURAGING INNOVATION IN ENERGY EFFI-  
14 CIENCY.—

15 “(1) FEDERAL AGENCY ENERGY-RELATED PRI-  
16 ORITY.—In carrying out its duties under this section  
17 relating to SBIR and STTR solicitations by Federal  
18 departments and agencies, the Administrator shall—

19 “(A) ensure that such departments and  
20 agencies give high priority to small business  
21 concerns that participate in or conduct energy  
22 efficiency or renewable energy system research  
23 and development projects; and

24 “(B) include in the annual report to Con-  
25 gress under subsection (b)(7) a determination

1           of whether the priority described in subpara-  
2           graph (A) is being carried out.

3           “(2) CONSULTATION REQUIRED.—The Adminis-  
4           trator shall consult with the heads of other Federal  
5           departments and agencies in determining whether  
6           priority has been given to small business concerns  
7           that participate in or conduct energy efficiency or  
8           renewable energy system research and development  
9           projects, as required by this subsection.

10          “(3) GUIDELINES.—The Administrator shall, as  
11          soon as is practicable after the date of enactment of  
12          this subsection, issue guidelines and directives to as-  
13          sist Federal agencies in meeting the requirements of  
14          this subsection.

15          “(4) DEFINITIONS.—In this subsection—

16                 “(A) the term ‘biomass’—

17                         “(i) means any organic material that  
18                         is available on a renewable or recurring  
19                         basis, including—

20                                 “(I) agricultural crops;

21                                 “(II) trees grown for energy pro-  
22                                 duction;

23                                 “(III) wood waste and wood resi-  
24                                 dues;

1                   “(IV) plants (including aquatic  
2 plants and grasses);

3                   “(V) residues;

4                   “(VI) fibers;

5                   “(VII) animal wastes and other  
6 waste materials; and

7                   “(VIII) fats, oils, and greases  
8 (including recycled fats, oils, and  
9 greases); and

10                  “(ii) does not include—

11                   “(I) paper that is commonly re-  
12 cycled; or

13                   “(II) unsegregated solid waste;

14                   “(B) the term ‘energy efficiency project’  
15 means the installation or upgrading of equip-  
16 ment that results in a significant reduction in  
17 energy usage; and

18                   “(C) the term ‘renewable energy system’  
19 means a system of energy derived from—

20                   “(i) a wind, solar, biomass (including  
21 biodiesel), or geothermal source; or

22                   “(ii) hydrogen derived from biomass  
23 or water using an energy source described  
24 in clause (i).”.

1 **SEC. 1204. LARGER 504 LOAN LIMITS TO HELP BUSINESS**  
2 **DEVELOP ENERGY EFFICIENT TECH-**  
3 **NOLOGIES AND PURCHASES.**

4 (a) **ELIGIBILITY FOR ENERGY EFFICIENCY**  
5 **PROJECTS.**—Section 501(d)(3) of the Small Business In-  
6 vestment Act of 1958 (15 U.S.C. 695(d)(3)) is amended—

7 (1) in subparagraph (G) by striking “or” at the  
8 end;

9 (2) in subparagraph (H) by striking the period  
10 at the end and inserting a comma;

11 (3) by inserting after subparagraph (H) the fol-  
12 lowing:

13 “(I) reduction of energy consumption by at  
14 least 10 percent,

15 “(J) increased use of sustainable design,  
16 including designs that reduce the use of green-  
17 house gas emitting fossil fuels, or low-impact  
18 design to produce buildings that reduce the use  
19 of non-renewable resources and minimize envi-  
20 ronmental impact, or

21 “(K) plant, equipment and process up-  
22 grades of renewable energy sources such as the  
23 small-scale production of energy for individual  
24 buildings or communities consumption, com-  
25 monly known as micropower, or renewable fuels

1 producers including biodiesel and ethanol pro-  
2 ducers.”; and

3 (4) by adding at the end the following: “In sub-  
4 paragraphs (J) and (K), terms have the meanings  
5 given those terms under the Leadership in Energy  
6 and Environmental Design (LEED) standard for  
7 green building certification, as determined by the  
8 Administrator.”.

9 (b) LOANS FOR PLANT PROJECTS USED FOR EN-  
10 ERGY-EFFICIENT PURPOSES.—Section 502(2)(A) of the  
11 Small Business Investment Act of 1958 (15 U.S.C.  
12 696(2)(A)) is amended—

13 (1) in clause (ii) by striking “and” at the end;

14 (2) in clause (iii) by striking the period at the  
15 end and inserting a semicolon; and

16 (3) by adding at the end the following:

17 “(iv) \$4,000,000 for each project that  
18 reduces the borrower’s energy consumption  
19 by at least 10 percent; and

20 “(v) \$4,000,000 for each project that  
21 generates renewable energy or renewable  
22 fuels, such as biodiesel or ethanol produc-  
23 tion.”.

1 **SEC. 1205. ENERGY SAVING DEBENTURES.**

2 (a) IN GENERAL.—Section 303 of the Small Business  
3 Investment Act of 1958 (15 U.S.C. 683) is amended by  
4 adding at the end the following:

5 “(k) ENERGY SAVING DEBENTURES.—In addition to  
6 any other authority under this Act, a small business in-  
7 vestment company licensed in the first fiscal year after  
8 the date of enactment of this subsection or any fiscal year  
9 thereafter may issue Energy Saving debentures.”.

10 (b) DEFINITIONS.—Section 103 of the Small Busi-  
11 ness Investment Act of 1958 (15 U.S.C. 662) is amend-  
12 ed—

13 (1) in paragraph (16), by striking “and” at the  
14 end;

15 (2) in paragraph (17), by striking the period at  
16 the end and inserting a semicolon; and

17 (3) by adding at the end the following:

18 “(18) the term ‘Energy Saving debenture’  
19 means a deferred interest debenture that—

20 “(A) is issued at a discount;

21 “(B) has a 5-year maturity or a 10-year  
22 maturity;

23 “(C) requires no interest payment or an-  
24 nual charge for the first 5 years;

25 “(D) is restricted to Energy Saving quali-  
26 fied investments; and

1           “(E) is issued at no cost (as defined in  
2           section 502 of the Credit Reform Act of 1990)  
3           with respect to purchasing and guaranteeing  
4           the debenture; and

5           “(19) the term ‘Energy Saving qualified invest-  
6           ment’ means investment in a small business concern  
7           that is primarily engaged in researching, manufac-  
8           turing, developing, or providing products, goods, or  
9           services that reduce the use or consumption of non-  
10          renewable energy resources.”.

11 **SEC. 1206. INVESTMENTS IN ENERGY SAVING SMALL BUSI-**  
12 **NESSES.**

13          (a) **MAXIMUM LEVERAGE.**—Section 303(b)(2) of the  
14 Small Business Investment Act of 1958 (15 U.S.C.  
15 303(b)(2)) is amended by adding at the end the following:

16           “(D) **INVESTMENTS IN ENERGY SAVING**  
17 **SMALL BUSINESSES.**—

18           “(i) **IN GENERAL.**—Subject to clause  
19           (ii), in calculating the outstanding leverage  
20           of a company for purposes of subpara-  
21           graph (A), the Administrator shall exclude  
22           the amount of the cost basis of any Energy  
23           Saving qualified investment in a smaller  
24           enterprise made in the first fiscal year  
25           after the date of enactment of this sub-

1 paragraph or any fiscal year thereafter by  
2 a company licensed in the applicable fiscal  
3 year.

4 “(ii) LIMITATIONS.—

5 “(I) AMOUNT OF EXCLUSION.—

6 The amount excluded under clause (i)  
7 for a company shall not exceed 33  
8 percent of the private capital of that  
9 company.

10 “(II) MAXIMUM INVESTMENT.—

11 A company shall not make an Energy  
12 Saving qualified investment in any  
13 one entity in an amount equal to more  
14 than 20 percent of the private capital  
15 of that company.

16 “(III) OTHER TERMS.—The ex-

17 clusion of amounts under clause (i)  
18 shall be subject to such terms as the  
19 Administrator may impose to ensure  
20 that there is no cost (as that term is  
21 defined in section 502 of the Federal  
22 Credit Reform Act of 1990 (2 U.S.C.  
23 661a)) with respect to purchasing or  
24 guaranteeing any debenture in-  
25 volved.”.

1 (b) MAXIMUM AGGREGATE AMOUNT OF LEVER-  
2 AGE.—Section 303(b)(4) of the Small Business Invest-  
3 ment Act of 1958 (15 U.S.C. 303(b)(4)) is amended by  
4 adding at the end the following:

5 “(E) INVESTMENTS IN ENERGY SAVING  
6 SMALL BUSINESSES.—

7 “(i) IN GENERAL.—Subject to clause  
8 (ii), in calculating the aggregate out-  
9 standing leverage of a company for pur-  
10 poses of subparagraph (A), the Adminis-  
11 trator shall exclude the amount of the cost  
12 basis of any Energy Saving qualified in-  
13 vestment in a smaller enterprise made in  
14 the first fiscal year after the date of enact-  
15 ment of this subparagraph or any fiscal  
16 year thereafter by a company licensed in  
17 the applicable fiscal year.

18 “(ii) LIMITATIONS.—

19 “(I) AMOUNT OF EXCLUSION.—  
20 The amount excluded under clause (i)  
21 for a company shall not exceed 33  
22 percent of the private capital of that  
23 company.

24 “(II) MAXIMUM INVESTMENT.—

25 A company shall not make an Energy

1 Saving qualified investment in any  
2 one entity in an amount equal to more  
3 than 20 percent of the private capital  
4 of that company.

5 “(III) OTHER TERMS.—The ex-  
6 clusion of amounts under clause (i)  
7 shall be subject to such terms as the  
8 Administrator may impose to ensure  
9 that there is no cost (as that term is  
10 defined in section 502 of the Federal  
11 Credit Reform Act of 1990 (2 U.S.C.  
12 661a)) with respect to purchasing or  
13 guaranteeing any debenture in-  
14 volved.”.

15 **SEC. 1207. RENEWABLE FUEL CAPITAL INVESTMENT COM-**  
16 **PANY.**

17 Title III of the Small Business Investment Act of  
18 1958 (15 U.S.C. 681 et seq.) is amended by adding at  
19 the end the following:

20 **“PART C—RENEWABLE FUEL CAPITAL**  
21 **INVESTMENT PILOT PROGRAM**

22 **“SEC. 381. DEFINITIONS.**

23 “In this part:

24 “(1) OPERATIONAL ASSISTANCE.—The term  
25 ‘operational assistance’ means management, mar-

1       keting, and other technical assistance that assists a  
2       small business concern with business development.

3               “(2) PARTICIPATION AGREEMENT.—The term  
4       ‘participation agreement’ means an agreement, be-  
5       tween the Administrator and a company granted  
6       final approval under section 384(e), that—

7               “(A) details the operating plan and invest-  
8       ment criteria of the company; and

9               “(B) requires the company to make invest-  
10       ments in smaller enterprises primarily engaged  
11       in researching, manufacturing, developing, pro-  
12       ducing, or bringing to market goods, products,  
13       or services that generate or support the produc-  
14       tion of renewable energy.

15              “(3) RENEWABLE ENERGY.—The term ‘renew-  
16       able energy’ means energy derived from resources  
17       that are regenerative or that cannot be depleted, in-  
18       cluding solar, wind, ethanol, and biodiesel fuels.

19              “(4) RENEWABLE FUEL CAPITAL INVESTMENT  
20       COMPANY.—The term ‘Renewable Fuel Capital In-  
21       vestment company’ means a company—

22              “(A) that—

23                      “(i) has been granted final approval  
24                      by the Administrator under section 384(e);  
25                      and

1                   “(ii) has entered into a participation  
2                   agreement with the Administrator; or

3                   “(B) that has received conditional approval  
4                   under section 384(c).

5                   “(5) STATE.—The term ‘State’ means each of  
6                   the several States, the District of Columbia, the  
7                   Commonwealth of Puerto Rico, the Virgin Islands,  
8                   Guam, American Samoa, the Commonwealth of the  
9                   Northern Mariana Islands, and any other common-  
10                  wealth, territory, or possession of the United States.

11                  “(6) VENTURE CAPITAL.—The term ‘venture  
12                  capital’ means capital in the form of equity capital  
13                  investments, as that term is defined in section  
14                  303(g)(4).

15                  **“SEC. 382. PURPOSES.**

16                  “The purposes of the Renewable Fuel Capital Invest-  
17                  ment Program established under this part are—

18                  “(1) to promote the research, development,  
19                  manufacture, production, and bringing to market of  
20                  goods, products, or services that generate or support  
21                  the production of renewable energy by encouraging  
22                  venture capital investments in smaller enterprises  
23                  primarily engaged such activities; and

24                  “(2) to establish a venture capital program,  
25                  with the mission of addressing the unmet equity in-

1 investment needs of smaller enterprises engaged in re-  
2 searching, developing, manufacturing, producing,  
3 and bringing to market goods, products, or services  
4 that generate or support the production of renewable  
5 energy, to be administered by the Administrator—

6 “(A) to enter into participation agreements  
7 with Renewable Fuel Capital Investment com-  
8 panies;

9 “(B) to guarantee debentures of Renew-  
10 able Fuel Capital Investment companies to en-  
11 able each such company to make venture capital  
12 investments in smaller enterprises engaged in  
13 the research, development, manufacture, pro-  
14 duction, and bringing to market of goods, prod-  
15 ucts, or services that generate or support the  
16 production of renewable energy; and

17 “(C) to make grants to Renewable Fuel  
18 Investment Capital companies, and to other en-  
19 tities, for the purpose of providing operational  
20 assistance to smaller enterprises financed, or  
21 expected to be financed, by such companies.

22 **“SEC. 383. ESTABLISHMENT.**

23 “The Administrator shall establish a Renewable Fuel  
24 Capital Investment Program, under which the Adminis-  
25 trator may—

1           “(1) enter into participation agreements for the  
2           purposes described in section 382; and

3           “(2) guarantee the debentures issued by Renew-  
4           able Fuel Capital Investment companies as provided  
5           in section 385.

6   **“SEC. 384. SELECTION OF RENEWABLE FUEL CAPITAL IN-**  
7                           **VESTMENT COMPANIES.**

8           “(a) ELIGIBILITY.—A company is eligible to apply to  
9           be designated as a Renewable Fuel Capital Investment  
10          company if the company—

11           “(1) is a newly formed for-profit entity or a  
12           newly formed for-profit subsidiary of an existing en-  
13           tity;

14           “(2) has a management team with experience in  
15           alternative energy financing or relevant venture cap-  
16           ital financing; and

17           “(3) has a primary objective of investment in  
18           smaller enterprises that research, manufacture, de-  
19           velop, produce, or bring to market goods, products,  
20           or services that generate or support the production  
21           of renewable energy.

22           “(b) APPLICATION.—A company desiring to be des-  
23           ignated as a Renewable Fuel Capital Investment company  
24           shall submit an application to the Administrator that in-  
25           cludes—

1           “(1) a business plan describing how the com-  
2           pany intends to make successful venture capital in-  
3           vestments in smaller enterprises primarily engaged  
4           in the research, manufacture, development, produc-  
5           tion, or bringing to market of goods, products, or  
6           services that generate or support the production of  
7           renewable energy;

8           “(2) information regarding the relevant venture  
9           capital qualifications and general reputation of the  
10          management of the company;

11          “(3) a description of how the company intends  
12          to seek to address the unmet capital needs of the  
13          smaller enterprises served;

14          “(4) a proposal describing how the company in-  
15          tends to use the grant funds provided under this  
16          part to provide operational assistance to smaller en-  
17          terprises financed by the company, including infor-  
18          mation regarding whether the company has employ-  
19          ees with appropriate professional licenses or will con-  
20          tract with another entity when the services of such  
21          an individual are necessary;

22          “(5) with respect to binding commitments to be  
23          made to the company under this part, an estimate  
24          of the ratio of cash to in-kind contributions;

1           “(6) a description of whether and to what ex-  
2           tent the company meets the criteria under sub-  
3           section (c)(2) and the objectives of the program es-  
4           tablished under this part;

5           “(7) information regarding the management  
6           and financial strength of any parent firm, affiliated  
7           firm, or any other firm essential to the success of  
8           the business plan of the company; and

9           “(8) such other information as the Adminis-  
10          trator may require.

11          “(c) CONDITIONAL APPROVAL.—

12           “(1) IN GENERAL.—From among companies  
13           submitting applications under subsection (b), the  
14           Administrator shall conditionally approve companies  
15           to operate as Renewable Fuel Capital Investment  
16           companies.

17           “(2) SELECTION CRITERIA.—In conditionally  
18           approving companies under paragraph (1), the Ad-  
19           ministrators shall consider—

20                   “(A) the likelihood that the company will  
21                   meet the goal of its business plan;

22                   “(B) the experience and background of the  
23                   management team of the company;

1           “(C) the need for venture capital invest-  
2           ments in the geographic areas in which the  
3           company intends to invest;

4           “(D) the extent to which the company will  
5           concentrate its activities on serving the geo-  
6           graphic areas in which it intends to invest;

7           “(E) the likelihood that the company will  
8           be able to satisfy the conditions under sub-  
9           section (d);

10          “(F) the extent to which the activities pro-  
11          posed by the company will expand economic op-  
12          portunities in the geographic areas in which the  
13          company intends to invest;

14          “(G) the strength of the proposal by the  
15          company to provide operational assistance  
16          under this part as the proposal relates to the  
17          ability of the company to meet applicable cash  
18          requirements and properly use in-kind contribu-  
19          tions, including the use of resources for the  
20          services of licensed professionals, when nec-  
21          essary, whether provided by employees or con-  
22          tractors; and

23          “(H) any other factor determined appro-  
24          priate by the Administrator.

1           “(3)    NATIONWIDE    DISTRIBUTION.—From  
2           among companies submitting applications under sub-  
3           section (b), the Administrator shall consider the se-  
4           lection criteria under paragraph (2) and shall, to the  
5           maximum extent practicable, approve at least one  
6           company from each geographic region of the Admin-  
7           istration.

8           “(d) REQUIREMENTS TO BE MET FOR FINAL AP-  
9   PROVAL.—

10           “(1) IN GENERAL.—The Administrator shall  
11           grant each conditionally approved company 2 years  
12           to satisfy the requirements of this subsection.

13           “(2) CAPITAL REQUIREMENT.—Each condi-  
14           tionally approved company shall raise not less than  
15           \$3,000,000 of private capital or binding capital com-  
16           mitments from 1 or more investors (which shall not  
17           be departments or agencies of the Federal Govern-  
18           ment) who meet criteria established by the Adminis-  
19           trator.

20           “(3) NONADMINISTRATION RESOURCES FOR  
21   OPERATIONAL ASSISTANCE.—

22           “(A) IN GENERAL.—In order to provide  
23           operational assistance to smaller enterprises ex-  
24           pected to be financed by the company, each  
25           conditionally approved company shall have bind-

1           ing commitments (for contribution in cash or  
2           in-kind)—

3                   “(i) from sources other than the Ad-  
4                   ministration that meet criteria established  
5                   by the Administrator; and

6                   “(ii) payable or available over a  
7                   multiyear period determined appropriate  
8                   by the Administrator (not to exceed 10  
9                   years).

10           “(B) EXCEPTION.—The Administrator  
11           may, in the discretion of the Administrator and  
12           based upon a showing of special circumstances  
13           and good cause, consider an applicant to have  
14           satisfied the requirements of subparagraph (A)  
15           if the applicant has—

16                   “(i) a viable plan that reasonably  
17                   projects the capacity of the applicant to  
18                   raise the amount (in cash or in-kind) re-  
19                   quired under subparagraph (A); and

20                   “(ii) binding commitments in an  
21                   amount equal to not less than 20 percent  
22                   of the total amount required under para-  
23                   graph (A).

24           “(C) LIMITATION.—The total amount of a  
25           in-kind contributions by a company shall be not

1 more than 50 percent of the total contributions  
2 by a company.

3 “(e) FINAL APPROVAL; DESIGNATION.—The Admin-  
4 istrator shall, with respect to each applicant conditionally  
5 approved under subsection (c)—

6 “(1) grant final approval to the applicant to op-  
7 erate as a Renewable Fuel Capital Investment com-  
8 pany under this part and designate the applicant as  
9 such a company, if the applicant—

10 “(A) satisfies the requirements of sub-  
11 section (d) on or before the expiration of the  
12 time period described in that subsection; and

13 “(B) enters into a participation agreement  
14 with the Administrator; or

15 “(2) if the applicant fails to satisfy the require-  
16 ments of subsection (d) on or before the expiration  
17 of the time period described in paragraph (1) of that  
18 subsection, revoke the conditional approval granted  
19 under that subsection.

20 **“SEC. 385. DEBENTURES.**

21 “(a) IN GENERAL.—The Administrator may guar-  
22 antee the timely payment of principal and interest, as  
23 scheduled, on debentures issued by any Renewable Fuel  
24 Capital Investment company.

1           “(b) TERMS AND CONDITIONS.—The Administrator  
2 may make guarantees under this section on such terms  
3 and conditions as it determines appropriate, except that—

4           “(1) the term of any debenture guaranteed  
5 under this section shall not exceed 15 years; and

6           “(2) a debenture guaranteed under this sec-  
7 tion—

8           “(A) shall carry no front-end or annual  
9 fees;

10           “(B) shall be issued at a discount;

11           “(C) shall require no interest payments  
12 during the 5-year period beginning on the date  
13 the debenture is issued;

14           “(D) shall be prepayable without penalty  
15 after the end of the 1-year period beginning on  
16 the date the debenture is issued; and

17           “(E) shall require semiannual interest pay-  
18 ments after the period described in subpara-  
19 graph (C).

20           “(c) FULL FAITH AND CREDIT OF THE UNITED  
21 STATES.—The full faith and credit of the United States  
22 is pledged to pay all amounts that may be required to be  
23 paid under any guarantee under this part.

24           “(d) MAXIMUM GUARANTEE.—

1           “(1) IN GENERAL.—Under this section, the Ad-  
2           ministrator may guarantee the debentures issued by  
3           a Renewable Fuel Capital Investment company only  
4           to the extent that the total face amount of out-  
5           standing guaranteed debentures of such company  
6           does not exceed 150 percent of the private capital of  
7           the company, as determined by the Administrator.

8           “(2) TREATMENT OF CERTAIN FEDERAL  
9           FUNDS.—For the purposes of paragraph (1), private  
10          capital shall include capital that is considered to be  
11          Federal funds, if such capital is contributed by an  
12          investor other than a department or agency of the  
13          Federal Government.

14   **“SEC. 386. ISSUANCE AND GUARANTEE OF TRUST CERTIFI-**  
15                           **CATES.**

16          “(a) ISSUANCE.—The Administrator may issue trust  
17          certificates representing ownership of all or a fractional  
18          part of debentures issued by a Renewable Fuel Capital  
19          Investment company and guaranteed by the Administrator  
20          under this part, if such certificates are based on and  
21          backed by a trust or pool approved by the Administrator  
22          and composed solely of guaranteed debentures.

23          “(b) GUARANTEE.—

24                 “(1) IN GENERAL.—The Administrator may,  
25                 under such terms and conditions as it determines

1 appropriate, guarantee the timely payment of the  
2 principal of and interest on trust certificates issued  
3 by the Administrator or its agents for purposes of  
4 this section.

5 “(2) LIMITATION.—Each guarantee under this  
6 subsection shall be limited to the extent of principal  
7 and interest on the guaranteed debentures that com-  
8 pose the trust or pool.

9 “(3) PREPAYMENT OR DEFAULT.—If a debenture  
10 in a trust or pool is prepaid, or in the event of  
11 default of such a debenture, the guarantee of timely  
12 payment of principal and interest on the trust cer-  
13 tificates shall be reduced in proportion to the  
14 amount of principal and interest such prepaid debenture  
15 represents in the trust or pool. Interest on pre-  
16 paid or defaulted debentures shall accrue and be  
17 guaranteed by the Administrator only through the  
18 date of payment of the guarantee. At any time dur-  
19 ing its term, a trust certificate may be called for re-  
20 demption due to prepayment or default of all debentures.  
21

22 “(c) FULL FAITH AND CREDIT OF THE UNITED  
23 STATES.—The full faith and credit of the United States  
24 is pledged to pay all amounts that may be required to be

1 paid under any guarantee of a trust certificate issued by  
2 the Administrator or its agents under this section.

3 “(d) FEES.—The Administrator shall not collect a fee  
4 for any guarantee of a trust certificate under this section,  
5 but any agent of the Administrator may collect a fee ap-  
6 proved by the Administrator for the functions described  
7 in subsection (f)(2).

8 “(e) SUBROGATION AND OWNERSHIP RIGHTS.—

9 “(1) SUBROGATION.—If the Administrator pays  
10 a claim under a guarantee issued under this section,  
11 it shall be subrogated fully to the rights satisfied by  
12 such payment.

13 “(2) OWNERSHIP RIGHTS.—No Federal, State,  
14 or local law shall preclude or limit the exercise by  
15 the Administrator of its ownership rights in the de-  
16 bentures residing in a trust or pool against which  
17 trust certificates are issued under this section.

18 “(f) MANAGEMENT AND ADMINISTRATION.—

19 “(1) REGISTRATION.—The Administrator may  
20 provide for a central registration of all trust certifi-  
21 cates issued under this section.

22 “(2) CONTRACTING OF FUNCTIONS.—

23 “(A) IN GENERAL.—The Administrator  
24 may contract with an agent or agents to carry  
25 out on behalf of the Administrator the pooling

1 and the central registration functions provided  
2 for in this section, including, not withstanding  
3 any other provision of law—

4 “(i) maintenance, on behalf of and  
5 under the direction of the Administrator,  
6 of such commercial bank accounts or in-  
7 vestments in obligations of the United  
8 States as may be necessary to facilitate the  
9 creation of trusts or pools backed by de-  
10 bentures guaranteed under this part; and

11 “(ii) the issuance of trust certificates  
12 to facilitate the creation of such trusts or  
13 pools.

14 “(B) FIDELITY BOND OR INSURANCE RE-  
15 QUIREMENT.—Any agent performing functions  
16 on behalf of the Administrator under this para-  
17 graph shall provide a fidelity bond or insurance  
18 in such amounts as the Administrator deter-  
19 mines to be necessary to fully protect the inter-  
20 ests of the United States.

21 “(3) REGULATION OF BROKERS AND DEAL-  
22 ERS.—The Administrator may regulate brokers and  
23 dealers in trust certificates issued under this section.

24 “(4) ELECTRONIC REGISTRATION.—Nothing in  
25 this subsection may be construed to prohibit the use

1 of a book-entry or other electronic form of registra-  
2 tion for trust certificates issued under this section.

3 **“SEC. 387. FEES.**

4 “(a) IN GENERAL.—Except as provided in section  
5 386(d), the Administrator may charge such fees as it de-  
6 termines appropriate with respect to any guarantee or  
7 grant issued under this part, in an amount established an-  
8 nually by the Administrator, as necessary to reduce to zero  
9 the cost (as defined in section 502 of the Federal Credit  
10 Reform Act of 1990) to the Administration of purchasing  
11 and guaranteeing debentures under this part, which  
12 amounts shall be paid to and retained by the Administra-  
13 tion.

14 “(b) OFFSET.—The Administrator may, as provided  
15 by section 388, offset fees charged and collected under  
16 subsection (a).

17 **“SEC. 388. FEE CONTRIBUTION.**

18 “(a) IN GENERAL.—To the extent that amounts are  
19 made available to the Administrator for the purpose of fee  
20 contributions, the Administrator shall contribute to fees  
21 paid by the Renewable Fuel Capital Investment companies  
22 under section 387.

23 “(b) ANNUAL ADJUSTMENT.—Each fee contribution  
24 under subsection (a) shall be effective for 1 fiscal year and  
25 shall be adjusted as necessary for each fiscal year there-

1 after to ensure that amounts under subsection (a) are fully  
2 used. The fee contribution for a fiscal year shall be based  
3 on the outstanding commitments made and the guarantees  
4 and grants that the Administrator projects will be made  
5 during that fiscal year, given the program level authorized  
6 by law for that fiscal year and any other factors that the  
7 Administrator determines appropriate.

8 **“SEC. 389. OPERATIONAL ASSISTANCE GRANTS.**

9 “(a) IN GENERAL.—

10 “(1) AUTHORITY.—The Administrator may  
11 make grants to Renewable Fuel Capital Investment  
12 companies to provide operational assistance to small-  
13 er enterprises financed, or expected to be financed,  
14 by such companies or other entities.

15 “(2) TERMS.—A grant under this subsection  
16 shall be made over a multiyear period not to exceed  
17 10 years, under such other terms as the Adminis-  
18 trator may require.

19 “(3) GRANT AMOUNT.—The amount of a grant  
20 made under this subsection to a Renewable Fuel  
21 Capital Investment company shall be equal to the  
22 lesser of—

23 “(A) 10 percent of the resources (in cash  
24 or in kind) raised by the company under section  
25 384(d)(2); or

1                   “(B) \$1,000,000.

2                   “(4) PRO RATA REDUCTIONS.—If the amount  
3                   made available to carry out this section is insuffi-  
4                   cient for the Administrator to provide grants in the  
5                   amounts provided for in paragraph (3), the Adminis-  
6                   trator shall make pro rata reductions in the amounts  
7                   otherwise payable to each company and entity under  
8                   such paragraph.

9                   “(5) GRANTS TO CONDITIONALLY APPROVED  
10                   COMPANIES.—

11                   “(A) IN GENERAL.—Subject to subpara-  
12                   graphs (B) and (C), upon the request of a com-  
13                   pany conditionally approved under section  
14                   384(c), the Administrator shall make a grant to  
15                   the company under this subsection.

16                   “(B) REPAYMENT BY COMPANIES NOT AP-  
17                   PROVED.—If a company receives a grant under  
18                   this paragraph and does not enter into a par-  
19                   ticipation agreement for final approval, the  
20                   company shall, subject to controlling Federal  
21                   law, repay the amount of the grant to the Ad-  
22                   ministrator.

23                   “(C) DEDUCTION OF GRANT TO APPROVED  
24                   COMPANY.—If a company receives a grant  
25                   under this paragraph and receives final ap-

1           proval under section 384(e), the Administrator  
2           shall deduct the amount of the grant from the  
3           total grant amount the company receives for  
4           operational assistance.

5           “(D) AMOUNT OF GRANT.—No company  
6           may receive a grant of more than \$100,000  
7           under this paragraph.

8           “(b) SUPPLEMENTAL GRANTS.—

9           “(1) IN GENERAL.—The Administrator may  
10          make supplemental grants to Renewable Fuel Cap-  
11          ital Investment companies and to other entities, as  
12          authorized by this part, under such terms as the Ad-  
13          ministrator may require, to provide additional oper-  
14          ational assistance to smaller enterprises financed, or  
15          expected to be financed, by the companies.

16          “(2) MATCHING REQUIREMENT.—The Adminis-  
17          trator may require, as a condition of any supple-  
18          mental grant made under this subsection, that the  
19          company or entity receiving the grant provide from  
20          resources (in a cash or in kind), other than those  
21          provided by the Administrator, a matching contribu-  
22          tion equal to the amount of the supplemental grant.

23          “(c) LIMITATION.—None of the assistance made  
24          available under this section may be used for any overhead

1 or general and administrative expense of a Renewable  
2 Fuel Capital Investment company.

3 **“SEC. 390. BANK PARTICIPATION.**

4 “(a) IN GENERAL.—Except as provided in subsection  
5 (b), any national bank, any member bank of the Federal  
6 Reserve System, and (to the extent permitted under appli-  
7 cable State law) any insured bank that is not a member  
8 of such system, may invest in any Renewable Fuel Capital  
9 Investment company, or in any entity established to invest  
10 solely in Renewable Fuel Capital Investment companies.

11 “(b) LIMITATION.—No bank described in subsection  
12 (a) may make investments described in such subsection  
13 that are greater than 5 percent of the capital and surplus  
14 of the bank.

15 **“SEC. 391. FEDERAL FINANCING BANK.**

16 “Notwithstanding section 318, the Federal Financing  
17 Bank may acquire a debenture issued by a Renewable  
18 Fuel Capital Investment company under this part.

19 **“SEC. 392. REPORTING REQUIREMENT.**

20 “Each Renewable Fuel Capital Investment company  
21 that participates in the program established under this  
22 part shall provide to the Administrator such information  
23 as the Administrator may require, including—

1           “(1) information related to the measurement  
2           criteria that the company proposed in its program  
3           application; and

4           “(2) in each case in which the company makes,  
5           under this part, an investment in, or a loan or a  
6           grant to, a business that is not primarily engaged in  
7           the research, development, manufacture, or bringing  
8           to market or renewable energy sources, a report on  
9           the nature, origin, and revenues of the business in  
10          which investments are made.

11 **“SEC. 393. EXAMINATIONS.**

12          “(a) IN GENERAL.—Each Renewable Fuel Capital  
13 Investment company that participates in the program es-  
14 tablished under this part shall be subject to examinations  
15 made at the direction of the Investment Division of the  
16 Administration in accordance with this section.

17          “(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—  
18 Examinations under this section may be conducted with  
19 the assistance of a private sector entity that has both the  
20 qualifications and the expertise necessary to conduct such  
21 examinations.

22          “(c) COSTS.—

23                  “(1) ASSESSMENT.—

24                          “(A) IN GENERAL.—The Administrator  
25                          may assess the cost of examinations under this

1 section, including compensation of the exam-  
2 iners, against the company examined.

3 “(B) PAYMENT.—Any company against  
4 which the Administrator assesses costs under  
5 this paragraph shall pay such costs.

6 “(2) DEPOSIT OF FUNDS.—Funds collected  
7 under this section shall be deposited in the account  
8 for salaries and expenses of the Administration.

9 **“SEC. 394. MISCELLANEOUS.**

10 “To the extent such procedures are not inconsistent  
11 with the requirements of this part, the Administrator may  
12 take such action as set forth in sections 309, 311, 312,  
13 and 314 and an officer, director, employee, agent, or other  
14 participant in the management or conduct of the affairs  
15 of a Renewable Fuel Capital Investment company shall be  
16 subject to the requirements of such sections.

17 **“SEC. 395. REMOVAL OR SUSPENSION OF DIRECTORS OR**  
18 **OFFICERS.**

19 “Using the procedures for removing or suspending a  
20 director or an officer of a licensee set forth in section 313  
21 (to the extent such procedures are not inconsistent with  
22 the requirements of this part), the Administrator may re-  
23 move or suspend any director or officer of any Renewable  
24 Fuel Capital Investment company.

1 **“SEC. 396. REGULATIONS.**

2 “The Administrator may issue such regulations as  
3 the Administrator determines necessary to carry out the  
4 provisions of this part in accordance with its purposes.

5 **“SEC. 397. AUTHORIZATIONS OF APPROPRIATIONS.**

6 “(a) IN GENERAL.—Subject to the availability of ap-  
7 propriations, the Administrator is authorized to make  
8 \$15,000,000 in operational assistance grants under sec-  
9 tion 389 for each of fiscal years 2008 and 2009.

10 **“(b) FUNDS COLLECTED FOR EXAMINATIONS.—**

11 Funds deposited under section 393(c)(2) are authorized  
12 to be appropriated only for the costs of examinations  
13 under section 393 and for the costs of other oversight ac-  
14 tivities with respect to the program established under this  
15 part.

16 **“SEC. 398. TERMINATION.**

17 “The program under this part shall terminate at the  
18 end of the second full fiscal year after the date that the  
19 Administrator establishes the program under this part.”.

20 **SEC. 1208. STUDY AND REPORT.**

21 The Administrator of the Small Business Administra-  
22 tion shall conduct a study of the Renewable Fuel Capital  
23 Investment Program under part C of title III of the Small  
24 Business Investment Act of 1958, as added by this Act.  
25 Not later than 3 years after the date of enactment of this  
26 Act, the Administrator shall complete the study under this

1 section and submit to Congress a report regarding the re-  
2 sults of the study.

### 3 **TITLE XIII—SMART GRID**

#### 4 **SEC. 1301. STATEMENT OF POLICY ON MODERNIZATION OF** 5 **ELECTRICITY GRID.**

6 It is the policy of the United States to support the  
7 modernization of the Nation’s electricity transmission and  
8 distribution system to maintain a reliable and secure elec-  
9 tricity infrastructure that can meet future demand growth  
10 and to achieve each of the following, which together char-  
11 acterize a Smart Grid:

12 (1) Increased use of digital information and  
13 controls technology to improve reliability, security,  
14 and efficiency of the electric grid.

15 (2) Dynamic optimization of grid operations  
16 and resources, with full cyber-security.

17 (3) Deployment and integration of distributed  
18 resources and generation, including renewable re-  
19 sources.

20 (4) Development and incorporation of demand  
21 response, demand-side resources, and energy-effi-  
22 ciency resources.

23 (5) Deployment of “smart” technologies (real-  
24 time, automated, interactive technologies that opti-  
25 mize the physical operation of appliances and con-

1 consumer devices) for metering, communications con-  
2 cerning grid operations and status, and distribution  
3 automation.

4 (6) Integration of “smart” appliances and con-  
5 sumer devices.

6 (7) Deployment and integration of advanced  
7 electricity storage and peak-shaving technologies, in-  
8 cluding plug-in electric and hybrid electric vehicles,  
9 and thermal-storage air conditioning.

10 (8) Provision to consumers of timely informa-  
11 tion and control options.

12 (9) Development of standards for communica-  
13 tion and interoperability of appliances and equip-  
14 ment connected to the electric grid, including the in-  
15 frastructure serving the grid.

16 (10) Identification and lowering of unreasonable  
17 or unnecessary barriers to adoption of smart grid  
18 technologies, practices, and services.

19 **SEC. 1302. SMART GRID SYSTEM REPORT.**

20 The Secretary, acting through the Assistant Sec-  
21 retary of the Office of Electricity Delivery and Energy Re-  
22 liability (referred to in this section as the “OEDER”) and  
23 through the Smart Grid Task Force established in section  
24 1303, shall, after consulting with any interested individual  
25 or entity as appropriate, no later than one year after en-

1 actment, and every two years thereafter, report to Con-  
2 gress concerning the status of smart grid deployments na-  
3 tionwide and any regulatory or government barriers to  
4 continued deployment. The report shall provide the cur-  
5 rent status and prospects of smart grid development, in-  
6 cluding information on technology penetration, commu-  
7 nications network capabilities, costs, and obstacles. It may  
8 include recommendations for State and Federal policies or  
9 actions helpful to facilitate the transition to a smart grid.  
10 To the extent appropriate, it should take a regional per-  
11 spective. In preparing this report, the Secretary shall so-  
12 licit advice and contributions from the Smart Grid Advi-  
13 sory Committee created in section 1303; from other in-  
14 volved Federal agencies including but not limited to the  
15 Federal Energy Regulatory Commission (“Commission”),  
16 the National Institute of Standards and Technology (“In-  
17 stitute”), and the Department of Homeland Security; and  
18 from other stakeholder groups not already represented on  
19 the Smart Grid Advisory Committee.

20 **SEC. 1303. SMART GRID ADVISORY COMMITTEE AND SMART**  
21 **GRID TASK FORCE.**

22 (a) SMART GRID ADVISORY COMMITTEE.—

23 (1) ESTABLISHMENT.—The Secretary shall es-  
24 tablish, within 90 days of enactment of this Part, a  
25 Smart Grid Advisory Committee (either as an inde-

1       pendent entity or as a designated sub-part of a larg-  
2       er advisory committee on electricity matters). The  
3       Smart Grid Advisory Committee shall include eight  
4       or more members appointed by the Secretary who  
5       have sufficient experience and expertise to represent  
6       the full range of smart grid technologies and serv-  
7       ices, to represent both private and non-Federal pub-  
8       lic sector stakeholders. One member shall be ap-  
9       pointed by the Secretary to Chair the Smart Grid  
10      Advisory Committee.

11           (2) MISSION.—The mission of the Smart Grid  
12      Advisory Committee shall be to advise the Secretary,  
13      the Assistant Secretary, and other relevant Federal  
14      officials concerning the development of smart grid  
15      technologies, the progress of a national transition to  
16      the use of smart-grid technologies and services, the  
17      evolution of widely-accepted technical and practical  
18      standards and protocols to allow interoperability and  
19      inter-communication among smart-grid capable de-  
20      vices, and the optimum means of using Federal in-  
21      centive authority to encourage such progress.

22           (3) APPLICABILITY OF FEDERAL ADVISORY  
23      COMMITTEE ACT.—The Federal Advisory Committee  
24      Act (5 U.S.C. App.) shall apply to the Smart Grid  
25      Advisory Committee.

1 (b) SMART GRID TASK FORCE.—

2 (1) ESTABLISHMENT.—The Assistant Secretary  
3 of the Office of Electricity Delivery and Energy Reli-  
4 ability shall establish, within 90 days of enactment  
5 of this Part, a Smart Grid Task Force composed of  
6 designated employees from the various divisions of  
7 that office who have responsibilities related to the  
8 transition to smart-grid technologies and practices.  
9 The Assistant Secretary or his designee shall be  
10 identified as the Director of the Smart Grid Task  
11 Force. The Chairman of the Federal Energy Regu-  
12 latory Commission and the Director of the National  
13 Institute of Standards and Technology shall each  
14 designate at least one employee to participate on the  
15 Smart Grid Task Force. Other members may come  
16 from other agencies at the invitation of the Assistant  
17 Secretary or the nomination of the head of such  
18 other agency. The Smart Grid Task Force shall,  
19 without disrupting the work of the Divisions or Of-  
20 fices from which its members are drawn, provide an  
21 identifiable Federal entity to embody the Federal  
22 role in the national transition toward development  
23 and use of smart grid technologies.

24 (2) MISSION.—The mission of the Smart Grid  
25 Task Force shall be to insure awareness, coordina-

1       tion and integration of the diverse activities of the  
2       Office and elsewhere in the Federal government re-  
3       lated to smart-grid technologies and practices, in-  
4       cluding but not limited to: smart grid research and  
5       development; development of widely accepted smart-  
6       grid standards and protocols; the relationship of  
7       smart-grid technologies and practices to electric util-  
8       ity regulation; the relationship of smart-grid tech-  
9       nologies and practices to infrastructure development,  
10      system reliability and security; and the relationship  
11      of smart-grid technologies and practices to other fac-  
12      ets of electricity supply, demand, transmission, dis-  
13      tribution, and policy. The Smart Grid Task Force  
14      shall collaborate with the Smart Grid Advisory Com-  
15      mittee and other Federal agencies and offices. The  
16      Smart Grid Task Force shall meet at the call of its  
17      Director as necessary to accomplish its mission.

18      (c) AUTHORIZATION.—There are authorized to be ap-  
19      propriated for the purposes of this section such sums as  
20      are necessary to the Secretary to support the operations  
21      of the Smart Grid Advisory Committee and Smart Grid  
22      Task Force for each of fiscal years 2008 through 2020.

1 **SEC. 1304. SMART GRID TECHNOLOGY RESEARCH, DEVELOPMENT, AND DEMONSTRATION.**  
2

3 (a) POWER GRID DIGITAL INFORMATION TECHNOLOGY.—The Secretary, in consultation with the Federal  
4 Energy Regulatory Commission and other appropriate  
5 agencies, electric utilities, the States, and other stake-  
6 holders, shall carry out a program—

8 (1) to develop advanced techniques for meas-  
9 uring peak load reductions and energy-efficiency sav-  
10 ings from smart metering, demand response, distrib-  
11 uted generation, and electricity storage systems;

12 (2) to investigate means for demand response,  
13 distributed generation, and storage to provide ancil-  
14 lary services;

15 (3) to conduct research to advance the use of  
16 wide-area measurement and control networks, in-  
17 cluding data mining, visualization, advanced com-  
18 puting, and secure and dependable communications  
19 in a highly-distributed environment;

20 (4) to test new reliability technologies, including  
21 those concerning communications network capabili-  
22 ties, in a grid control room environment against a  
23 representative set of local outage and wide area  
24 blackout scenarios;

25 (5) to identify communications network capac-  
26 ity needed to implement advanced technologies.

1           (6) to investigate the feasibility of a transition  
2 to time-of-use and real-time electricity pricing;

3           (7) to develop algorithms for use in electric  
4 transmission system software applications;

5           (8) to promote the use of underutilized elec-  
6 tricity generation capacity in any substitution of  
7 electricity for liquid fuels in the transportation sys-  
8 tem of the United States; and

9           (9) in consultation with the Federal Energy  
10 Regulatory Commission, to propose interconnection  
11 protocols to enable electric utilities to access elec-  
12 tricity stored in vehicles to help meet peak demand  
13 loads.

14       (b) SMART GRID REGIONAL DEMONSTRATION INI-  
15 TIATIVE.—

16           (1) IN GENERAL.—The Secretary shall establish  
17 a smart grid regional demonstration initiative (re-  
18 ferred to in this subsection as the “Initiative”) com-  
19 posed of demonstration projects specifically focused  
20 on advanced technologies for use in power grid sens-  
21 ing, communications, analysis, and power flow con-  
22 trol. The Secretary shall seek to leverage existing  
23 smart grid deployments.

24           (2) GOALS.—The goals of the Initiative shall  
25 be—

1 (A) to demonstrate the potential benefits  
2 of concentrated investments in advanced grid  
3 technologies on a regional grid;

4 (B) to facilitate the commercial transition  
5 from the current power transmission and dis-  
6 tribution system technologies to advanced tech-  
7 nologies;

8 (C) to facilitate the integration of ad-  
9 vanced technologies in existing electric networks  
10 to improve system performance, power flow con-  
11 trol, and reliability;

12 (D) to demonstrate protocols and stand-  
13 ards that allow for the measurement and valida-  
14 tion of the energy savings and fossil fuel emis-  
15 sion reductions associated with the installation  
16 and use of energy efficiency and demand re-  
17 sponse technologies and practices; and

18 (E) to investigate differences in each re-  
19 gion and regulatory environment regarding best  
20 practices in implementing smart grid tech-  
21 nologies.

22 (3) DEMONSTRATION PROJECTS.—

23 (A) IN GENERAL.—In carrying out the ini-  
24 tiative, the Secretary shall carry out smart grid  
25 demonstration projects in up to 5 electricity

1 control areas, including rural areas and at least  
2 1 area in which the majority of generation and  
3 transmission assets are controlled by a tax-ex-  
4 empt entity.

5 (B) COOPERATION.—A demonstration  
6 project under subparagraph (A) shall be carried  
7 out in cooperation with the electric utility that  
8 owns the grid facilities in the electricity control  
9 area in which the demonstration project is car-  
10 ried out.

11 (C) FEDERAL SHARE OF COST OF TECH-  
12 NOLOGY INVESTMENTS.—The Secretary shall  
13 provide to an electric utility described in sub-  
14 paragraph (B) financial assistance for use in  
15 paying an amount equal to not more than 50  
16 percent of the cost of qualifying advanced grid  
17 technology investments made by the electric  
18 utility to carry out a demonstration project.

19 (D) INELIGIBILITY FOR GRANTS.—No per-  
20 son or entity participating in any demonstration  
21 project conducted under this subsection shall be  
22 eligible for grants under section 1306 for other-  
23 wise qualifying investments made as part of  
24 that demonstration project.

1 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated—

3 (1) to carry out subsection (a), such sums as  
4 are necessary for each of fiscal years 2008 through  
5 2012; and

6 (2) to carry out subsection (b), \$100,000,000  
7 for each of fiscal years 2008 through 2012.

8 **SEC. 1305. SMART GRID INTEROPERABILITY FRAMEWORK.**

9 (a) INTEROPERABILITY FRAMEWORK.—The Director  
10 of the National Institute of Standards and Technology  
11 shall have primary responsibility to coordinate the develop-  
12 ment of a framework that includes protocols and model  
13 standards for information management to achieve inter-  
14 operability of smart grid devices and systems. Such proto-  
15 cols and standards shall further align policy, business, and  
16 technology approaches in a manner that would enable all  
17 electric resources, including demand-side resources, to  
18 contribute to an efficient, reliable electricity network. In  
19 developing such protocols and standards—

20 (1) the Director shall seek input and coopera-  
21 tion from the Commission, OEDER and its Smart  
22 Grid Task Force, the Smart Grid Advisory Com-  
23 mittee, other relevant Federal and State agencies;  
24 and

1           (2) the Director shall also solicit input and co-  
2           operation from private entities interested in such  
3           protocols and standards, including but not limited to  
4           the Gridwise Architecture Council, the International  
5           Electrical and Electronics Engineers, the National  
6           Electric Reliability Organization recognized by the  
7           Federal Energy Regulatory Commission, and Na-  
8           tional Electrical Manufacturer's Association.

9           (b) SCOPE OF FRAMEWORK.—The framework devel-  
10          oped under subsection (a) shall be flexible, uniform and  
11          technology neutral, including but not limited to tech-  
12          nologies for managing smart grid information, and de-  
13          signed—

14                (1) to accommodate traditional, centralized gen-  
15                eration and transmission resources and consumer  
16                distributed resources, including distributed genera-  
17                tion, renewable generation, energy storage, energy  
18                efficiency, and demand response and enabling de-  
19                vices and systems;

20                (2) to be flexible to incorporate—

21                        (A) regional and organizational differences;

22                        and

23                        (B) technological innovations;

24                (3) to consider the use of voluntary uniform  
25                standards for certain classes of mass-produced elec-

1       tric appliances and equipment for homes and busi-  
2       nesses that enable customers, at their election and  
3       consistent with applicable State and Federal laws,  
4       and are manufactured with the ability to respond to  
5       electric grid emergencies and demand response sig-  
6       nals by curtailing all, or a portion of, the electrical  
7       power consumed by the appliances or equipment in  
8       response to an emergency or demand response sig-  
9       nal, including through—

10               (A) load reduction to reduce total electrical  
11               demand;

12               (B) adjustment of load to provide grid an-  
13               cillary services; and

14               (C) in the event of a reliability crisis that  
15               threatens an outage, short-term load shedding  
16               to help preserve the stability of the grid; and

17               (4) such voluntary standards should incorporate  
18               appropriate manufacturer lead time.

19       (c) **TIMING OF FRAMEWORK DEVELOPMENT.**—The  
20       Institute shall begin work pursuant to this section within  
21       60 days of enactment. The Institute shall provide and pub-  
22       lish an initial report on progress toward recommended or  
23       consensus standards and protocols within one year after  
24       enactment, further reports at such times as developments  
25       warrant in the judgment of the Institute, and a final re-

1 port when the Institute determines that the work is com-  
2 pleted or that a Federal role is no longer necessary.

3 (d) STANDARDS FOR INTEROPERABILITY IN FED-  
4 ERAL JURISDICTION.—At any time after the Institute’s  
5 work has led to sufficient consensus in the Commission’s  
6 judgment, the Commission shall institute a rulemaking  
7 proceeding to adopt such standards and protocols as may  
8 be necessary to insure smart-grid functionality and inter-  
9 operability in interstate transmission of electric power,  
10 and regional and wholesale electricity markets.

11 (e) AUTHORIZATION.—There are authorized to be ap-  
12 propriated for the purposes of this section \$5,000,000 to  
13 the Institute to support the activities required by this sub-  
14 section for each of fiscal years 2008 through 2012.

15 **SEC. 1306. FEDERAL MATCHING FUND FOR SMART GRID IN-**  
16 **VESTMENT COSTS.**

17 (a) MATCHING FUND.—The Secretary shall establish  
18 a Smart Grid Investment Matching Grant Program to  
19 provide reimbursement of one-fifth (20 percent) of quali-  
20 fying Smart Grid investments.

21 (b) QUALIFYING INVESTMENTS.—Qualifying Smart  
22 Grid investments may include any of the following made  
23 on or after the date of enactment of this Act:

24 (1) In the case of appliances covered for pur-  
25 poses of establishing energy conservation standards

1 under part B of title III of the Energy Policy and  
2 Conservation Act of 1975 (42 U.S.C. 6291 et seq.),  
3 the documented expenditures incurred by a manu-  
4 facturer of such appliances associated with pur-  
5 chasing or designing, creating the ability to manu-  
6 facture, and manufacturing and installing for one  
7 calendar year, internal devices that allow the appli-  
8 ance to engage in Smart Grid functions.

9 (2) In the case of specialized electricity-using  
10 equipment, including motors and drivers, installed in  
11 industrial or commercial applications, the docu-  
12 mented expenditures incurred by its owner or its  
13 manufacturer of installing devices or modifying that  
14 equipment to engage in Smart Grid functions.

15 (3) In the case of transmission and distribution  
16 equipment fitted with monitoring and communica-  
17 tions devices to enable smart grid functions, the docu-  
18 mented expenditures incurred by the electric utility  
19 to purchase and install such monitoring and commu-  
20 nications devices.

21 (4) In the case of metering devices, sensors,  
22 control devices, and other devices integrated with  
23 and attached to an electric utility system or retail  
24 distributor or marketer of electricity that are capa-  
25 ble of engaging in Smart Grid functions, the docu-

1       mented expenditures incurred by the electric utility,  
2       distributor, or marketer and its customers to pur-  
3       chase and install such devices.

4           (5) In the case of software that enables devices  
5       or computers to engage in Smart Grid functions, the  
6       documented purchase costs of the software.

7           (6) In the case of entities that operate or co-  
8       ordinate operations of regional electric grids, the  
9       documented expenditures for purchasing and install-  
10      ing such equipment that allows Smart Grid func-  
11      tions to operate and be combined or coordinated  
12      among multiple electric utilities and between that re-  
13      gion and other regions.

14          (7) In the case of persons or entities other than  
15      electric utilities owning and operating a distributed  
16      electricity generator, the documented expenditures of  
17      enabling that generator to be monitored, controlled,  
18      or otherwise integrated into grid operations and elec-  
19      tricity flows on the grid utilizing Smart Grid func-  
20      tions.

21          (8) In the case of electric or hybrid-electric ve-  
22      hicles, the documented expenses for devices that  
23      allow the vehicle to engage in Smart Grid functions  
24      (but not the costs of electricity storage for the vehi-  
25      cle).

1           (9) The documented expenditures related to  
2           purchasing and implementing Smart Grid functions  
3           in such other cases as the Secretary shall identify.  
4           In making such grants, the Secretary shall seek to  
5           reward innovation and early adaptation, even if suc-  
6           cess is not complete, rather than deployment of  
7           proven and commercially viable technologies.

8           (c) INVESTMENTS NOT INCLUDED.—Qualifying  
9           Smart Grid investments do not include any of the fol-  
10          lowing:

11           (1) Investments or expenditures for Smart Grid  
12           technologies, devices, or equipment that are eligible  
13           for specific tax credits or deductions under the In-  
14           ternal Revenue Code, as amended.

15           (2) Expenditures for electricity generation,  
16           transmission, or distribution infrastructure or equip-  
17           ment not directly related to enabling Smart Grid  
18           functions.

19           (3) After the final date for State consideration  
20           of the Smart Grid Information Standard under sec-  
21           tion 1307 (paragraph (17) of section 111(d) of the  
22           Public Utility Regulatory Policies Act of 1978), an  
23           investment that is not in compliance with such  
24           standard.

1           (4) After the development and publication by  
2 the Institute of protocols and model standards for  
3 interoperability of smart grid devices and tech-  
4 nologies, an investment that fails to incorporate any  
5 of such protocols or model standards.

6           (5) Expenditures for physical interconnection of  
7 generators or other devices to the grid except those  
8 that are directly related to enabling Smart Grid  
9 functions.

10          (6) Expenditures for ongoing salaries, benefits,  
11 or personnel costs not incurred in the initial installa-  
12 tion, training, or start up of smart grid functions.

13          (7) Expenditures for travel, lodging, meals or  
14 other personal costs.

15          (8) Ongoing or routine operation, billing, cus-  
16 tomer relations, security, and maintenance expendi-  
17 tures.

18          (9) Such other expenditures that the Secretary  
19 determines not to be Qualifying Smart Grid Invest-  
20 ments by reason of the lack of the ability to perform  
21 Smart Grid functions or lack of direct relationship  
22 to Smart Grid functions.

23          (d) SMART GRID FUNCTIONS.—The term “smart  
24 grid functions” means any of the following:

1           (1) The ability to develop, store, send and re-  
2           ceive digital information concerning electricity use,  
3           costs, prices, time of use, nature of use, storage, or  
4           other information relevant to device, grid, or utility  
5           operations, to or from or by means of the electric  
6           utility system, through one or a combination of de-  
7           vices and technologies.

8           (2) The ability to develop, store, send and re-  
9           ceive digital information concerning electricity use,  
10          costs, prices, time of use, nature of use, storage, or  
11          other information relevant to device, grid, or utility  
12          operations to or from a computer or other control  
13          device.

14          (3) The ability to measure or monitor electricity  
15          use as a function of time of day, power quality char-  
16          acteristics such as voltage level, current, cycles per  
17          second, or source or type of generation and to store,  
18          synthesize or report that information by digital  
19          means.

20          (4) The ability to sense and localize disruptions  
21          or changes in power flows on the grid and commu-  
22          nicate such information instantaneously and auto-  
23          matically for purposes of enabling automatic protec-  
24          tive responses to sustain reliability and security of  
25          grid operations.

1           (5) The ability to detect, prevent, communicate  
2 with regard to, respond to, or recover from system  
3 security threats, including cyber-security threats and  
4 terrorism, using digital information, media, and de-  
5 vices.

6           (6) The ability of any appliance or machine to  
7 respond to such signals, measurements, or commu-  
8 nications automatically or in a manner programmed  
9 by its owner or operator without independent human  
10 intervention.

11           (7) The ability to use digital information to op-  
12 erate functionalities on the electric utility grid that  
13 were previously electro-mechanical or manual.

14           (8) The ability to use digital controls to manage  
15 and modify electricity demand, enable congestion  
16 management, assist in voltage control, provide oper-  
17 ating reserves, and provide frequency regulation.

18           (9) Such other functions as the Secretary may  
19 identify as being necessary or useful to the operation  
20 of a Smart Grid.

21 (e) The Secretary shall—

22           (1) establish and publish in the Federal Reg-  
23 ister, within one year after the enactment of this Act  
24 procedures by which applicants who have made  
25 qualifying Smart Grid investments can seek and ob-

1       tain reimbursement of one-fifth of their documented  
2       expenditures;

3           (2) establish procedures to ensure that there is  
4       no duplication or multiple reimbursement for the  
5       same investment or costs, that the reimbursement  
6       goes to the party making the actual expenditures for  
7       Qualifying Smart Grid Investments, and that the  
8       grants made have significant effect in encouraging  
9       and facilitating the development of a smart grid;

10          (3) maintain public records of reimbursements  
11       made, recipients, and qualifying Smart Grid invest-  
12       ments which have received reimbursements;

13          (4) establish procedures to provide, in cases  
14       deemed by the Secretary to be warranted, advance  
15       payment of moneys up to the full amount of the pro-  
16       jected eventual reimbursement, to creditworthy ap-  
17       plicants whose ability to make Qualifying Smart  
18       Grid Investments may be hindered by lack of initial  
19       capital, in lieu of any later reimbursement for which  
20       that applicant qualifies, and subject to full return of  
21       the advance payment in the event that the Quali-  
22       fying Smart Grid investment is not made; and

23          (5) have and exercise the discretion to deny  
24       grants for investments that do not qualify in the  
25       reasonable judgment of the Secretary.

1 (f) AUTHORIZATION OF APPROPRIATIONS.—There  
2 are authorized to be appropriated to the Secretary such  
3 sums as are necessary for the administration of this sec-  
4 tion and the grants to be made pursuant to this section  
5 for fiscal years 2008 through 2012.

6 **SEC. 1307. STATE CONSIDERATION OF SMART GRID.**

7 (a) Section 111(d) of the Public Utility Regulatory  
8 Policies Act of 1978 (16 U.S.C. 2621(d)) is amended by  
9 adding at the end the following:

10 “(16) CONSIDERATION OF SMART GRID INVEST-  
11 MENTS.—

12 “(A) IN GENERAL.—Each State shall con-  
13 sider requiring that, prior to undertaking in-  
14 vestments in nonadvanced grid technologies, an  
15 electric utility of the State demonstrate to the  
16 State that the electric utility considered an in-  
17 vestment in a qualified smart grid system based  
18 on appropriate factors, including—

19 “(i) total costs;

20 “(ii) cost-effectiveness;

21 “(iii) improved reliability;

22 “(iv) security;

23 “(v) system performance; and

24 “(vi) societal benefit.

1           “(B) RATE RECOVERY.—Each State shall  
2 consider authorizing each electric utility of the  
3 State to recover from ratepayers any capital,  
4 operating expenditure, or other costs of the  
5 electric utility relating to the deployment of a  
6 qualified smart grid system, including a reason-  
7 able rate of return on the capital expenditures  
8 of the electric utility for the deployment of the  
9 qualified smart grid system.

10           “(C) OBSOLETE EQUIPMENT.—Each State  
11 shall consider authorizing any electric utility or  
12 other party of the State to deploy a qualified  
13 smart grid system to recover in a timely man-  
14 ner the remaining book-value costs of any  
15 equipment rendered obsolete by the deployment  
16 of the qualified smart grid system, based on the  
17 remaining depreciable life of the obsolete equip-  
18 ment.

19           “(17) SMART GRID INFORMATION.—

20           “(A) STANDARD.—All electricity pur-  
21 chasers shall be provided direct access, in writ-  
22 ten or electronic machine-readable form as ap-  
23 propriate, to information from their electricity  
24 provider as provided in subparagraph (B).

1           “(B) INFORMATION.—Information pro-  
2           vided under this section, to the extent prac-  
3           ticable, shall include:

4                   “(i) PRICES.—Purchasers and other  
5                   interested persons shall be provided with  
6                   information on—

7                           “(I) time-based electricity prices  
8                           in the wholesale electricity market;  
9                           and

10                           “(II) time-based electricity retail  
11                           prices or rates that are available to  
12                           the purchasers.

13                   “(ii) USAGE.—Purchasers shall be  
14                   provided with the number of electricity  
15                   units, expressed in kwh, purchased by  
16                   them.

17                           “(iii) INTERVALS AND PROJEC-  
18                           TIONS.—Updates of information on prices  
19                           and usage shall be offered on not less than  
20                           a daily basis, shall include hourly price and  
21                           use information, where available, and shall  
22                           include a day-ahead projection of such  
23                           price information to the extent available.

24                   “(iv) SOURCES.—Purchasers and  
25                   other interested persons shall be provided

1           annually with written information on the  
2           sources of the power provided by the util-  
3           ity, to the extent it can be determined, by  
4           type of generation, including greenhouse  
5           gas emissions associated with each type of  
6           generation, for intervals during which such  
7           information is available on a cost-effective  
8           basis.

9           “(C) ACCESS.—Purchasers shall be able to  
10          access their own information at any time  
11          through the internet and on other means of  
12          communication elected by that utility for Smart  
13          Grid applications. Other interested persons  
14          shall be able to access information not specific  
15          to any purchaser through the Internet. Infor-  
16          mation specific to any purchaser shall be pro-  
17          vided solely to that purchaser.”.

18          (b) COMPLIANCE.—

19               (1) TIME LIMITATIONS.—Section 112(b) of the  
20          Public Utility Regulatory Policies Act of 1978 (16  
21          U.S.C. 2622(b)) is amended by adding the following  
22          at the end thereof:

23               “(6)(A) Not later than 1 year after the enact-  
24          ment of this paragraph, each State regulatory au-  
25          thority (with respect to each electric utility for which

1 it has ratemaking authority) and each nonregulated  
2 utility shall commence the consideration referred to  
3 in section 111, or set a hearing date for consider-  
4 ation, with respect to the standards established by  
5 paragraphs (17) through (18) of section 111(d).

6 “(B) Not later than 2 years after the date of  
7 the enactment of the this paragraph, each State reg-  
8 ulatory authority (with respect to each electric utility  
9 for which it has ratemaking authority), and each  
10 nonregulated electric utility, shall complete the con-  
11 sideration, and shall make the determination, re-  
12 ferred to in section 111 with respect to each stand-  
13 ard established by paragraphs (17) through (18) of  
14 section 111(d).”.

15 (2) FAILURE TO COMPLY.—Section 112(c) of  
16 the Public Utility Regulatory Policies Act of 1978  
17 (16 U.S.C. 2622(c)) is amended by adding the fol-  
18 lowing at the end:

19 “In the case of the standards established by para-  
20 graphs (16) through (19) of section 111(d), the reference  
21 contained in this subsection to the date of enactment of  
22 this Act shall be deemed to be a reference to the date of  
23 enactment of such paragraphs.”.

24 (3) PRIOR STATE ACTIONS.—Section 112(d) of  
25 the Public Utility Regulatory Policies Act of 1978

1 (16 U.S.C. 2622(d)) is amended by inserting “and  
2 paragraphs (17) through (18)” before “of section  
3 111(d)”.

4 **SEC. 1308. STUDY OF THE EFFECT OF PRIVATE WIRE LAWS**  
5 **ON THE DEVELOPMENT OF COMBINED HEAT**  
6 **AND POWER FACILITIES.**

7 (a) STUDY.—

8 (1) IN GENERAL.—The Secretary, in consulta-  
9 tion with the States and other appropriate entities,  
10 shall conduct a study of the laws (including regula-  
11 tions) affecting the siting of privately owned electric  
12 distribution wires on and across public rights-of-way.

13 (2) REQUIREMENTS.—The study under para-  
14 graph (1) shall include—

15 (A) an evaluation of—

16 (i) the purposes of the laws; and

17 (ii) the effect the laws have on the de-  
18 velopment of combined heat and power fa-  
19 cilities;

20 (B) a determination of whether a change  
21 in the laws would have any operating, reli-  
22 ability, cost, or other impacts on electric utili-  
23 ties and the customers of the electric utilities;  
24 and

25 (C) an assessment of—

1 (i) whether privately owned electric  
2 distribution wires would result in duplica-  
3 tive facilities; and

4 (ii) whether duplicative facilities are  
5 necessary or desirable.

6 (b) REPORT.—Not later than 1 year after the date  
7 of enactment of this Act, the Secretary shall submit to  
8 Congress a report that describes the results of the study  
9 conducted under subsection (a).

10 **SEC. 1309. DOE STUDY OF SECURITY ATTRIBUTES OF**  
11 **SMART GRID SYSTEMS.**

12 (a) DOE STUDY.—The Secretary shall, within 18  
13 months after the date of enactment of this Act, submit  
14 a report to Congress that provides a quantitative assess-  
15 ment and determination of the existing and potential im-  
16 pacts of the deployment of Smart Grid systems on improv-  
17 ing the security of the Nation’s electricity infrastructure  
18 and operating capability. The report shall include but not  
19 be limited to specific recommendations on each of the fol-  
20 lowing:

21 (1) How smart grid systems can help in making  
22 the Nation’s electricity system less vulnerable to dis-  
23 ruptions due to intentional acts against the system.

1           (2) How smart grid systems can help in restor-  
2           ing the integrity of the Nation's electricity system  
3           subsequent to disruptions.

4           (3) How smart grid systems can facilitate na-  
5           tionwide, interoperable emergency communications  
6           and control of the Nation's electricity system during  
7           times of localized, regional, or nationwide emer-  
8           gency.

9           (4) What risks must be taken into account that  
10          smart grid systems may, if not carefully created and  
11          managed, create vulnerability to security threats of  
12          any sort, and how such risks may be mitigated.

13          (b) CONSULTATION.—The Secretary shall consult  
14          with other Federal agencies in the development of the re-  
15          port under this section, including but not limited to the  
16          Secretary of Homeland Security, the Federal Energy Reg-  
17          ulatory Commission, and the Electric Reliability Organiza-  
18          tion certified by the Commission under section 215(c) of  
19          the Federal Power Act (16 U.S.C. 824o) as added by sec-  
20          tion 1211 of the Energy Policy Act of 2005 (Public Law  
21          109–58; 119 Stat. 941).



1 ed, treated, or pressurized wood, wood  
2 contaminated with plastic or metals).

3 “(iii) Animal waste or animal byprod-  
4 ucts.

5 “(iv) Landfill methane.

6 “(B) NATIONAL FOREST LANDS AND CER-  
7 TAIN OTHER PUBLIC LANDS.—With respect to  
8 organic material removed from National Forest  
9 System lands or from public lands administered  
10 by the Secretary of the Interior, the term ‘bio-  
11 mass’ covers only organic material from (i) eco-  
12 logical forest restoration; (ii) pre-commercial  
13 thinnings; (iii) brush; (iv) mill residues; and (v)  
14 slash.

15 “(C) EXCLUSION OF CERTAIN FEDERAL  
16 LANDS.—Notwithstanding subparagraph (B),  
17 material or matter that would otherwise qualify  
18 as biomass are not included in the term bio-  
19 mass if they are located on the following Fed-  
20 eral lands:

21 “(i) Federal land containing old  
22 growth forest or late successional forest  
23 unless the Secretary of the Interior or the  
24 Secretary of Agriculture determines that  
25 the removal of organic material from such

1 land is appropriate for the applicable forest  
2 type and maximizes the retention of late-  
3 successional and large and old growth  
4 trees, late-successional and old growth for-  
5 est structure, and late-successional and old  
6 growth forest composition.

7 “(ii) Federal land on which the re-  
8 moval of vegetation is prohibited, including  
9 components of the National Wilderness  
10 Preservation System.

11 “(iii) Wilderness Study Areas.

12 “(iv) Inventoried roadless areas.

13 “(v) Components of the National  
14 Landscape Conservation System.

15 “(vi) National Monuments.

16 “(2) ELIGIBLE FACILITY.—The term ‘eligible  
17 facility’ means—

18 “(A) a facility for the generation of electric  
19 energy from a renewable energy resource that is  
20 placed in service on or after January 1, 2001;  
21 or

22 “(B) a repowering or cofiring increment.

23 “(3) EXISTING FACILITY.—The term ‘existing  
24 facility’ means a facility for the generation of elec-

1       tric energy from a renewable energy resource that is  
2       not an eligible facility.

3           “(4) INCREMENTAL HYDROPOWER.—The term  
4       ‘incremental hydropower’ means additional genera-  
5       tion that is achieved from increased efficiency or ad-  
6       ditions of capacity made on or after January 1,  
7       2001, or the effective date of an existing applicable  
8       State renewable portfolio standard program at a hy-  
9       droelectric facility that was placed in service before  
10      that date.

11          “(5) INDIAN LAND.—The term ‘Indian land’  
12      means—

13           “(A) any land within the limits of any In-  
14      dian reservation, pueblo, or rancharia;

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

23           “(C) any dependent Indian community; or

1           “(D) any land conveyed to any Alaska Na-  
2           tive corporation under the Alaska Native  
3           Claims Settlement Act.

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

13          “(7) RENEWABLE ENERGY.—The term ‘renew-  
14          able energy’ means electric energy generated by a re-  
15          newable energy resource.

16          “(8) RENEWABLE ENERGY RESOURCE.—The  
17          term ‘renewable energy resource’ means solar, wind,  
18          ocean, tidal, geothermal energy, biomass, landfill  
19          gas, incremental hydropower, or hydrokinetic energy.

20          “(9) REPOWERING OR COFIRING INCREMENT.—  
21          The term ‘repowering or cofiring increment’  
22          means—

23                 “(A) the additional generation from a  
24                 modification that is placed in service on or after  
25                 January 1, 2001, to expand electricity produc-

1           tion at a facility used to generate electric en-  
2           ergy from a renewable energy resource;

3           “(B) the additional generation above the  
4           average generation in the 3 years preceding the  
5           date of enactment of this section at a facility  
6           used to generate electric energy from a renew-  
7           able energy resource or to cofire biomass that  
8           was placed in service before the date of enact-  
9           ment of this section: or

10           “(C) the portion of the electric generation  
11           from a facility placed in service on or after Jan-  
12           uary 1, 2001, or a modification to a facility  
13           placed in service before the date of enactment  
14           of this section made on or after January 1,  
15           2001, associated with cofiring biomass.

16           “(10) RETAIL ELECTRIC SUPPLIER.—(A) The  
17           term ‘retail electric supplier’ means a person that  
18           sells electric energy to electric consumers (other  
19           than consumers in Hawaii) that sold not less than  
20           1,000,000 megawatt-hours of electric energy to elec-  
21           tric consumers for purposes other than resale during  
22           the preceding calendar year. For purposes of this  
23           section, a person that sells electric energy to electric  
24           consumers that, in combination with the sales of any  
25           affiliate organized after the date of enactment of

1       this section, sells not less than 1,000,000 megawatt  
2       hours of electric energy to consumers for purposes  
3       other than resale shall qualify as a retail electric  
4       supplier. For purposes of this paragraph, sales by  
5       any person to a parent company or to other affiliates  
6       of such person shall not be treated as sales to elec-  
7       tric consumers.

8           “(B) Such term does not include the United  
9       States, a State or any political subdivision of a  
10      State, or any agency, authority, or instrumentality  
11      of any one or more of the foregoing, or a rural elec-  
12      tric cooperative, except that a political subdivision of  
13      a State, or an agency, authority or instrumentality  
14      of the United States, a State or a political subdivi-  
15      sion of a State, or a rural electric cooperative that  
16      sells electric energy to electric consumers or any  
17      other entity that sells electric energy to electric con-  
18      sumers that would not otherwise qualify as a retail  
19      electric supplier shall be deemed a retail electric sup-  
20      plier if such entity notifies the Secretary that it vol-  
21      untarily agrees to participate in the Federal renew-  
22      able electricity standard program.

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

1 sold by the retail electric supplier, expressed in  
2 terms of kilowatt hours, to electric customers for  
3 purposes other than resale during the most recent  
4 calendar year for which information is available, ex-  
5 cluding—

6 “(A) electric energy that is not incremental  
7 hydropower generated by a hydroelectric facil-  
8 ity; and

9 “(B) electricity generated through the in-  
10 cineration of municipal solid waste.

11 “(b) COMPLIANCE.—For each calendar year begin-  
12 ning in calendar year 2010, each retail electric supplier  
13 shall meet the requirements of subsection (c) by submit-  
14 ting to the Secretary, not later than April 1 of the fol-  
15 lowing calendar year, one or more of the following:

16 “(1) Federal renewable energy credits issued  
17 under subsection (e).

18 “(2) Federal energy efficiency credits issued  
19 under subsection (i), except that Federal energy effi-  
20 ciency credits may not be used to meet more than  
21 27 percent of the requirements of subsection (c) in  
22 any calendar year. Energy efficiency credits may  
23 only be used for compliance in a State where the  
24 Governor has petitioned the Secretary pursuant to  
25 subsection (i)(2).

1           “(3) Certification of the renewable energy gen-  
 2           erated and electricity savings pursuant to the funds  
 3           associated with State compliance payments as speci-  
 4           fied in subsection (e)(3)(G).

5           “(4) Alternative compliance payments pursuant  
 6           to subsection (j).

7           “(c) **REQUIRED ANNUAL PERCENTAGE.**—For cal-  
 8           endar years 2010 through 2039, the required annual per-  
 9           centage of the retail electric supplier’s base amount that  
 10          shall be generated from renewable energy resources, or  
 11          otherwise credited towards such percentage requirement  
 12          pursuant to subsection (d), shall be the percentage speci-  
 13          fied in the following table:

<b>“Calendar Years</b>	<b>Required annual percentage</b>
2010 .....	2.75
2011 .....	2.75
2012 .....	3.75
2013 .....	4.5
2014 .....	5.5
2015 .....	6.5
2016 .....	7.5
2017 .....	8.25
2018 .....	10.25
2019 .....	12.25
2020 and thereafter through 2039 .....	15

14          “(d) **RENEWABLE ENERGY AND ENERGY EFFI-**  
 15          **CIENCY CREDITS.**—(1) A retail electric supplier may sat-  
 16          isfy the requirements of subsection (b)(1) through the sub-  
 17          mission of Federal renewable energy credits—

18                 “(A) issued to the retail electric supplier under  
 19          subsection (e);

1           “(B) obtained by purchase or exchange under  
2           subsection (f) or (g); or

3           “(C) borrowed under subsection (h).

4           “(2) A retail electric supplier may satisfy the require-  
5           ments of subsection (b)(2) through the submission of Fed-  
6           eral energy efficiency credits issued to the retail electric  
7           supplier obtained by purchase or exchange pursuant to  
8           subsection (i).

9           “(3) A Federal renewable energy credit may be  
10          counted toward compliance with subsection (b)(1) only  
11          once. A Federal energy efficiency credit may be counted  
12          toward compliance with subsection (b)(2) only once.

13          “(e) ISSUANCE OF FEDERAL RENEWABLE ENERGY  
14          CREDITS.—(1) The Secretary shall establish by rule, not  
15          later than 1 year after the date of enactment of this sec-  
16          tion, a program to verify and issue Federal renewable en-  
17          ergy credits to generators of renewable energy, track their  
18          sale, exchange and retirement and to enforce the require-  
19          ments of this section. To the extent possible, in estab-  
20          lishing such program, the Secretary shall rely upon exist-  
21          ing and emerging State or regional tracking systems that  
22          issue and track non-Federal renewable energy credits.

23          “(2) An entity that generates electric energy through  
24          the use of a renewable energy resource may apply to the  
25          Secretary for the issuance of renewable energy credits.

1 The applicant must demonstrate that the electric energy  
2 will be transmitted onto the grid or, in the case of a gen-  
3 eration offset, that the electric energy offset would have  
4 otherwise been consumed on site. The application shall in-  
5 dicate—

6           “(A) the type of renewable energy resource used  
7           to produce the electricity;

8           “(B) the location where the electric energy was  
9           produced; and

10           “(C) any other information the Secretary deter-  
11           mines appropriate.

12           “(3)(A) Except as provided in subparagraphs (B),  
13 (C), and (D), the Secretary shall issue to a generator of  
14 electric energy one Federal renewable energy credit for  
15 each kilowatt hour of electric energy generated by the use  
16 of a renewable energy resource at an eligible facility.

17           “(B) For purpose of compliance with this section,  
18 Federal renewable energy credits for incremental hydro-  
19 power shall be based, on the increase in average annual  
20 generation resulting from the efficiency improvements or  
21 capacity additions. The incremental generation shall be  
22 calculated using the same water flow information used to  
23 determine a historic average annual generation baseline  
24 for the hydroelectric facility and certified by the Secretary  
25 or the Federal Energy Regulatory Commission. The cal-

1 culation of the Federal renewable energy credits for incre-  
2 mental hydropower shall not be based on any operational  
3 changes at the hydroelectric facility not directly associated  
4 with the efficiency improvements or capacity additions.

5       “(C) The Secretary shall issue 2 renewable energy  
6 credits for each kilowatt hour of electric energy generated  
7 and supplied to the grid in that calendar year through the  
8 use of a renewable energy resource at an eligible facility  
9 located on Indian land. For purposes of this paragraph,  
10 renewable energy generated by biomass cofired with other  
11 fuels is eligible for two credits only if the biomass was  
12 grown on such land.

13       “(D) For electric energy generated by a renewable  
14 energy resource at an on-site eligible facility no larger  
15 than one megawatt in capacity and used to offset part or  
16 all of the customer’s requirements for electric energy, the  
17 Secretary shall issue 3 renewable energy credits to such  
18 customer for each kilowatt hour generated.

19       “(E) In the case of an on-site eligible facility on In-  
20 dian land no more than 3 credits per kilowatt hour may  
21 be issued.

22       “(F) If both a renewable energy resource and a non-  
23 renewable energy resource are used to generate the electric  
24 energy, the Secretary shall issue the Federal renewable en-

1 ergy credits based on the proportion of the renewable en-  
2 ergy resources used.

3       “(G) When a generator has sold electric energy gen-  
4 erated through the use of a renewable energy resource to  
5 a retail electric supplier under a contract for power from  
6 an existing facility, and the contract has not determined  
7 ownership of the Federal renewable energy credits associ-  
8 ated with such generation, the Secretary shall issue such  
9 Federal renewable energy credits to the retail electric sup-  
10 plier for the duration of the contract.

11       “(H) Payments made by a retail electricity supplier,  
12 directly or indirectly, to a State for compliance with a  
13 State renewable portfolio standard program, or for an al-  
14 ternative compliance mechanism, shall be valued at one  
15 credit per kilowatt hour for the purpose of subsection  
16 (b)(2) based on the amount of electric energy generation  
17 from renewable resources and electricity savings up to 27  
18 percent of the utility’s requirement that results from those  
19 payments.

20       “(f) EXISTING FACILITIES.—The Secretary shall en-  
21 sure that a retail electric supplier that acquires Federal  
22 renewable energy credits associated with the generation of  
23 renewable energy from an existing facility may use such  
24 credits for purpose of its compliance with subsection  
25 (b)(1). Such credits may not be sold, exchanged, or trans-

1 ferred for the purpose of compliance by another retail elec-  
2 tric supplier.

3 “(g) RENEWABLE ENERGY CREDIT TRADING.—(1) A  
4 Federal renewable energy credit, may be sold, transferred  
5 or exchanged by the entity to whom issued or by any other  
6 entity who acquires the Federal renewable energy credit,  
7 except for those renewable energy credits from existing fa-  
8 cilities. A Federal renewable energy credit for any year  
9 that is not submitted to satisfy the minimum renewable  
10 generation requirement of subsection (c) for that year may  
11 be carried forward for use pursuant to subsection (b)(1)  
12 within the next 3 years.

13 “(2) A Federally owned or cooperatively owned util-  
14 ity, or a State or subdivision thereof, that is not a retail  
15 electric supplier that generates electric energy by the use  
16 of a renewable energy resource at an eligible facility may  
17 only sell, transfer or exchange a Federal renewable energy  
18 credit to a cooperatively owned utility or an agency, au-  
19 thority or instrumentality of a State or political subdivi-  
20 sion of a State that is a retail electric supplier that has  
21 acquired the electric energy associated with the credit.

22 “(3) The Secretary may delegate to an appropriate  
23 market-making entity the administration of a national  
24 tradeable renewable energy credit market and a nation en-  
25 ergy efficiency credit market for purposes of creating a

1 transparent national market for the sale or trade of renew-  
2 able energy credits and a transparent national market for  
3 the sale or trade of Federal energy efficiency credits.

4 “(h) RENEWABLE ENERGY CREDIT BORROWING.—  
5 At any time before the end of calendar year 2012, a retail  
6 electric supplier that has reason to believe it will not be  
7 able to fully comply with subsection (b) may—

8 “(1) submit a plan to the Secretary dem-  
9 onstrating that the retail electric supplier will earn  
10 sufficient Federal renewable energy credits and Fed-  
11 eral energy efficiency credits within the next 3 cal-  
12 endar years which, when taken into account, will en-  
13 able the retail electric supplier to meet the require-  
14 ments of subsection (b) for calendar year 2012 and  
15 the subsequent calendar years involved; and

16 “(2) upon the approval of the plan by the Sec-  
17 retary, apply Federal renewable energy credits and  
18 Federal energy efficiency credits that the plan dem-  
19 onstrates will be earned within the next 3 calendar  
20 years to meet the requirements of subsection (b) for  
21 each calendar year involved.

22 The retail electric supplier must repay all of the borrowed  
23 Federal renewable energy credits and Federal energy effi-  
24 ciency credits by submitting an equivalent number of Fed-  
25 eral renewable energy credits and Federal energy effi-

1 ciency credits, in addition to those otherwise required  
2 under subsection (b), by calendar year 2020 or any earlier  
3 deadlines specified in the approved plan. Failure to repay  
4 the borrowed Federal renewable energy credits and Fed-  
5 eral energy efficiency credits shall subject the retail elec-  
6 tric supplier to civil penalties under subsection (i) for vio-  
7 lation of the requirements of subsection (b) for each cal-  
8 endar year involved.

9 “(i) ENERGY EFFICIENCY CREDITS.—

10 “(1) DEFINITIONS.—In this subsection—

11 “(A) CUSTOMER FACILITY SAVINGS.—The  
12 term ‘customer facility savings’ means a reduc-  
13 tion in end-use electricity at a facility of an  
14 end-use consumer of electricity served by a re-  
15 tail electric supplier, as compared to—

16 “(i) consumption at the facility during  
17 a base year;

18 “(ii) in the case of new equipment (re-  
19 gardless of whether the new equipment re-  
20 places existing equipment at the end of the  
21 useful life of the existing equipment), con-  
22 sumption by the new equipment of average  
23 efficiency; or

24 “(iii) in the case of a new facility,  
25 consumption at a reference facility.

1                   “(B) ELECTRICITY SAVINGS.—The term  
2                   ‘electricity savings’ means—

3                   “(i) customer facility savings of elec-  
4                   tricity consumption adjusted to reflect any  
5                   associated increase in fuel consumption at  
6                   the facility;

7                   “(ii) reductions in distribution system  
8                   losses of electricity achieved by a retail  
9                   electricity distributor, as compared to  
10                  losses during the base years;

11                  “(iii) the output of new combined heat  
12                  and power systems, to the extent provided  
13                  under paragraph (5); and

14                  “(iv) recycled energy savings.

15                  “(C) QUALIFYING ELECTRICITY SAV-  
16                  INGS.—The term ‘qualifying electricity savings’  
17                  means electricity saving that meet the measure-  
18                  ment and verification requirements of para-  
19                  graph (4).

20                  “(D) RECYCLED ENERGY SAVINGS.—The  
21                  term ‘recycled energy savings’ means a reduc-  
22                  tion in electricity consumption that is attrib-  
23                  utable to electrical or mechanical power, or  
24                  both, produced by modifying an industrial or  
25                  commercial system that was in operation before

1           July 1, 2007, in order to recapture energy that  
2           would otherwise be wasted.

3           “(2) PETITION.—The Governor of a State may  
4           petition the Secretary to allow up to 27 percent of  
5           the requirements of a retail electric supplier under  
6           subsection (c) in the State to be met by submitting  
7           Federal energy efficiency credits issued pursuant to  
8           this subsection.

9           “(3) ISSUANCE OF CREDITS.—(A) Upon peti-  
10          tion by the Governor, the Secretary shall issue en-  
11          ergy efficiency credits for electricity savings de-  
12          scribed in subparagraph (B) achieved in States de-  
13          scribed in paragraph (2) in accordance with this  
14          subsection.

15          “(B) In accordance with regulations promul-  
16          gated by the Secretary, the Secretary shall issue  
17          credits for—

18                 “(i) qualified electricity savings achieved  
19                 by a retail electric supplier in a calendar year;  
20                 and

21                 “(ii) qualified electricity savings achieved  
22                 by other entities if—

23                         “(I) the measures used to achieve the  
24                         qualifying electricity savings were installed  
25                         or place in operation by the entity seeking

1 the credit or the designated agent of the  
2 entity; and

3 “(II) no retail electric supplier paid a  
4 substantial portion of the cost of achieving  
5 the qualified electricity savings (unless the  
6 retail electric supplier has waived any enti-  
7 tlement to the credit).

8 “(4) MEASUREMENT AND VERIFICATION OF  
9 ELECTRICITY SAVINGS.—Not later than June 30,  
10 2009, the Secretary shall promulgate regulations re-  
11 garding the measurement and verification of elec-  
12 tricity savings under this subsection, including regu-  
13 lations covering—

14 “(A) procedures and standards for defining  
15 and measuring electricity savings that will be  
16 eligible to receive credits under paragraph (3),  
17 which shall—

18 “(i) specify the types of energy effi-  
19 ciency and energy conservation that will be  
20 eligible for the credits;

21 “(ii) require that energy consumption  
22 for customer facilities or portions of facili-  
23 ties in the applicable base and current  
24 years be adjusted, as appropriate, to ac-

1 count for changes in weather, level of pro-  
2 duction, and building area;

3 “(iii) account for the useful life of  
4 electricity savings measures;

5 “(iv) include specified electricity sav-  
6 ings values for specific, commonly-used ef-  
7 ficiency measures;

8 “(v) specify the extent to which elec-  
9 tricity savings attributable to measures  
10 carried out before the date of enactment of  
11 this section are eligible to receive credits  
12 under this subsection; and

13 “(vi) exclude electricity savings that  
14 (I) are not properly attributable to meas-  
15 ures carried out by the entity seeking the  
16 credit; or (II) have already been credited  
17 under this section to another entity;

18 “(B) procedures and standards for third-  
19 party verification of reported electricity savings;  
20 and

21 “(C) such requirements for information,  
22 reports, and access to facilities as may be nec-  
23 essary to carry out this subsection.

24 “(5) COMBINED HEAT AND POWER.—Under  
25 regulations promulgated by the Secretary, the incre-

1       ment of electricity output of a new combined heat  
2       and power system that is attributable to the higher  
3       efficiency of the combined system (as compared to  
4       the efficiency of separate production of the electric  
5       and thermal outputs), shall be considered electricity  
6       savings under this subsection.

7       “(j) ENFORCEMENT.—A retail electric supplier that  
8       does not comply with subsection (b) shall be liable for the  
9       payment of a civil penalty. That penalty shall be calculated  
10      on the basis of the number of kilowatt-hours represented  
11      by the retail electric supplier’s failure to comply with sub-  
12      section (b), multiplied by the lesser of 4.5 cents (adjusted  
13      for inflation for such calendar year, based on the Gross  
14      Domestic Product Implicit Price Deflator) or 300 percent  
15      of the average market value of Federal renewable energy  
16      credits and energy efficiency credits for the compliance pe-  
17      riod. Any such penalty shall be due and payable without  
18      demand to the Secretary as provided in the regulations  
19      issued under subsection (e).

20      “(k) ALTERNATIVE COMPLIANCE PAYMENTS.—The  
21      Secretary shall accept payment equal to the lesser of:

22              “(1) 200 percent of the average market value of  
23      Federal renewable energy credits and Federal energy  
24      efficiency credits for the applicable compliance pe-  
25      riod; or

1           “(2) 2.5 cents per kilowatt hour adjusted on  
2           January 1 of each year following calendar year 2006  
3           based on the Gross Domestic Product Implicit Price  
4           Deflator,  
5 as a means of compliance under subsection (b)(4)

6           “(1) INFORMATION COLLECTION.—The Secretary  
7 may collect the information necessary to verify and  
8 audit—

9           “(1) the annual renewable energy generation of  
10          any retail electric supplier, Federal renewable energy  
11          credits submitted by a retail electric supplier pursu-  
12          ant to subsection (b)(1) and Federal energy effi-  
13          ciency credits submitted by a retail electric supplier  
14          pursuant to subsection (b)(2);

15          “(2) annual electricity savings achieved pursu-  
16          ant to subsection (i);

17          “(3) the validity of Federal renewable energy  
18          credits submitted for compliance by a retail electric  
19          supplier to the Secretary; and

20          “(4) the quantity of electricity sales of all retail  
21          electric suppliers.

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

1           “(n) STATE PROGRAMS.—(1) Nothing in this section  
2 diminishes any authority of a State or political subdivision  
3 of a State to—

4                           “(A) adopt or enforce any law or reg-  
5 ulation respecting renewable energy or en-  
6 ergy efficiency, including but not limited to  
7 programs that exceed the required amount  
8 of renewable energy or energy efficiency  
9 under this section, or

10                           “(B) regulate the acquisition and dis-  
11 position of Federal renewable energy cred-  
12 its and Federal energy efficiency credits by  
13 retail electric suppliers.

14           No law or regulation referred to in subparagraph  
15 (A) shall relieve any person of any requirement oth-  
16 erwise applicable under this section. The Secretary,  
17 in consultation with States having renewable energy  
18 programs and energy efficiency programs, shall pre-  
19 serve the integrity of such State programs, including  
20 programs that exceed the required amount of renew-  
21 able energy and energy efficiency under this section,  
22 and shall facilitate coordination between the Federal  
23 program and State programs.

24           “(2) In the rule establishing the program under this  
25 section, the Secretary shall incorporate common elements

1 of existing renewable energy and energy efficiency pro-  
2 grams, including State programs, to ensure administrative  
3 ease, market transparency and effective enforcement. The  
4 Secretary shall work with the States to minimize adminis-  
5 trative burdens and costs to retail electric suppliers.

6 “(o) RECOVERY OF COSTS.—An electric utility whose  
7 sales of electric energy are subject to rate regulation, in-  
8 cluding any utility whose rates are regulated by the Com-  
9 mission and any State regulated electric utility, shall not  
10 be denied the opportunity to recover the full amount of  
11 the prudently incurred incremental cost of renewable en-  
12 ergy and energy efficiency obtained to comply with the re-  
13 quirements of subsection (b). For purposes of this sub-  
14 section, the definitions in section 3 of this Act shall apply  
15 to the terms electric utility, State regulated electric utility,  
16 State agency, Commission, and State regulatory authority.

17 “(p) PROGRAM REVIEW.—The Secretary shall enter  
18 into a contract with the National Academy of Sciences to  
19 conduct a comprehensive evaluation of all aspects of the  
20 program established under this section, within 8 years of  
21 enactment of this section. The study shall include an eval-  
22 uation of—

23 “(1) the effectiveness of the program in increas-  
24 ing the market penetration and lowering the cost of

1 the eligible renewable energy and energy efficiency  
2 technologies;

3 “(2) the opportunities for any additional tech-  
4 nologies and sources of renewable energy and energy  
5 efficiency emerging since enactment of this section;

6 “(3) the impact on the regional diversity and  
7 reliability of supply sources, including the power  
8 quality benefits of distributed generation;

9 “(4) the regional resource development relative  
10 to renewable potential and reasons for any under in-  
11 vestment in renewable resources; and

12 “(5) the net cost/benefit of the renewable elec-  
13 tricity standard to the national and State economies,  
14 including retail power costs, economic development  
15 benefits of investment, avoided costs related to envi-  
16 ronmental and congestion mitigation investments  
17 that would otherwise have been required, impact on  
18 natural gas demand and price, effectiveness of green  
19 marketing programs at reducing the cost of renew-  
20 able resources.

21 The Secretary shall transmit the results of the evaluation  
22 and any recommendations for modifications and improve-  
23 ments to the program to Congress not later than January  
24 1, 2016.

1           “(q) STATE RENEWABLE ENERGY AND ENERGY EF-  
2 FICIENCY ACCOUNT PROGRAM.—(1) There is established  
3 in the Treasury a State renewable energy and energy effi-  
4 ciency account program.

5           “(2) All money collected by the Secretary from the  
6 alternative compliance payments under subsection (k)  
7 shall be deposited into the State renewable energy and en-  
8 ergy efficiency account established pursuant to this sub-  
9 section.

10          “(3) Proceeds deposited in the State renewable en-  
11 ergy and energy efficiency account shall be used by the  
12 Secretary, subject to annual appropriations, for a program  
13 to provide grants to the State agency responsible for ad-  
14 ministering a fund to promote renewable energy genera-  
15 tion and energy efficiency for customers of the State, or  
16 an alternative agency designated by the State, or if no  
17 such agency exists, to the State agency developing State  
18 energy conservation plans under section 363 of the Energy  
19 Policy and Conservation Act (42 U.S.C. 6322) for the pur-  
20 poses of promoting renewable energy production and pro-  
21 viding energy assistance and weatherization services to  
22 low-income consumers.

23          “(4) The Secretary may issue guidelines and criteria  
24 for grants awarded under this subsection. At least 75 per-  
25 cent of the funds provided to each State shall be used for

1 promoting renewable energy production and energy effi-  
2 ciency through grants, production incentives or other  
3 state-approved funding mechanisms. The funds shall be  
4 allocated to the States on the basis of retail electric sales  
5 subject to the Renewable electricity Standard under this  
6 section or through voluntary participation. State agencies  
7 receiving grants under this section shall maintain such  
8 records and evidence of compliance as the Secretary may  
9 require.”.

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

“Sec. 610. Federal renewable electricity standard”.

13 (c) SUNSET.—Section 610 of such title and the item  
14 relating to such section 610 in the table of contents for  
15 such title are each repealed as of December 31, 2039.

16 **TITLE XV—CLEAN RENEWABLE**  
17 **ENERGY AND CONSERVATION**  
18 **TAX ACT OF 2007**

19 **SEC. 1500. SHORT TITLE; AMENDMENT OF 1986 CODE.**

20 (a) SHORT TITLE.—This title may be cited as the  
21 “Clean Renewable Energy and Conservation Tax Act of  
22 2007”.

23 (b) AMENDMENT OF 1986 CODE.—Except as other-  
24 wise expressly provided, whenever in this title an amend-  
25 ment or repeal is expressed in terms of an amendment

1 to, or repeal of, a section or other provision, the reference  
2 shall be considered to be made to a section or other provi-  
3 sion of the Internal Revenue Code of 1986.

4 **Subtitle A—Clean Renewable**  
5 **Energy Production Incentives**

6 **PART I—PROVISIONS RELATING TO RENEWABLE**

7 **ENERGY**

8 **SEC. 1501. EXTENSION AND MODIFICATION OF RENEWABLE**

9 **ENERGY CREDIT.**

10 (a) EXTENSION OF CREDIT.—Each of the following  
11 provisions of section 45(d) (relating to qualified facilities)  
12 is amended by striking “January 1, 2009” and inserting  
13 “January 1, 2013”:

14 (1) Paragraph (1).

15 (2) Clauses (i) and (ii) of paragraph (2)(A).

16 (3) Clauses (i)(I) and (ii) of paragraph (3)(A).

17 (4) Paragraph (4).

18 (5) Paragraph (5).

19 (6) Paragraph (6).

20 (7) Paragraph (7).

21 (8) Subparagraphs (A) and (B) of paragraph

22 (9).

23 (b) MODIFICATION OF CREDIT PHASEOUT.—

24 (1) REPEAL OF PHASEOUT.—Subsection (b) of  
25 section 45 is amended—

1 (A) by striking paragraph (1), and

2 (B) by striking “the 8 cent amount in  
3 paragraph (1),” in paragraph (2) thereof.

4 (2) LIMITATION BASED ON INVESTMENT IN FA-  
5 CILITY.—Subsection (b) of section 45 is amended by  
6 inserting before paragraph (2) the following new  
7 paragraph:

8 “(1) LIMITATION BASED ON INVESTMENT IN  
9 FACILITY.—

10 “(A) IN GENERAL.—In the case of any  
11 qualified facility originally placed in service  
12 after December 31, 2008, the amount of the  
13 credit determined under subsection (a) for any  
14 taxable year with respect to electricity produced  
15 at such facility shall not exceed the product  
16 of—

17 “(i) the applicable percentage with re-  
18 spect to such facility, multiplied by

19 “(ii) the eligible basis of such facility.

20 “(B) CARRYFORWARD OF UNUSED LIMITA-  
21 TION AND EXCESS CREDIT.—

22 “(i) UNUSED LIMITATION.—If the  
23 limitation imposed under subparagraph (A)  
24 with respect to any facility for any taxable  
25 year exceeds the prelimitation credit for

1           such facility for such taxable year, the lim-  
2           itation imposed under subparagraph (A)  
3           with respect to such facility for the suc-  
4           ceeding taxable year shall be increased by  
5           the amount of such excess.

6           “(ii) EXCESS CREDIT.—If the  
7           prelimitation credit with respect to any fa-  
8           cility for any taxable year exceeds the limi-  
9           tation imposed under subparagraph (A)  
10          with respect to such facility for such tax-  
11          able year, the credit determined under sub-  
12          section (a) with respect to such facility for  
13          the succeeding taxable year (determined  
14          before the application of subparagraph (A)  
15          for such succeeding taxable year) shall be  
16          increased by the amount of such excess.  
17          With respect to any facility, no amount  
18          may carried forward under this clause to  
19          any taxable year beginning after the 10-  
20          year period described in subsection  
21          (a)(2)(A)(ii) with respect to such facility.

22          “(iii) PRELIMINATION CREDIT.—The  
23          term ‘prelimitation credit’ with respect to  
24          any facility for a taxable year means the  
25          credit determined under subsection (a)

1 with respect to such facility for such tax-  
2 able year, determined without regard to  
3 subparagraph (A) and after taking into ac-  
4 count any increase for such taxable year  
5 under clause (ii).

6 “(C) APPLICABLE PERCENTAGE.—For  
7 purposes of this paragraph—

8 “(i) IN GENERAL.—The term ‘applica-  
9 ble percentage’ means, with respect to any  
10 facility, the appropriate percentage pre-  
11 scribed by the Secretary for the month in  
12 which such facility is originally placed in  
13 service.

14 “(ii) METHOD OF PRESCRIBING AP-  
15 PPLICABLE PERCENTAGES.—The applicable  
16 percentages prescribed by the Secretary for  
17 any month under clause (i) shall be per-  
18 centages which yield over a 10-year period  
19 amounts of limitation under subparagraph  
20 (A) which have a present value equal to 35  
21 percent of the eligible basis of the facility.

22 “(iii) METHOD OF DISCOUNTING.—  
23 The present value under clause (ii) shall be  
24 determined—

1                   “(I) as of the last day of the 1st  
2                   year of the 10-year period referred to  
3                   in clause (ii),

4                   “(II) by using a discount rate  
5                   equal to the greater of 110 percent of  
6                   the Federal long-term rate as in effect  
7                   under section 1274(d) for the month  
8                   preceding the month for which the ap-  
9                   plicable percentage is being pre-  
10                  scribed, or 4.5 percent, and

11                  “(III) by taking into account the  
12                  limitation under subparagraph (A) for  
13                  any year on the last day of such year.

14                  “(D) ELIGIBLE BASIS.—For purposes of  
15                  this paragraph—

16                  “(i) IN GENERAL.—The term ‘eligible  
17                  basis’ means, with respect to any facility,  
18                  the sum of—

19                  “(I) the basis of such facility de-  
20                  termined as of the time that such fa-  
21                  cility is originally placed in service,  
22                  and

23                  “(II) the portion of the basis of  
24                  any shared qualified property which is

1 properly allocable to such facility  
2 under clause (ii).

3 “(ii) RULES FOR ALLOCATION.—For  
4 purposes of subclause (II) of clause (i), the  
5 basis of shared qualified property shall be  
6 allocated among all qualified facilities  
7 which are projected to be placed in service  
8 and which require utilization of such prop-  
9 erty in proportion to projected generation  
10 from such facilities.

11 “(iii) SHARED QUALIFIED PROP-  
12 erty.—For purposes of this paragraph,  
13 the term ‘shared qualified property’ means,  
14 with respect to any facility, any property  
15 described in section 168(e)(3)(B)(vi)—

16 “(I) which a qualified facility will  
17 require for utilization of such facility,  
18 and

19 “(II) which is not a qualified fa-  
20 cility.

21 “(iv) SPECIAL RULE RELATING TO  
22 GEOTHERMAL FACILITIES.—In the case of  
23 any qualified facility using geothermal en-  
24 ergy to produce electricity, the basis of  
25 such facility for purposes of this paragraph

1           shall be determined as though intangible  
2           drilling and development costs described in  
3           section 263(c) were capitalized rather than  
4           expensed.

5           “(E) SPECIAL RULE FOR FIRST AND LAST  
6           YEAR OF CREDIT PERIOD.—In the case of any  
7           taxable year any portion of which is not within  
8           the 10-year period described in subsection  
9           (a)(2)(A)(ii) with respect to any facility, the  
10          amount of the limitation under subparagraph  
11          (A) with respect to such facility shall be re-  
12          duced by an amount which bears the same ratio  
13          to the amount of such limitation (determined  
14          without regard to this subparagraph) as such  
15          portion of the taxable year which is not within  
16          such period bears to the entire taxable year.

17          “(F) ELECTION TO TREAT ALL FACILITIES  
18          PLACED IN SERVICE IN A YEAR AS 1 FACIL-  
19          ITY.—At the election of the taxpayer, all quali-  
20          fied facilities which are part of the same project  
21          and which are placed in service during the same  
22          calendar year shall be treated for purposes of  
23          this section as 1 facility which is placed in serv-  
24          ice at the mid-point of such year or the first  
25          day of the following calendar year.”.

1 (c) EFFECTIVE DATE.—

2 (1) IN GENERAL.—Except as provided in para-  
3 graph (2), the amendments made by this section  
4 shall apply to property originally placed in service  
5 after December 31, 2008.

6 (2) REPEAL OF CREDIT PHASEOUT.—The  
7 amendments made by subsection (b)(1) shall apply  
8 to taxable years ending after December 31, 2008.

9 **SEC. 1502. PRODUCTION CREDIT FOR ELECTRICITY PRO-**  
10 **DUCTION FROM MARINE RENEWABLES.**

11 (a) IN GENERAL.—Paragraph (1) of section 45(c)  
12 (relating to resources) is amended by striking “and” at  
13 the end of subparagraph (G), by striking the period at  
14 the end of subparagraph (H) and inserting “, and”, and  
15 by adding at the end the following new subparagraph:

16 “(I) marine and hydrokinetic renewable en-  
17 ergy.”.

18 (b) MARINE RENEWABLES.—Subsection (c) of sec-  
19 tion 45 is amended by adding at the end the following  
20 new paragraph:

21 “(10) MARINE AND HYDROKINETIC RENEW-  
22 ABLE ENERGY.—

23 “(A) IN GENERAL.—The term ‘marine and  
24 hydrokinetic renewable energy’ means energy  
25 derived from—

1                   “(i) waves, tides, and currents in  
2                   oceans, estuaries, and tidal areas,

3                   “(ii) free flowing water in rivers,  
4                   lakes, and streams,

5                   “(iii) free flowing water in an irriga-  
6                   tion system, canal, or other man-made  
7                   channel, including projects that utilize non-  
8                   mechanical structures to accelerate the  
9                   flow of water for electric power production  
10                  purposes, or

11                  “(iv) differentials in ocean tempera-  
12                  ture (ocean thermal energy conversion).

13                  “(B) EXCEPTIONS.—Such term shall not  
14                  include any energy which is derived from any  
15                  source which utilizes a dam, diversionary struc-  
16                  ture (except as provided in subparagraph  
17                  (A)(iii)), or impoundment for electric power  
18                  production purposes.”.

19                  (c) DEFINITION OF FACILITY.—Subsection (d) of  
20                  section 45 is amended by adding at the end the following  
21                  new paragraph:

22                  “(11) MARINE AND HYDROKINETIC RENEW-  
23                  ABLE ENERGY FACILITIES.—In the case of a facility  
24                  producing electricity from marine and hydrokinetic

1 renewable energy, the term ‘qualified facility’ means  
2 any facility owned by the taxpayer—

3 “(A) which has a nameplate capacity rat-  
4 ing of at least 150 kilowatts, and

5 “(B) which is originally placed in service  
6 on or after the date of the enactment of this  
7 paragraph and before January 1, 2013.”.

8 (d) CREDIT RATE.—Subparagraph (A) of section  
9 45(b)(4) is amended by striking “or (9)” and inserting  
10 “(9), or (11)”.

11 (e) COORDINATION WITH SMALL IRRIGATION  
12 POWER.—Paragraph (5) of section 45(d), as amended by  
13 this Act, is amended by striking “January 1, 2013” and  
14 inserting “the date of the enactment of paragraph (11)”.

15 (f) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to electricity produced and sold  
17 after the date of the enactment of this Act, in taxable  
18 years ending after such date.

19 **SEC. 1503. EXTENSION AND MODIFICATION OF ENERGY**  
20 **CREDIT.**

21 (a) EXTENSION OF CREDIT.—

22 (1) SOLAR ENERGY PROPERTY.—Paragraphs  
23 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) (relating  
24 to energy credit) are each amended by striking

1 “January 1, 2009” and inserting “January 1,  
2 2017”.

3 (2) FUEL CELL PROPERTY.—Subparagraph (E)  
4 of section 48(c)(1) (relating to qualified fuel cell  
5 property) is amended by striking “December 31,  
6 2008” and inserting “December 31, 2016”.

7 (3) MICROTURBINE PROPERTY.—Subparagraph  
8 (E) of section 48(c)(2) (relating to qualified micro-  
9 turbine property) is amended by striking “December  
10 31, 2008” and inserting “December 31, 2016”.

11 (b) ALLOWANCE OF ENERGY CREDIT AGAINST AL-  
12 TERNATIVE MINIMUM TAX.—Subparagraph (B) of section  
13 38(c)(4) (relating to specified credits) is amended by strik-  
14 ing “and” at the end of clause (iii), by striking the period  
15 at the end of clause (iv) and inserting “, and”, and by  
16 adding at the end the following new clause:

17 “(v) the credit determined under sec-  
18 tion 46 to the extent that such credit is at-  
19 tributable to the energy credit determined  
20 under section 48.”.

21 (c) ENERGY CREDIT FOR COMBINED HEAT AND  
22 POWER SYSTEM PROPERTY.—

23 (1) IN GENERAL.—Section 48(a)(3)(A) (defin-  
24 ing energy property) is amended by striking “or” at  
25 the end of clause (iii), by inserting “or” at the end

1 of clause (iv), and by adding at the end the following  
2 new clause:

3 “(v) combined heat and power system  
4 property,”.

5 (2) COMBINED HEAT AND POWER SYSTEM  
6 PROPERTY.—Section 48 (relating to energy credit;  
7 reforestation credit) is amended by adding at the  
8 end the following new subsection:

9 “(d) COMBINED HEAT AND POWER SYSTEM PROP-  
10 ERTY.—For purposes of subsection (a)(3)(A)(v)—

11 “(1) COMBINED HEAT AND POWER SYSTEM  
12 PROPERTY.—The term ‘combined heat and power  
13 system property’ means property comprising a sys-  
14 tem—

15 “(A) which uses the same energy source  
16 for the simultaneous or sequential generation of  
17 electrical power, mechanical shaft power, or  
18 both, in combination with the generation of  
19 steam or other forms of useful thermal energy  
20 (including heating and cooling applications),

21 “(B) which produces—

22 “(i) at least 20 percent of its total  
23 useful energy in the form of thermal en-  
24 ergy which is not used to produce electrical

1 or mechanical power (or combination  
2 thereof), and

3 “(ii) at least 20 percent of its total  
4 useful energy in the form of electrical or  
5 mechanical power (or combination thereof),

6 “(C) the energy efficiency percentage of  
7 which exceeds 60 percent, and

8 “(D) which is placed in service before Jan-  
9 uary 1, 2017.

10 “(2) LIMITATION.—

11 “(A) IN GENERAL.—In the case of com-  
12 bined heat and power system property with an  
13 electrical capacity in excess of the applicable ca-  
14 pacity placed in service during the taxable year,  
15 the credit under subsection (a)(1) (determined  
16 without regard to this paragraph) for such year  
17 shall be equal to the amount which bears the  
18 same ratio to such credit as the applicable ca-  
19 pacity bears to the capacity of such property.

20 “(B) APPLICABLE CAPACITY.—For pur-  
21 poses of subparagraph (A), the term ‘applicable  
22 capacity’ means 15 megawatts or a mechanical  
23 energy capacity of more than 20,000 horse-  
24 power or an equivalent combination of electrical  
25 and mechanical energy capacities.

1           “(C) MAXIMUM CAPACITY.—The term  
2           ‘combined heat and power system property’  
3           shall not include any property comprising a sys-  
4           tem if such system has a capacity in excess of  
5           50 megawatts or a mechanical energy capacity  
6           in excess of 67,000 horsepower or an equivalent  
7           combination of electrical and mechanical energy  
8           capacities.

9           “(3) SPECIAL RULES.—

10           “(A) ENERGY EFFICIENCY PERCENT-  
11           AGE.—For purposes of this subsection, the en-  
12           ergy efficiency percentage of a system is the  
13           fraction—

14           “(i) the numerator of which is the  
15           total useful electrical, thermal, and me-  
16           chanical power produced by the system at  
17           normal operating rates, and expected to be  
18           consumed in its normal application, and

19           “(ii) the denominator of which is the  
20           lower heating value of the fuel sources for  
21           the system.

22           “(B) DETERMINATIONS MADE ON BTU  
23           BASIS.—The energy efficiency percentage and  
24           the percentages under paragraph (1)(B) shall  
25           be determined on a Btu basis.

1           “(C) INPUT AND OUTPUT PROPERTY NOT  
2 INCLUDED.—The term ‘combined heat and  
3 power system property’ does not include prop-  
4 erty used to transport the energy source to the  
5 facility or to distribute energy produced by the  
6 facility.

7           “(4) SYSTEMS USING BIOMASS.—If a system is  
8 designed to use biomass (within the meaning of  
9 paragraphs (2) and (3) of section 45(c) without re-  
10 gard to the last sentence of paragraph (3)(A)) for at  
11 least 90 percent of the energy source—

12           “(A) paragraph (1)(C) shall not apply, but

13           “(B) the amount of credit determined  
14 under subsection (a) with respect to such sys-  
15 tem shall not exceed the amount which bears  
16 the same ratio to such amount of credit (deter-  
17 mined without regard to this paragraph) as the  
18 energy efficiency percentage of such system  
19 bears to 60 percent.”.

20           (d) INCREASE OF CREDIT LIMITATION FOR FUEL  
21 CELL PROPERTY.—Subparagraph (B) of section 48(c)(1)  
22 is amended by striking “\$500” and inserting “\$1,500”.

23           (e) PUBLIC ELECTRIC UTILITY PROPERTY TAKEN  
24 INTO ACCOUNT.—

1           (1) IN GENERAL.—Paragraph (3) of section  
2           48(a) is amended by striking the second sentence  
3           thereof.

4           (2) CONFORMING AMENDMENTS.—

5           (A) Paragraph (1) of section 48(c) is  
6           amended by striking subparagraph (D) and re-  
7           designating subparagraph (E) as subparagraph  
8           (D).

9           (B) Paragraph (2) of section 48(c) is  
10          amended by striking subparagraph (D) and re-  
11          designating subparagraph (E) as subparagraph  
12          (D).

13          (f) CLERICAL AMENDMENTS.—Paragraphs (1)(B)  
14          and (2)(B) of section 48(c) are each amended by striking  
15          “paragraph (1)” and inserting “subsection (a)”.

16          (g) EFFECTIVE DATE.—

17          (1) IN GENERAL.—Except as otherwise pro-  
18          vided in this subsection, the amendments made by  
19          this section shall take effect on the date of the en-  
20          actment of this Act.

21          (2) ALLOWANCE AGAINST ALTERNATIVE MIN-  
22          IMUM TAX.—The amendments made by subsection  
23          (b) shall apply to credits determined under section  
24          46 of the Internal Revenue Code of 1986 in taxable

1 years beginning after the date of the enactment of  
2 this Act and to carrybacks of such credits.

3 (3) COMBINED HEAT AND POWER AND FUEL  
4 CELL PROPERTY.—The amendments made by sub-  
5 sections (c) and (d) shall apply to periods after the  
6 date of the enactment of this Act, in taxable years  
7 ending after such date, under rules similar to the  
8 rules of section 48(m) of the Internal Revenue Code  
9 of 1986 (as in effect on the day before the date of  
10 the enactment of the Revenue Reconciliation Act of  
11 1990).

12 (4) PUBLIC ELECTRIC UTILITY PROPERTY.—  
13 The amendments made by subsection (e) shall apply  
14 to periods after June 20, 2007, in taxable years end-  
15 ing after such date, under rules similar to the rules  
16 of section 48(m) of the Internal Revenue Code of  
17 1986 (as in effect on the day before the date of the  
18 enactment of the Revenue Reconciliation Act of  
19 1990).

20 **SEC. 1504. EXTENSION AND MODIFICATION OF CREDIT FOR**  
21 **RESIDENTIAL ENERGY EFFICIENT PROP-**  
22 **ERTY.**

23 (a) EXTENSION.—Section 25D(g) (relating to termi-  
24 nation) is amended by striking “December 31, 2008” and  
25 inserting “December 31, 2014”.

1 (b) MAXIMUM CREDIT FOR SOLAR ELECTRIC PROP-  
2 ERTY.—

3 (1) IN GENERAL.—Section 25D(b)(1)(A) (relat-  
4 ing to maximum credit) is amended by striking  
5 “\$2,000” and inserting “\$4,000”.

6 (2) CONFORMING AMENDMENT.—Section  
7 25D(e)(4)(A)(i) is amended by striking “\$6,667”  
8 and inserting “\$13,334”.

9 (c) CREDIT FOR RESIDENTIAL WIND PROPERTY.—

10 (1) IN GENERAL.—Section 25D(a) (relating to  
11 allowance of credit) is amended by striking “and” at  
12 the end of paragraph (2), by striking the period at  
13 the end of paragraph (3) and inserting “, and”, and  
14 by adding at the end the following new paragraph:

15 “(4) 30 percent of the qualified small wind en-  
16 ergy property expenditures made by the taxpayer  
17 during such year.”.

18 (2) LIMITATION.—Section 25D(b)(1) (relating  
19 to maximum credit) is amended by striking “and” at  
20 the end of subparagraph (B), by striking the period  
21 at the end of subparagraph (C) and inserting “,  
22 and”, and by adding at the end the following new  
23 subparagraph:

24 “(D) \$500 with respect to each half kilo-  
25 watt of capacity (not to exceed \$4,000) of wind

1 turbines for which qualified small wind energy  
2 property expenditures are made.”.

3 (3) QUALIFIED SMALL WIND ENERGY PROP-  
4 ERTY EXPENDITURES.—

5 (A) IN GENERAL.—Section 25D(d) (relat-  
6 ing to definitions) is amended by adding at the  
7 end the following new paragraph:

8 “(4) QUALIFIED SMALL WIND ENERGY PROP-  
9 ERTY EXPENDITURE.—The term ‘qualified small  
10 wind energy property expenditure’ means an expend-  
11 iture for property which uses a wind turbine to gen-  
12 erate electricity for use in connection with a dwelling  
13 unit located in the United States and used as a resi-  
14 dence by the taxpayer.”.

15 (B) NO DOUBLE BENEFIT.—Section  
16 45(d)(1) (relating to wind facility) is amended  
17 by adding at the end the following new sen-  
18 tence: “Such term shall not include any facility  
19 with respect to which any qualified small wind  
20 energy property expenditure (as defined in sub-  
21 section (d)(4) of section 25D) is taken into ac-  
22 count in determining the credit under such sec-  
23 tion.”.

24 (4) MAXIMUM EXPENDITURES IN CASE OF  
25 JOINT OCCUPANCY.—Section 25D(e)(4)(A) (relating

1 to maximum expenditures) is amended by striking  
2 “and” at the end of clause (ii), by striking the pe-  
3 riod at the end of clause (iii) and inserting “, and”,  
4 and by adding at the end the following new clause:

5 “(iv) \$1,667 in the case of each half  
6 kilowatt of capacity of wind turbines for  
7 which qualified small wind energy property  
8 expenditures are made.”.

9 (d) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-  
10 IMUM TAX.—

11 (1) IN GENERAL.—Subsection (c) of section  
12 25D is amended to read as follows:

13 “(c) LIMITATION BASED ON AMOUNT OF TAX;  
14 CARRYFORWARD OF UNUSED CREDIT.—

15 “(1) LIMITATION BASED ON AMOUNT OF  
16 TAX.—In the case of a taxable year to which section  
17 26(a)(2) does not apply, the credit allowed under  
18 subsection (a) for the taxable year shall not exceed  
19 the excess of—

20 “(A) the sum of the regular tax liability  
21 (as defined in section 26(b)) plus the tax im-  
22 posed by section 55, over

23 “(B) the sum of the credits allowable  
24 under this subpart (other than this section) and  
25 section 27 for the taxable year.

1 “(2) CARRYFORWARD OF UNUSED CREDIT.—

2 “(A) RULE FOR YEARS IN WHICH ALL  
3 PERSONAL CREDITS ALLOWED AGAINST REG-  
4 ULAR AND ALTERNATIVE MINIMUM TAX.—In  
5 the case of a taxable year to which section  
6 26(a)(2) applies, if the credit allowable under  
7 subsection (a) exceeds the limitation imposed by  
8 section 26(a)(2) for such taxable year reduced  
9 by the sum of the credits allowable under this  
10 subpart (other than this section), such excess  
11 shall be carried to the succeeding taxable year  
12 and added to the credit allowable under sub-  
13 section (a) for such succeeding taxable year.

14 “(B) RULE FOR OTHER YEARS.—In the  
15 case of a taxable year to which section 26(a)(2)  
16 does not apply, if the credit allowable under  
17 subsection (a) exceeds the limitation imposed by  
18 paragraph (1) for such taxable year, such ex-  
19 cess shall be carried to the succeeding taxable  
20 year and added to the credit allowable under  
21 subsection (a) for such succeeding taxable  
22 year.”.

23 (2) CONFORMING AMENDMENTS.—

24 (A) Section 23(b)(4)(B) is amended by in-  
25 serting “and section 25D” after “this section”.

1 (B) Section 24(b)(3)(B) is amended by  
2 striking “and 25B” and inserting “, 25B, and  
3 25D”.

4 (C) Section 25B(g)(2) is amended by strik-  
5 ing “section 23” and inserting “sections 23 and  
6 25D”.

7 (D) Section 26(a)(1) is amended by strik-  
8 ing “and 25B” and inserting “25B, and 25D”.

9 (e) EFFECTIVE DATES.—

10 (1) IN GENERAL.—Except as otherwise pro-  
11 vided in this subsection, the amendments made by  
12 this section shall apply to expenditures after Decem-  
13 ber 31, 2007.

14 (2) ALLOWANCE AGAINST ALTERNATIVE MIN-  
15 IMUM TAX.—

16 (A) IN GENERAL.—The amendments made  
17 by subsection (d) shall apply to taxable years  
18 beginning after the date of the enactment of  
19 this Act.

20 (B) APPLICATION OF EGTRRA SUNSET.—  
21 The amendments made by subparagraphs (A)  
22 and (B) of subsection (d)(2) shall be subject to  
23 title IX of the Economic Growth and Tax Relief  
24 Reconciliation Act of 2001 in the same manner

1 as the provisions of such Act to which such  
2 amendments relate.

3 **SEC. 1505. EXTENSION AND MODIFICATION OF SPECIAL**  
4 **RULE TO IMPLEMENT FERC AND STATE**  
5 **ELECTRIC RESTRUCTURING POLICY.**

6 (a) **EXTENSION FOR QUALIFIED ELECTRIC UTILI-**  
7 **TIES.—**

8 (1) **IN GENERAL.—**Paragraph (3) of section  
9 451(i) (relating to special rule for sales or disposi-  
10 tions to implement Federal Energy Regulatory Com-  
11 mission or State electric restructuring policy) is  
12 amended by inserting “(before January 1, 2010, in  
13 the case of a qualified electric utility)” after “Janu-  
14 ary 1, 2008”.

15 (2) **QUALIFIED ELECTRIC UTILITY.—**Subsection  
16 (i) of section 451 is amended by redesignating para-  
17 graphs (6) through (10) as paragraphs (7) through  
18 (11), respectively, and by inserting after paragraph  
19 (5) the following new paragraph:

20 “(6) **QUALIFIED ELECTRIC UTILITY.—**For pur-  
21 poses of this subsection, the term ‘qualified electric  
22 utility’ means a person that, as of the date of the  
23 qualifying electric transmission transaction, is  
24 vertically integrated, in that it is both—

1           “(A) a transmitting utility (as defined in  
2           section 3(23) of the Federal Power Act (16  
3           U.S.C. 796(23)) with respect to the trans-  
4           mission facilities to which the election under  
5           this subsection applies, and

6           “(B) an electric utility (as defined in sec-  
7           tion 3(22) of the Federal Power Act (16 U.S.C.  
8           796(22)).”.

9           (b) EXTENSION OF PERIOD FOR TRANSFER OF  
10          OPERATIONAL CONTROL AUTHORIZED BY FERC.—  
11          Clause (ii) of section 451(i)(4)(B) is amended by striking  
12          “December 31, 2007” and inserting “the date which is  
13          4 years after the close of the taxable year in which the  
14          transaction occurs”.

15          (c) PROPERTY LOCATED OUTSIDE THE UNITED  
16          STATES NOT TREATED AS EXEMPT UTILITY PROP-  
17          ERTY.—Paragraph (5) of section 451(i) is amended by  
18          adding at the end the following new subparagraph:

19                 “(C) EXCEPTION FOR PROPERTY LOCATED  
20                 OUTSIDE THE UNITED STATES.—The term ‘ex-  
21                 empt utility property’ shall not include any  
22                 property which is located outside the United  
23                 States.”.

24          (d) EFFECTIVE DATES.—

1           (1) EXTENSION.—The amendments made by  
2           subsection (a) shall apply to transactions after De-  
3           cember 31, 2007.

4           (2) TRANSFERS OF OPERATIONAL CONTROL.—  
5           The amendment made by subsection (b) shall take  
6           effect as if included in section 909 of the American  
7           Jobs Creation Act of 2004.

8           (3) EXCEPTION FOR PROPERTY LOCATED OUT-  
9           SIDE THE UNITED STATES.—The amendment made  
10          by subsection (c) shall apply to transactions after  
11          the date of the enactment of this Act.

12 **SEC. 1506. NEW CLEAN RENEWABLE ENERGY BONDS.**

13          (a) IN GENERAL.—Part IV of subchapter A of chap-  
14          ter 1 (relating to credits against tax) is amended by add-  
15          ing at the end the following new subpart:

16                   **“Subpart I—Qualified Tax Credit Bonds**

                  “Sec. 54A. Credit to holders of qualified tax credit bonds.

                  “Sec. 54B. New clean renewable energy bonds.

17 **“SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CRED-**  
18                   **IT BONDS.**

19          “(a) ALLOWANCE OF CREDIT.—If a taxpayer holds  
20          a qualified tax credit bond on one or more credit allowance  
21          dates of the bond during any taxable year, there shall be  
22          allowed as a credit against the tax imposed by this chapter  
23          for the taxable year an amount equal to the sum of the

1 credits determined under subsection (b) with respect to  
2 such dates.

3 “(b) AMOUNT OF CREDIT.—

4 “(1) IN GENERAL.—The amount of the credit  
5 determined under this subsection with respect to any  
6 credit allowance date for a qualified tax credit bond  
7 is 25 percent of the annual credit determined with  
8 respect to such bond.

9 “(2) ANNUAL CREDIT.—The annual credit de-  
10 termined with respect to any qualified tax credit  
11 bond is the product of—

12 “(A) the applicable credit rate, multiplied  
13 by

14 “(B) the outstanding face amount of the  
15 bond.

16 “(3) APPLICABLE CREDIT RATE.—For purposes  
17 of paragraph (2), the applicable credit rate is 70  
18 percent of the rate which the Secretary estimates  
19 will permit the issuance of qualified tax credit bonds  
20 with a specified maturity or redemption date without  
21 discount and without interest cost to the qualified  
22 issuer. The applicable credit rate with respect to any  
23 qualified tax credit bond shall be determined as of  
24 the first day on which there is a binding, written  
25 contract for the sale or exchange of the bond.

1           “(4) SPECIAL RULE FOR ISSUANCE AND RE-  
2           DEMPTION.—In the case of a bond which is issued  
3           during the 3-month period ending on a credit allow-  
4           ance date, the amount of the credit determined  
5           under this subsection with respect to such credit al-  
6           lowance date shall be a ratable portion of the credit  
7           otherwise determined based on the portion of the 3-  
8           month period during which the bond is outstanding.  
9           A similar rule shall apply when the bond is redeemed  
10          or matures.

11          “(c) LIMITATION BASED ON AMOUNT OF TAX.—

12           “(1) IN GENERAL.—The credit allowed under  
13           subsection (a) for any taxable year shall not exceed  
14           the excess of—

15                   “(A) the sum of the regular tax liability  
16                   (as defined in section 26(b)) plus the tax im-  
17                   posed by section 55, over

18                   “(B) the sum of the credits allowable  
19                   under this part (other than subpart C and this  
20                   subpart).

21           “(2) CARRYOVER OF UNUSED CREDIT.—If the  
22           credit allowable under subsection (a) exceeds the  
23           limitation imposed by paragraph (1) for such taxable  
24           year, such excess shall be carried to the succeeding  
25           taxable year and added to the credit allowable under

1 subsection (a) for such taxable year (determined be-  
2 fore the application of paragraph (1) for such suc-  
3 ceeding taxable year).

4 “(d) QUALIFIED TAX CREDIT BOND.—For purposes  
5 of this section—

6 “(1) QUALIFIED TAX CREDIT BOND.—The term  
7 ‘qualified tax credit bond’ means a new clean renew-  
8 able energy bond which is part of an issue that  
9 meets the requirements of paragraphs (2), (3), (4),  
10 (5), and (6).

11 “(2) SPECIAL RULES RELATING TO EXPENDI-  
12 TURES.—

13 “(A) IN GENERAL.—An issue shall be  
14 treated as meeting the requirements of this  
15 paragraph if, as of the date of issuance, the  
16 issuer reasonably expects—

17 “(i) 100 percent or more of the avail-  
18 able project proceeds to be spent for 1 or  
19 more qualified purposes within the 3-year  
20 period beginning on such date of issuance,  
21 and

22 “(ii) a binding commitment with a  
23 third party to spend at least 10 percent of  
24 such available project proceeds will be in-

1           curred within the 6-month period begin-  
2           ning on such date of issuance.

3           “(B) FAILURE TO SPEND REQUIRED  
4           AMOUNT OF BOND PROCEEDS WITHIN 3  
5           YEARS.—

6           “(i) IN GENERAL.—To the extent that  
7           less than 100 percent of the available  
8           project proceeds of the issue are expended  
9           by the close of the expenditure period for  
10          1 or more qualified purposes, the issuer  
11          shall redeem all of the nonqualified bonds  
12          within 90 days after the end of such pe-  
13          riod. For purposes of this paragraph, the  
14          amount of the nonqualified bonds required  
15          to be redeemed shall be determined in the  
16          same manner as under section 142.

17          “(ii) EXPENDITURE PERIOD.—For  
18          purposes of this subpart, the term ‘expend-  
19          iture period’ means, with respect to any  
20          issue, the 3-year period beginning on the  
21          date of issuance. Such term shall include  
22          any extension of such period under clause  
23          (iii).

24          “(iii) EXTENSION OF PERIOD.—Upon  
25          submission of a request prior to the expira-

1           tion of the expenditure period (determined  
2           without regard to any extension under this  
3           clause), the Secretary may extend such pe-  
4           riod if the issuer establishes that the fail-  
5           ure to expend the proceeds within the  
6           original expenditure period is due to rea-  
7           sonable cause and the expenditures for  
8           qualified purposes will continue to proceed  
9           with due diligence.

10           “(C) QUALIFIED PURPOSE.—For purposes  
11           of this paragraph, the term ‘qualified purpose’  
12           means a purpose specified in section 54B(a)(1).

13           “(D) REIMBURSEMENT.—For purposes of  
14           this subtitle, available project proceeds of an  
15           issue shall be treated as spent for a qualified  
16           purpose if such proceeds are used to reimburse  
17           the issuer for amounts paid for a qualified pur-  
18           pose after the date that the Secretary makes an  
19           allocation of bond limitation with respect to  
20           such issue, but only if—

21                   “(i) prior to the payment of the origi-  
22                   nal expenditure, the issuer declared its in-  
23                   tent to reimburse such expenditure with  
24                   the proceeds of a qualified tax credit bond,

1                   “(ii) not later than 60 days after pay-  
2                   ment of the original expenditure, the issuer  
3                   adopts an official intent to reimburse the  
4                   original expenditure with such proceeds,  
5                   and

6                   “(iii) the reimbursement is made not  
7                   later than 18 months after the date the  
8                   original expenditure is paid.

9                   “(3) REPORTING.—An issue shall be treated as  
10                  meeting the requirements of this paragraph if the  
11                  issuer of qualified tax credit bonds submits reports  
12                  similar to the reports required under section 149(e).

13                  “(4) SPECIAL RULES RELATING TO ARBI-  
14                  TRAGE.—

15                  “(A) IN GENERAL.—An issue shall be  
16                  treated as meeting the requirements of this  
17                  paragraph if the issuer satisfies the require-  
18                  ments of section 148 with respect to the pro-  
19                  ceeds of the issue.

20                  “(B) SPECIAL RULE FOR INVESTMENTS  
21                  DURING EXPENDITURE PERIOD.—An issue shall  
22                  not be treated as failing to meet the require-  
23                  ments of subparagraph (A) by reason of any in-  
24                  vestment of available project proceeds during  
25                  the expenditure period.

1           “(C) SPECIAL RULE FOR RESERVE  
2 FUNDS.—An issue shall not be treated as fail-  
3 ing to meet the requirements of subparagraph  
4 (A) by reason of any fund which is expected to  
5 be used to repay such issue if—

6           “(i) such fund is funded at a rate not  
7 more rapid than equal annual installments,

8           “(ii) such fund is funded in a manner  
9 reasonably expected to result in an amount  
10 not greater than an amount necessary to  
11 repay the issue, and

12           “(iii) the yield on such fund is not  
13 greater than the discount rate determined  
14 under paragraph (5)(B) with respect to the  
15 issue.

16           “(5) MATURITY LIMITATION.—

17           “(A) IN GENERAL.—An issue shall be  
18 treated as meeting the requirements of this  
19 paragraph if the maturity of any bond which is  
20 part of such issue does not exceed the max-  
21 imum term determined by the Secretary under  
22 subparagraph (B).

23           “(B) MAXIMUM TERM.—During each cal-  
24 endar month, the Secretary shall determine the  
25 maximum term permitted under this paragraph

1           for bonds issued during the following calendar  
2           month. Such maximum term shall be the term  
3           which the Secretary estimates will result in the  
4           present value of the obligation to repay the  
5           principal on the bond being equal to 50 percent  
6           of the face amount of such bond. Such present  
7           value shall be determined using as a discount  
8           rate the average annual interest rate of tax-ex-  
9           empt obligations having a term of 10 years or  
10          more which are issued during the month. If the  
11          term as so determined is not a multiple of a  
12          whole year, such term shall be rounded to the  
13          next highest whole year.

14           “(6) PROHIBITION ON FINANCIAL CONFLICTS  
15          OF INTEREST.—An issue shall be treated as meeting  
16          the requirements of this paragraph if the issuer cer-  
17          tifies that—

18                   “(A) applicable State and local law re-  
19                   quirements governing conflicts of interest are  
20                   satisfied with respect to such issue, and

21                   “(B) if the Secretary prescribes additional  
22                   conflicts of interest rules governing the appro-  
23                   priate Members of Congress, Federal, State,  
24                   and local officials, and their spouses, such addi-

1            tional rules are satisfied with respect to such  
2            issue.

3            “(e) OTHER DEFINITIONS.—For purposes of this  
4 subchapter—

5            “(1) CREDIT ALLOWANCE DATE.—The term  
6            ‘credit allowance date’ means—

7            “(A) March 15,

8            “(B) June 15,

9            “(C) September 15, and

10           “(D) December 15.

11           Such term includes the last day on which the bond  
12           is outstanding.

13           “(2) BOND.—The term ‘bond’ includes any ob-  
14           ligation.

15           “(3) STATE.—The term ‘State’ includes the  
16           District of Columbia and any possession of the  
17           United States.

18           “(4) AVAILABLE PROJECT PROCEEDS.—The  
19           term ‘available project proceeds’ means—

20           “(A) the excess of—

21           “(i) the proceeds from the sale of an  
22           issue, over

23           “(ii) the issuance costs financed by  
24           the issue (to the extent that such costs do

1 not exceed 2 percent of such proceeds),  
2 and

3 “(B) the proceeds from any investment of  
4 the excess described in subparagraph (A).

5 “(f) CREDIT TREATED AS INTEREST.—For purposes  
6 of this subtitle, the credit determined under subsection (a)  
7 shall be treated as interest which is includible in gross in-  
8 come.

9 “(g) S CORPORATIONS AND PARTNERSHIPS.—In the  
10 case of a tax credit bond held by an S corporation or part-  
11 nership, the allocation of the credit allowed by this section  
12 to the shareholders of such corporation or partners of such  
13 partnership shall be treated as a distribution.

14 “(h) BONDS HELD BY REGULATED INVESTMENT  
15 COMPANIES AND REAL ESTATE INVESTMENT TRUSTS.—  
16 If any qualified tax credit bond is held by a regulated in-  
17 vestment company or a real estate investment trust, the  
18 credit determined under subsection (a) shall be allowed to  
19 shareholders of such company or beneficiaries of such  
20 trust (and any gross income included under subsection (f)  
21 with respect to such credit shall be treated as distributed  
22 to such shareholders or beneficiaries) under procedures  
23 prescribed by the Secretary.

24 “(i) CREDITS MAY BE STRIPPED.—Under regula-  
25 tions prescribed by the Secretary—

1           “(1) IN GENERAL.—There may be a separation  
2           (including at issuance) of the ownership of a quali-  
3           fied tax credit bond and the entitlement to the credit  
4           under this section with respect to such bond. In case  
5           of any such separation, the credit under this section  
6           shall be allowed to the person who on the credit al-  
7           lowance date holds the instrument evidencing the en-  
8           titlement to the credit and not to the holder of the  
9           bond.

10           “(2) CERTAIN RULES TO APPLY.—In the case  
11           of a separation described in paragraph (1), the rules  
12           of section 1286 shall apply to the qualified tax credit  
13           bond as if it were a stripped bond and to the credit  
14           under this section as if it were a stripped coupon.

15   **“SEC. 54B. NEW CLEAN RENEWABLE ENERGY BONDS.**

16           “(a) NEW CLEAN RENEWABLE ENERGY BOND.—For  
17           purposes of this subpart, the term ‘new clean renewable  
18           energy bond’ means any bond issued as part of an issue  
19           if—

20           “(1) 100 percent of the available project pro-  
21           ceeds of such issue are to be used for capital expend-  
22           itures incurred by public power providers, govern-  
23           mental bodies, or cooperative electric companies for  
24           one or more qualified renewable energy facilities,

1           “(2) the bond is issued by a qualified issuer,  
2           and

3           “(3) the issuer designates such bond for pur-  
4           poses of this section.

5           “(b) LIMITATION ON AMOUNT OF BONDS DES-  
6           IGNATED.—

7           “(1) IN GENERAL.—The maximum aggregate  
8           face amount of bonds which may be designated  
9           under subsection (a) by any issuer shall not exceed  
10          the limitation amount allocated under this sub-  
11          section to such issuer.

12          “(2) NATIONAL LIMITATION ON AMOUNT OF  
13          BONDS DESIGNATED.—There is a national new clean  
14          renewable energy bond limitation of \$2,000,000,000  
15          which shall be allocated by the Secretary as provided  
16          in paragraph (3), except that—

17                 “(A) not more than 33  $\frac{1}{3}$  percent thereof  
18                 may be allocated to qualified projects of public  
19                 power providers,

20                 “(B) not more than 33  $\frac{1}{3}$  percent thereof  
21                 may be allocated to qualified projects of govern-  
22                 mental bodies, and

23                 “(C) not more than 33  $\frac{1}{3}$  percent thereof  
24                 may be allocated to qualified projects of cooper-  
25                 ative electric companies.

1 “(3) METHOD OF ALLOCATION.—

2 “(A) ALLOCATION AMONG PUBLIC POWER  
3 PROVIDERS.—After the Secretary determines  
4 the qualified projects of public power providers  
5 which are appropriate for receiving an alloca-  
6 tion of the national new clean renewable energy  
7 bond limitation, the Secretary shall, to the max-  
8 imum extent practicable, make allocations  
9 among such projects in such manner that the  
10 amount allocated to each such project bears the  
11 same ratio to the cost of such project as the  
12 limitation under paragraph (2)(A) bears to the  
13 cost of all such projects.

14 “(B) ALLOCATION AMONG GOVERNMENTAL  
15 BODIES AND COOPERATIVE ELECTRIC COMPA-  
16 NIES.—The Secretary shall make allocations of  
17 the amount of the national new clean renewable  
18 energy bond limitation described in paragraphs  
19 (2)(B) and (2)(C) among qualified projects of  
20 governmental bodies and cooperative electric  
21 companies, respectively, in such manner as the  
22 Secretary determines appropriate.

23 “(c) DEFINITIONS.—For purposes of this section—

24 “(1) QUALIFIED RENEWABLE ENERGY FACIL-  
25 ITY.—The term ‘qualified renewable energy facility’

1 means a qualified facility (as determined under sec-  
2 tion 45(d) without regard to paragraphs (8) and  
3 (10) thereof and to any placed in service date)  
4 owned by a public power provider, a governmental  
5 body, or a cooperative electric company.

6 “(2) PUBLIC POWER PROVIDER.—The term  
7 ‘public power provider’ means a State utility with a  
8 service obligation, as such terms are defined in sec-  
9 tion 217 of the Federal Power Act (as in effect on  
10 the date of the enactment of this paragraph).

11 “(3) GOVERNMENTAL BODY.—The term ‘gov-  
12 ernmental body’ means any State or Indian tribal  
13 government, or any political subdivision thereof.

14 “(4) COOPERATIVE ELECTRIC COMPANY.—The  
15 term ‘cooperative electric company’ means a mutual  
16 or cooperative electric company described in section  
17 501(c)(12) or section 1381(a)(2)(C).

18 “(5) CLEAN RENEWABLE ENERGY BOND LEND-  
19 ER.—The term ‘clean renewable energy bond lender’  
20 means a lender which is a cooperative which is  
21 owned by, or has outstanding loans to, 100 or more  
22 cooperative electric companies and is in existence on  
23 February 1, 2002, and shall include any affiliated  
24 entity which is controlled by such lender.

1           “(6) QUALIFIED ISSUER.—The term ‘qualified  
2 issuer’ means a public power provider, a govern-  
3 mental body, a cooperative electric company, a clean  
4 renewable energy bond lender, or a not-for-profit  
5 electric utility which has received a loan or loan  
6 guarantee under the Rural Electrification Act.”.

7           (b) REPORTING.—Subsection (d) of section 6049 (re-  
8 lating to returns regarding payments of interest) is  
9 amended by adding at the end the following new para-  
10 graph:

11           “(9) REPORTING OF CREDIT ON QUALIFIED  
12 TAX CREDIT BONDS.—

13           “(A) IN GENERAL.—For purposes of sub-  
14 section (a), the term ‘interest’ includes amounts  
15 includible in gross income under section 54A  
16 and such amounts shall be treated as paid on  
17 the credit allowance date (as defined in section  
18 54A(e)(1)).

19           “(B) REPORTING TO CORPORATIONS,  
20 ETC.—Except as otherwise provided in regula-  
21 tions, in the case of any interest described in  
22 subparagraph (A) of this paragraph, subsection  
23 (b)(4) of this section shall be applied without  
24 regard to subparagraphs (A), (H), (I), (J), (K),  
25 and (L)(i).

1           “(C) REGULATORY AUTHORITY.—The Sec-  
2           retary may prescribe such regulations as are  
3           necessary or appropriate to carry out the pur-  
4           poses of this paragraph, including regulations  
5           which require more frequent or more detailed  
6           reporting.”.

7           (c) CONFORMING AMENDMENTS.—

8           (1) Sections 54(c)(2) and 1400N(l)(3)(B) are  
9           each amended by striking “subpart C” and inserting  
10          “subparts C and I”.

11          (2) Section 1397E(c)(2) is amended by striking  
12          “subpart H” and inserting “subparts H and I”.

13          (3) Section 6401(b)(1) is amended by striking  
14          “and H” and inserting “H, and I”.

15          (4) The heading of subpart H of part IV of  
16          subchapter A of chapter 1 is amended by striking  
17          “**Certain Bonds**” and inserting “**Clean Re-**  
18          **newable Energy Bonds**”.

19          (5) The table of subparts for part IV of sub-  
20          chapter A of chapter 1 is amended by striking the  
21          item relating to subpart H and inserting the fol-  
22          lowing new items:

“SUBPART H. NONREFUNDABLE CREDIT TO HOLDERS OF CLEAN RENEWABLE  
ENERGY BONDS.

“SUBPART I. QUALIFIED TAX CREDIT BONDS.”.

1 (d) APPLICATION OF CERTAIN LABOR STANDARDS  
2 ON PROJECTS FINANCED UNDER TAX CREDIT BONDS.—  
3 Subchapter IV of chapter 31 of title 40, United States  
4 Code, shall apply to projects financed with the proceeds  
5 of any tax credit bond (as defined in section 54A of the  
6 Internal Revenue Code of 1986).

7 (e) EFFECTIVE DATES.—The amendments made by  
8 this section shall apply to obligations issued after the date  
9 of the enactment of this Act.

10 **PART II—PROVISIONS RELATING TO CARBON**

11 **MITIGATION AND COAL**

12 **SEC. 1507. EXPANSION AND MODIFICATION OF ADVANCED**  
13 **COAL PROJECT INVESTMENT CREDIT.**

14 (a) MODIFICATION OF CREDIT AMOUNT.—Section  
15 48A(a) (relating to qualifying advanced coal project cred-  
16 it) is amended by striking “and” at the end of paragraph  
17 (1), by striking the period at the end of paragraph (2)  
18 and inserting “, and”, and by adding at the end the fol-  
19 lowing the paragraph:

20 “(3) 30 percent of the qualified investment for  
21 such taxable year in the case of projects described  
22 in clauses (iii) or (iv) of subsection (d)(3)(B).”.

23 (b) EXPANSION OF AGGREGATE CREDITS.—Section  
24 48A(d)(3)(A) (relating to aggregate credits) is amended

1 by striking “\$1,300,000,000” and inserting  
2 “\$2,800,000,000”.

3 (c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

4 (1) IN GENERAL.—Subparagraph (B) of section  
5 48A(d)(3) (relating to aggregate credits) is amended  
6 to read as follows:

7 “(B) PARTICULAR PROJECTS.—Of the dol-  
8 lar amount in subparagraph (A), the Secretary  
9 is authorized to certify—

10 “(i) \$800,000,000 for integrated gas-  
11 ification combined cycle projects the appli-  
12 cation for which is submitted during the  
13 period described in paragraph (2)(A)(i),

14 “(ii) \$500,000,000 for projects which  
15 use other advanced coal-based generation  
16 technologies the application for which is  
17 submitted during the period described in  
18 paragraph (2)(A)(i),

19 “(iii) \$1,000,000,000 for integrated  
20 gasification combined cycle projects the ap-  
21 plication for which is submitted during the  
22 period described in paragraph (2)(A)(ii),  
23 and

24 “(iv) \$500,000,000 for other ad-  
25 vanced coal-based generation technology

1 projects the application for which is sub-  
2 mitted during the period described in para-  
3 graph (2)(A)(ii).”.

4 (2) APPLICATION PERIOD FOR ADDITIONAL  
5 PROJECTS.—Subparagraph (A) of section 48A(d)(2)  
6 (relating to certification) is amended to read as fol-  
7 lows:

8 “(A) APPLICATION PERIOD.—Each appli-  
9 cant for certification under this paragraph shall  
10 submit an application meeting the requirements  
11 of subparagraph (B). An applicant may only  
12 submit an application—

13 “(i) for an allocation from the dollar  
14 amount specified in clause (i) or (ii) of  
15 paragraph (3)(A) during the 3-year period  
16 beginning on the date the Secretary estab-  
17 lishes the program under paragraph (1),  
18 and

19 “(ii) for an allocation from the dollar  
20 amount specified in clause (iii) or (iv) of  
21 paragraph (3)(A) during the 3-year period  
22 beginning at the earlier of the termination  
23 of the period described in clause (i) or the  
24 date prescribed by the Secretary.”.

1           (3) CAPTURE AND SEQUESTRATION OF CARBON  
2           DIOXIDE EMISSIONS REQUIREMENT.—

3           (A) IN GENERAL.—Section 48A(e)(1) (re-  
4           lating to requirements) is amended by striking  
5           “and” at the end of subparagraph (E), by  
6           striking the period at the end of subparagraph  
7           (F) and inserting “; and”, and by adding at the  
8           end the following new subparagraph:

9           “(G) in the case of any project the applica-  
10          tion for which is submitted during the period  
11          described in subsection (d)(2)(A)(ii), the project  
12          includes equipment which separates and seques-  
13          ters at least 65 percent (70 percent in the case  
14          of an application for reallocated credits under  
15          subsection (d)(4)) of such project’s total carbon  
16          dioxide emissions.”.

17          (B) HIGHEST PRIORITY FOR PROJECTS  
18          WHICH SEQUESTER CARBON DIOXIDE EMIS-  
19          SIONS.—Section 48A(e)(3) is amended by strik-  
20          ing “and” at the end of subparagraph (A)(iii),  
21          by striking the period at the end of subpara-  
22          graph (B)(3) and inserting “, and”, and by  
23          adding at the end the following new subpara-  
24          graph:

1           “(C) give highest priority to projects with  
2           the greatest separation and sequestration per-  
3           centage of total carbon dioxide emissions.”.

4           (C) RECAPTURE OF CREDIT FOR FAILURE  
5           TO SEQUESTER.—Section 48A (relating to  
6           qualifying advanced coal project credit) is  
7           amended by adding at the end the following  
8           new subsection:

9           “(h) RECAPTURE OF CREDIT FOR FAILURE TO SE-  
10          QUESTER.—The Secretary shall provide for recapturing  
11          the benefit of any credit allowable under subsection (a)  
12          with respect to any project which fails to attain or main-  
13          tain the separation and sequestration requirements of sub-  
14          section (e)(1)(G).”.

15          (4) ADDITIONAL PRIORITY FOR RESEARCH  
16          PARTNERSHIPS.—Section 48A(e)(3)(B), as amended  
17          by paragraph (3)(B), is amended—

18                 (A) by striking “and” at the end of clause  
19                 (ii),

20                 (B) by redesignating clause (iii) as clause  
21                 (iv), and

22                 (C) by inserting after clause (ii) the fol-  
23          lowing new clause:

24                         “(iii) applicant participants who have  
25                         a research partnership with an eligible edu-



1 unless the Secretary determines that the dollar amount  
2 of tax credits available to the taxpayer under such section  
3 would increase as a result of the modification or such  
4 modification would result in such project not being origi-  
5 nally certified. In considering any such modification, the  
6 Secretary shall consult with other relevant Federal agen-  
7 cies, including the Department of Energy.”.

8 (e) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as otherwise pro-  
10 vided in this subsection, the amendments made by  
11 this section shall apply to credits the application for  
12 which is submitted during the period described in  
13 section 48A(d)(2)(A)(ii) of the Internal Revenue  
14 Code of 1986 and which are allocated or reallocated  
15 after the date of the enactment of this Act.

16 (2) COMPETITIVE CERTIFICATION AWARDS  
17 MODIFICATION AUTHORITY.—The amendment made  
18 by subsection (d) shall take effect on the date of the  
19 enactment of this Act and is applicable to all com-  
20 petitive certification awards entered into under sec-  
21 tion 48A or 48B of the Internal Revenue Code of  
22 1986, whether such awards were issued before, on,  
23 or after such date of enactment.

24 (3) TECHNICAL AMENDMENT.—The amendment  
25 made by subsection (c)(5) shall take effect as if in-

1           cluded in the amendment made by section 1307(b)  
2           of the Energy Tax Incentives Act of 2005.

3   **SEC. 1508. EXPANSION AND MODIFICATION OF COAL GAS-**  
4                                   **IFICATION INVESTMENT CREDIT.**

5           (a) CREDIT RATE.—Section 48B(a) (relating to  
6   qualifying gasification project credit) is amended by in-  
7   serting “(30 percent in the case of credits allocated under  
8   subsection (d)(1)(B))” after “20 percent”.

9           (b) EXPANSION OF AGGREGATE CREDITS.—Section  
10   48B(d)(1) (relating to qualifying gasification project pro-  
11   gram) is amended by striking “shall not exceed  
12   \$350,000,000” and all that follows and inserting “shall  
13   not exceed—

14                           “(A) \$350,000,000, plus

15                           “(B) \$500,000,000 for qualifying gasifi-  
16                           cation projects that include equipment which  
17                           separates and sequesters at least 75 percent of  
18                           such a project’s total carbon dioxide emissions,  
19                           under rules similar to the rules of section  
20                           48A(d)(4).”.

21           (c) RECAPTURE OF CREDIT FOR FAILURE TO SE-  
22   QUESTER.—Section 48B (relating to qualifying gasifi-  
23   cation project credit) is amended by adding at the end the  
24   following new subsection:

1           “(f) RECAPTURE OF CREDIT FOR FAILURE TO SE-  
2 QUESTER.—The Secretary shall provide for recapturing  
3 the benefit of any credit allowable under subsection (a)  
4 with respect to any project which fails to attain or main-  
5 tain the separation and sequestration requirements for  
6 such project under subsection (d)(1).”.

7           (d) SELECTION PRIORITIES.—Section 48B(d) (relat-  
8 ing to qualifying gasification project program) is amended  
9 by adding at the end the following new paragraph:

10           “(4) SELECTION PRIORITIES.—In determining  
11 which qualifying gasification projects to certify  
12 under this section, the Secretary shall—

13                   “(A) give highest priority to projects with  
14 the greatest separation and sequestration per-  
15 centage of total carbon dioxide emissions, and

16                   “(B) give high priority to applicant partici-  
17 pants who have a research partnership with an  
18 eligible educational institution (as defined in  
19 section 529(e)(5)).”.

20           (e) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to credits described in section  
22 48B(d)(1)(B) of the Internal Revenue Code of 1986 which  
23 are allocated or reallocated after the date of the enactment  
24 of this Act.

1 **SEC. 1509. SEVEN-YEAR APPLICABLE RECOVERY PERIOD**  
2 **FOR DEPRECIATION OF QUALIFIED CARBON**  
3 **DIOXIDE PIPELINE PROPERTY.**

4 (a) IN GENERAL.—Section 168(e)(3)(C) (defining 7-  
5 year property) is amended by striking “and” at the end  
6 of clause (iv), by redesignating clause (v) as clause (vi),  
7 and by inserting after clause (iv) the following new clause:

8 “(v) any qualified carbon dioxide pipe-  
9 line property—

10 “(I) the original use of which  
11 commences with the taxpayer after  
12 the date of the enactment of this  
13 clause,

14 “(II) the original purpose of  
15 which is to transport carbon dioxide,  
16 and

17 “(III) which is placed in service  
18 before January 1, 2011, and”.

19 (b) DEFINITION OF QUALIFIED CARBON DIOXIDE  
20 PIPELINE PROPERTY.—Section 168(e) (relating to classi-  
21 fication of property) is amended by inserting at the end  
22 the following new paragraph:

23 “(8) QUALIFIED CARBON DIOXIDE PIPELINE  
24 PROPERTY.—

25 “(A) IN GENERAL.—The term ‘qualified  
26 carbon dioxide pipeline property’ means prop-

1           erty which is used in the United States solely  
2           to transmit qualified carbon dioxide from the  
3           point of capture to a secure geological storage  
4           or the point at which such qualified carbon di-  
5           oxide is used as a tertiary injectant.

6                   “(B) DEFINITIONS AND SPECIAL RULES.—

7           For purposes of this paragraph—

8                   “(i) QUALIFIED CARBON DIOXIDE.—

9           The term ‘qualified carbon dioxide’ means  
10          carbon dioxide captured from an industrial  
11          source which—

12                   “(I) would otherwise be released  
13          into the atmosphere as industrial  
14          emission of greenhouse gas, and

15                   “(II) is measured at the source  
16          of capture and verified at the point of  
17          disposal or injection.

18                   “(ii) SECURE GEOLOGICAL STOR-  
19          AGE.—The Secretary, in consultation with  
20          the Administrator of the Environmental  
21          Protection Agency, shall establish regula-  
22          tions for determining adequate security  
23          measures for the geological storage of car-  
24          bon dioxide under subparagraph (A) such  
25          that the carbon dioxide does not escape

1           into the atmosphere. Such term shall in-  
2           clude storage at deep saline formations and  
3           unminable coal seams under such condi-  
4           tions as the Secretary may determine  
5           under such regulations.

6           “(iii) TERTIARY INJECTANT.—The  
7           term ‘tertiary injectant’ has the same  
8           meaning as when used within section  
9           193(b)(1).”.

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

13 **SEC. 1510. SPECIAL RULES FOR REFUND OF THE COAL EX-**  
14 **CISE TAX TO CERTAIN COAL PRODUCERS**  
15 **AND EXPORTERS.**

16          (a) REFUND.—

17           (1) COAL PRODUCERS.—

18           (A) IN GENERAL.—Notwithstanding sub-  
19 sections (a)(1) and (c) of section 6416 and sec-  
20 tion 6511 of the Internal Revenue Code of  
21 1986, if—

22           (i) a coal producer establishes that  
23           such coal producer, or a party related to  
24           such coal producer, exported coal produced  
25           by such coal producer to a foreign country

1 or shipped coal produced by such coal pro-  
2 ducer to a possession of the United States,  
3 the export or shipment of which was other  
4 than through an exporter who has filed a  
5 claim for a refund under paragraph (2),

6 (ii) such coal producer filed a return  
7 on or after October 1, 1990, and on or be-  
8 fore the date of the enactment of this Act,  
9 and

10 (iii) such coal producer files a claim  
11 for refund not later than the close of the  
12 30-day period beginning on the date of the  
13 enactment of this Act,

14 then the Secretary of the Treasury shall pay to  
15 such coal producer an amount equal to the tax  
16 paid under section 4121 of such Code on such  
17 coal exported by the coal producer or a party  
18 related to such coal producer.

19 (B) SPECIAL RULES FOR CERTAIN TAX-  
20 PAYERS.—For purposes of this section—

21 (i) ESTABLISHMENT OF EXPORT.—If  
22 a coal producer or a party related to a coal  
23 producer has received a judgment de-  
24 scribed in clause (iii), such coal producer  
25 shall be deemed to have established the ex-

1 port of coal to a foreign country or ship-  
2 ment of coal to a possession of the United  
3 States under subparagraph (A)(i).

4 (ii) AMOUNT OF PAYMENT.—If a tax-  
5 payer described in clause (i) is entitled to  
6 a payment under subparagraph (A), the  
7 amount of such payment shall be reduced  
8 by any amount awarded under the judg-  
9 ment described in clause (iii).

10 (iii) JUDGMENT DESCRIBED.—A judg-  
11 ment is described in this subparagraph if  
12 such judgment—

13 (I) is made by a court of com-  
14 petent jurisdiction within the United  
15 States,

16 (II) relates to the constitu-  
17 tionality of any tax paid on exported  
18 coal under section 4121 of the Inter-  
19 nal Revenue Code of 1986, and

20 (III) is in favor of the coal pro-  
21 ducer or the party related to the coal  
22 producer.

23 (iv) RECAPTURE.—In the case any  
24 judgment described in clause (iii) is over-  
25 turned, the coal producer shall pay to the

1 Secretary the amount of any payment re-  
2 ceived under subparagraph (A) unless the  
3 coal producer establishes the export of the  
4 coal to a foreign country or shipment of  
5 coal to a possession of the United States.

6 (2) EXPORTERS.—Notwithstanding subsections  
7 (a)(1) and (c) of section 6416 and section 6511 of  
8 the Internal Revenue Code of 1986, and a judgment  
9 described in paragraph (1)(B)(iii) of this subsection,  
10 if—

11 (A) an exporter establishes that such ex-  
12 porter exported coal to a foreign country or  
13 shipped coal to a possession of the United  
14 States, or caused such coal to be so exported or  
15 shipped,

16 (B) such exporter filed a return on or after  
17 October 1, 1990, and on or before the date of  
18 the enactment of this Act, and

19 (C) such exporter files a claim for refund  
20 not later than the close of the 30-day period be-  
21 ginning on the date of the enactment of this  
22 Act,

23 then the Secretary of the Treasury shall pay to such  
24 exporter an amount equal to \$0.825 per ton of such

1 coal exported by the exporter or caused to be ex-  
2 ported by the exporter.

3 (b) LIMITATIONS.—Subsection (a) shall not apply  
4 with respect to exported coal if a credit or refund of tax  
5 imposed by section 4121 of such Code on such coal has  
6 been allowed or made to, or if a settlement with the Fed-  
7 eral Government has been made with and accepted by, the  
8 coal producer, a party related to such coal producer, or  
9 the exporter, of such coal, as of the date that the claim  
10 is filed under this section with respect to such exported  
11 coal. For purposes of this subsection, the term “settlement  
12 with the Federal Government” shall not include any settle-  
13 ment or stipulation entered into as of the date of the en-  
14 actment of this Act, the terms of which contemplate a  
15 judgment concerning which any party has reserved the  
16 right to file an appeal, or has filed an appeal.

17 (c) SUBSEQUENT REFUND PROHIBITED.—No refund  
18 shall be made under this section to the extent that a credit  
19 or refund of such tax on such exported coal has been paid  
20 to any person.

21 (d) DEFINITIONS.—For purposes of this section—

22 (1) COAL PRODUCER.—The term “coal pro-  
23 ducer” means the person in whom is vested owner-  
24 ship of the coal immediately after the coal is severed  
25 from the ground, without regard to the existence of

1 any contractual arrangement for the sale or other  
2 disposition of the coal or the payment of any royal-  
3 ties between the producer and third parties. The  
4 term includes any person who extracts coal from  
5 coal waste refuse piles or from the silt waste product  
6 which results from the wet washing (or similar proc-  
7 essing) of coal.

8 (2) EXPORTER.—The term “exporter” means a  
9 person, other than a coal producer, who does not  
10 have a contract, fee arrangement, or any other  
11 agreement with a producer or seller of such coal to  
12 sell or export such coal to a third party on behalf  
13 of the producer or seller of such coal and—

14 (A) is indicated in the shipper’s export  
15 declaration or other documentation as the ex-  
16 porter of record, or

17 (B) actually exported such coal to a for-  
18 eign country or shipped such coal to a posses-  
19 sion of the United States, or caused such coal  
20 to be so exported or shipped.

21 (3) RELATED PARTY.—The term “a party re-  
22 lated to such coal producer” means a person who—

23 (A) is related to such coal producer  
24 through any degree of common management,  
25 stock ownership, or voting control,

1 (B) is related (within the meaning of sec-  
2 tion 144(a)(3) of such Code) to such coal pro-  
3 ducer, or

4 (C) has a contract, fee arrangement, or  
5 any other agreement with such coal producer to  
6 sell such coal to a third party on behalf of such  
7 coal producer.

8 (e) TIMING OF REFUND.—With respect to any claim  
9 for refund filed pursuant to this section, the Secretary of  
10 the Treasury shall determine whether the requirements of  
11 this section are met not later than 180 days after such  
12 claim is filed. If the Secretary determines that the require-  
13 ments of this section are met, the claim for refund shall  
14 be paid not later than 180 days after the Secretary makes  
15 such determination.

16 (f) INTEREST.—Any refund paid pursuant to this  
17 section shall be paid by the Secretary of the Treasury with  
18 interest from the date of overpayment determined by using  
19 the overpayment rate and method under section 6621 of  
20 such Code.

21 (g) DENIAL OF DOUBLE BENEFIT.—The payment  
22 under subsection (a) with respect to any coal shall not ex-  
23 ceed—

24 (1) in the case of a payment to a coal producer,  
25 the amount of tax paid under section 4121 of the

1 Internal Revenue Code of 1986 with respect to such  
2 coal by such coal producer or a party related to such  
3 coal producer, and

4 (2) in the case of a payment to an exporter, an  
5 amount equal to \$0.825 per ton with respect to such  
6 coal exported by the exporter or caused to be ex-  
7 ported by the exporter.

8 (h) APPLICATION OF SECTION.—This section applies  
9 only to claims on coal exported on or after October 1,  
10 1990, through the date of the enactment of this Act.

11 (i) STANDING NOT CONFERRED.—

12 (1) EXPORTERS.—With respect to exporters,  
13 this section shall not confer standing upon an ex-  
14 porter to commence, or intervene in, any judicial or  
15 administrative proceeding concerning a claim for re-  
16 fund by a coal producer of any Federal or State tax,  
17 fee, or royalty paid by the coal producer.

18 (2) COAL PRODUCERS.—With respect to coal  
19 producers, this section shall not confer standing  
20 upon a coal producer to commence, or intervene in,  
21 any judicial or administrative proceeding concerning  
22 a claim for refund by an exporter of any Federal or  
23 State tax, fee, or royalty paid by the producer and  
24 alleged to have been passed on to an exporter.

1 **SEC. 1511. EXTENSION OF TEMPORARY INCREASE IN COAL**  
2 **EXCISE TAX.**

3 Paragraph (2) of section 4121(e) (relating to tem-  
4 porary increase termination date) is amended—

5 (1) by striking “January 1, 2014” in clause (i)  
6 and inserting “December 31, 2017”, and

7 (2) by striking “January 1 after 1981” in  
8 clause (ii) and inserting “December 31 after 2007”.

9 **SEC. 1512. CARBON AUDIT OF THE TAX CODE.**

10 (a) **STUDY.**—The Secretary of the Treasury shall  
11 enter into an agreement with the National Academy of  
12 Sciences to undertake a comprehensive review of the Inter-  
13 nal Revenue Code of 1986 to identify the types of and  
14 specific tax provisions that have the largest effects on car-  
15 bon and other greenhouse gas emissions and to estimate  
16 the magnitude of those effects.

17 (b) **REPORT.**—Not later than 2 years after the date  
18 of enactment of this Act, the National Academy of  
19 Sciences shall submit to Congress a report containing the  
20 results of study authorized under this section.

21 (c) **AUTHORIZATION OF APPROPRIATIONS.**—There is  
22 authorized to be appropriated to carry out this section  
23 \$1,500,000 for the period of fiscal years 2008 and 2009.

1       **Subtitle B—Transportation and**  
2                   **Domestic Fuel Security**

3                           **PART I—BIOFUELS**

4   **SEC. 1521. CREDIT FOR PRODUCTION OF CELLULOSIC BIO-**  
5                   **MASS ALCOHOL.**

6           (a) **IN GENERAL.**—Subsection (a) of section 40 (re-  
7 relating to alcohol used as fuel) is amended by striking  
8 “plus” at the end of paragraph (2), by striking the period  
9 at the end of paragraph (3) and inserting “, plus”, and  
10 by adding at the end the following new paragraph:

11                   “(4) the cellulosic alcohol producer credit.”.

12           (b) **CELLULOSIC ALCOHOL PRODUCER CREDIT.**—

13               (1) **IN GENERAL.**—Subsection (b) of section 40  
14 is amended by redesignating paragraph (5) as para-  
15 graph (6) and by inserting after paragraph (4) the  
16 following new paragraph:

17                   “(5) **CELLULOSIC ALCOHOL PRODUCER CRED-**  
18                   **IT.**—

19                       “(A) **IN GENERAL.**—The cellulosic alcohol  
20 producer credit for the taxable year is an  
21 amount equal to the applicable amount for each  
22 gallon of qualified cellulosic alcohol production.

23                       “(B) **APPLICABLE AMOUNT.**—For purposes  
24 of subparagraph (A), the applicable amount  
25 means the excess of—

1 “(i) \$1.01, over

2 “(ii) the amount of the credit in effect  
3 for alcohol which is ethanol under sub-  
4 section (b)(1) (without regard to sub-  
5 section (b)(3)) at the time of the qualified  
6 cellulosic alcohol production.

7 “(C) LIMITATION.—

8 “(i) IN GENERAL.—No credit shall be  
9 allowed to any taxpayer under subpara-  
10 graph (A) with respect to any qualified cel-  
11 lulosic alcohol production during the tax-  
12 able year in excess of 60,000,000 gallons.

13 “(ii) AGGREGATION RULE.—For pur-  
14 poses of clause (i), all members of the  
15 same controlled group of corporations  
16 (within the meaning of section 267(f)) and  
17 all persons under common control (within  
18 the meaning of section 52(b) but deter-  
19 mined by treating an interest of more than  
20 50 percent as a controlling interest) shall  
21 be treated as 1 person.

22 “(iii) PARTNERSHIP, S CORPORA-  
23 TIONS, AND OTHER PASS-THRU ENTI-  
24 TIES.—In the case of a partnership, trust,  
25 S corporation, or other pass-thru entity,

1           the limitation contained in clause (i) shall  
2           be applied at the entity level and at the  
3           partner or similar level.

4           “(D) QUALIFIED CELLULOSIC ALCOHOL  
5           PRODUCTION.—For purposes of this section,  
6           the term ‘qualified cellulosic alcohol production’  
7           means any cellulosic biomass alcohol which is  
8           produced by the taxpayer and which during the  
9           taxable year—

10                   “(i) is sold by the taxpayer to another  
11           person—

12                           “(I) for use by such other person  
13                           in the production of a qualified alco-  
14                           hol mixture in such other person’s  
15                           trade or business (other than casual  
16                           off-farm production),

17                           “(II) for use by such other per-  
18                           son as a fuel in a trade or business,  
19                           or

20                           “(III) who sells such cellulosic  
21                           biomass alcohol at retail to another  
22                           person and places such cellulosic bio-  
23                           mass alcohol in the fuel tank of such  
24                           other person, or

1                   “(ii) is used or sold by the taxpayer  
2                   for any purpose described in clause (i).

3                   The qualified cellulosic alcohol production of  
4                   any taxpayer for any taxable year shall not in-  
5                   clude any alcohol which is purchased by the  
6                   taxpayer and with respect to which such pro-  
7                   ducer increases the proof of the alcohol by addi-  
8                   tional distillation.

9                   “(E) CELLULOSIC BIOMASS ALCOHOL.—

10                   “(i) IN GENERAL.—The term ‘cel-  
11                   lulosic biomass alcohol’ has the meaning  
12                   given such term under section 168(l)(3),  
13                   but does not include any alcohol with a  
14                   proof of less than 150.

15                   “(ii) DETERMINATION OF PROOF.—

16                   The determination of the proof of any alco-  
17                   hol shall be made without regard to any  
18                   added denaturants.

19                   “(F) COORDINATION WITH SMALL ETH-

20                   ANOL PRODUCER CREDIT.—No small ethanol  
21                   producer credit shall be allowed with respect to  
22                   any qualified cellulosic alcohol production if  
23                   credit is determined with respect to such pro-  
24                   duction under this paragraph.

1           “(G) ALLOCATION OF CELLULOSIC PRO-  
2           DUCER CREDIT TO PATRONS OF COOPERA-  
3           TIVE.—Rules similar to the rules under sub-  
4           section (g)(6) shall apply for purposes of this  
5           paragraph.

6           “(H) APPLICATION OF PARAGRAPH.—This  
7           paragraph shall apply with respect to qualified  
8           cellulosic alcohol production after December 31,  
9           2007, and before January 1, 2014.”.

10          (2) TERMINATION DATE NOT TO APPLY.—Sub-  
11          section (e) of section 40 (relating to termination) is  
12          amended—

13                 (A) by inserting “or subsection (b)(5)(H)”  
14                 after “by reason of paragraph (1)” in para-  
15                 graph (2), and

16                 (B) by adding at the end the following new  
17                 paragraph:

18           “(3) EXCEPTION FOR CELLULOSIC ALCOHOL  
19           PRODUCER CREDIT.—Paragraph (1) shall not apply  
20           to the portion of the credit allowed under this sec-  
21           tion by reason of subsection (a)(4).”.

22          (c) ALCOHOL NOT USED AS A FUEL, ETC.—

23                 (1) IN GENERAL.—Paragraph (3) of section  
24                 40(d) is amended by redesignating subparagraph

1 (D) as subparagraph (E) and by inserting after sub-  
2 paragraph (C) the following new subparagraph:

3 “(D) CELLULOSIC ALCOHOL PRODUCER  
4 CREDIT.—If—

5 “(i) any credit is determined under  
6 subsection (a)(4), and

7 “(ii) any person does not use such  
8 fuel for a purpose described in subsection  
9 (b)(5)(D),

10 then there is hereby imposed on such person a  
11 tax equal to the applicable amount for each gal-  
12 lon of such cellulosic biomass alcohol.”.

13 (2) CONFORMING AMENDMENTS.—

14 (A) Subparagraph (C) of section 40(d)(3)  
15 is amended by striking “PRODUCER” in the  
16 heading and inserting “SMALL ETHANOL PRO-  
17 DUCER”.

18 (B) Subparagraph (E) of section 40(d)(3),  
19 as redesignated by paragraph (1), is amended  
20 by striking “or (C)” and inserting “(C), or  
21 (D)”.

22 (d) LIMITATION TO CELLULOSIC ALCOHOL WITH  
23 CONNECTION TO THE UNITED STATES.—Subsection (d)  
24 of section 40, as amended by this Act, is amended by add-  
25 ing at the end the following new paragraph:

1           “(7) LIMITATION TO CELLULOSIC ALCOHOL  
2           WITH CONNECTION TO THE UNITED STATES.—No  
3           cellulosic alcohol producer credit shall be determined  
4           under subsection (a) with respect to any alcohol un-  
5           less such alcohol is produced in the United States.”.

6           (e) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to fuel produced after December  
8           31, 2007.

9           **SEC. 1522. EXPANSION OF SPECIAL ALLOWANCE TO CEL-**  
10                           **LULOSIC BIOMASS ALCOHOL FUEL PLANT**  
11                           **PROPERTY.**

12           (a) IN GENERAL.—Paragraph (3) of section 168(l)  
13           (relating to special allowance for cellulosic biomass ethanol  
14           plant property) is amended to read as follows:

15                   “(3) CELLULOSIC BIOMASS ALCOHOL.—For  
16           purposes of this subsection, the term ‘cellulosic bio-  
17           mass alcohol’ means any alcohol produced from any  
18           lignocellulosic or hemicellulosic matter that is avail-  
19           able on a renewable or recurring basis.”.

20           (b) CONFORMING AMENDMENTS.—

21                   (1) Subsection (l) of section 168 is amended by  
22           striking “cellulosic biomass ethanol” each place it  
23           appears and inserting “cellulosic biomass alcohol”.

1           (2) The heading of section 168(l) is amended  
2           by striking “CELLULOSIC BIOMASS ETHANOL” and  
3           inserting “CELLULOSIC BIOMASS ALCOHOL”.

4           (3) The heading of paragraph (2) of section  
5           168(l) is amended by striking “CELLULOSIC BIO-  
6           MASS ETHANOL” and inserting “CELLULOSIC BIO-  
7           MASS ALCOHOL”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9           this section shall apply to property placed in service after  
10          the date of the enactment of this Act, in taxable years  
11          ending after such date.

12   **SEC. 1523. MODIFICATION OF ALCOHOL CREDIT.**

13          (a) INCOME TAX CREDIT.—Subsection (h) of section  
14          40 (relating to reduced credit for ethanol blenders) is  
15          amended by adding at the end the following new para-  
16          graph:

17               “(3) REDUCED AMOUNT AFTER SALE OF  
18               7,500,000,000 GALLONS.—

19                       “(A) IN GENERAL.—In the case of any cal-  
20                       endar year beginning after the calendar year  
21                       described in subparagraph (B), the last row in  
22                       the table in paragraph (2) shall be applied by  
23                       substituting ‘46 cents’ for ‘51 cents’.

24                       “(B) CALENDAR YEAR DESCRIBED.—The  
25                       calendar year described in this subparagraph is

1 the first calendar year beginning after 2007  
2 during which 7,500,000,000 gallons of ethanol  
3 (including cellulosic ethanol) have been pro-  
4 duced in or imported into the United States, as  
5 certified by the Secretary, in consultation with  
6 the Administrator of the Environmental Protec-  
7 tion Agency.”.

8 (b) EXCISE TAX CREDIT.—

9 (1) IN GENERAL.—Paragraph (2) of section  
10 6426(b) (relating to alcohol fuel mixture credit) is  
11 amended by adding at the end the following new  
12 subparagraph:

13 “(C) REDUCED AMOUNT AFTER SALE OF  
14 7,500,000,000 GALLONS.—In the case of any alco-  
15 hol fuel mixture produced in a calendar year be-  
16 ginning after the calendar year described in sec-  
17 tion 40(h)(3)(B), subparagraph (A) shall be ap-  
18 plied by substituting ‘46 cents’ for ‘51 cents’.”.

19 (2) CONFORMING AMENDMENT.—Subparagraph  
20 (A) of section 6426(b)(2) is amended by striking  
21 “subparagraph (B)” and inserting “subparagraphs  
22 (B) and (C)”.

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall take effect on the date of the enactment  
25 of this Act.

1 **SEC. 1524. EXTENSION AND MODIFICATION OF CREDITS**  
2 **FOR BIODIESEL AND RENEWABLE DIESEL.**

3 (a) IN GENERAL.—Sections 40A(g), 6426(e)(6), and  
4 6427(e)(5)(B) are each amended by striking “December  
5 31, 2008” and inserting “December 31, 2010”.

6 (b) UNIFORM TREATMENT OF DIESEL PRODUCED  
7 FROM BIOMASS.—Paragraph (3) of section 40A(f) is  
8 amended—

9 (1) by striking “using a thermal  
10 depolymerization process”, and

11 (2) by striking “or D396” in subparagraph (B)  
12 and inserting “or other equivalent standard ap-  
13 proved by the Secretary for fuels to be used in die-  
14 sel-powered highway vehicles”.

15 (c) ELIGIBILITY OF CERTAIN AVIATION FUEL.—  
16 Paragraph (3) of section 40A(f) (defining renewable die-  
17 sel) is amended by adding at the end the following new  
18 flush sentence:

19 “The term ‘renewable diesel’ also means fuel derived  
20 from biomass which meets the requirements of a De-  
21 partment of Defense specification for military jet  
22 fuel or an American Society of Testing and Mate-  
23 rials specification for aviation turbine fuel.”.

24 (d) EFFECTIVE DATE.—

25 (1) IN GENERAL.—Except as provided in para-  
26 graph (2), the amendments made by this section

1 shall apply to fuel produced, and sold or used, after  
2 the date of the enactment of this Act.

3 (2) UNIFORM TREATMENT OF DIESEL PRO-  
4 DUCED FROM BIOMASS.—The amendments made by  
5 subsection (b) shall apply to fuel produced, and sold  
6 or used, after the date which is 30 days after the  
7 date of the enactment of this Act.

8 **SEC. 1525. CLARIFICATION OF ELIGIBILITY FOR RENEW-**  
9 **ABLE DIESEL CREDIT.**

10 (a) COPRODUCTION WITH PETROLEUM FEED-  
11 STOCK.—

12 (1) IN GENERAL.—Paragraph (3) of section  
13 40A(f) (defining renewable diesel), as amended by  
14 this Act, is amended by adding at the end the fol-  
15 lowing sentence: “Such term does not include any  
16 fuel derived from coprocessing biomass with a feed-  
17 stock which is not biomass. For purposes of this  
18 paragraph, the term ‘biomass’ has the meaning  
19 given such term by section 45K(c)(3).”

20 (2) CONFORMING AMENDMENT.—Paragraph (3)  
21 of section 40A(f) is amended by striking “(as de-  
22 fined in section 45K(c)(3))”.

23 (b) CLARIFICATION OF ELIGIBILITY FOR ALTER-  
24 NATIVE FUEL CREDIT.—

1           (1) IN GENERAL.—Subparagraph (F) of section  
2           6426(d)(2) is amended by striking “hydrocarbons”  
3           and inserting “fuel”.

4           (2) CONFORMING AMENDMENT.—Section 6426  
5           is amended by adding at the end the following new  
6           subsection:

7           “(h) DENIAL OF DOUBLE BENEFIT.—No credit shall  
8           be determined under subsection (d) or (e) with respect to  
9           any fuel with respect to which credit may be determined  
10          under subsection (b) or (c) or under section 40 or 40A.”.

11          (c) EFFECTIVE DATE.—

12           (1) IN GENERAL.—Except as provided in para-  
13           graph (2), the amendments made by this section  
14           shall apply to fuel produced, and sold or used, after  
15           December 31, 2007.

16           (2) CLARIFICATION OF ELIGIBILITY FOR AL-  
17           TERNATIVE FUEL CREDIT.—The amendment made  
18           by subsection (b) shall take effect as if included in  
19           section 11113 of the Safe, Accountable, Flexible, Ef-  
20           ficient Transportation Equity Act: A Legacy for  
21           Users.

1 **SEC. 1526. PROVISIONS CLARIFYING TREATMENT OF FUELS**  
2 **WITH NO NEXUS TO THE UNITED STATES.**

3 (a) ALCOHOL FUELS CREDIT.—Subsection (d) of  
4 section 40 is amended by adding at the end the following  
5 new paragraph:

6 “(6) LIMITATION TO ALCOHOL WITH CONNEC-  
7 TION TO THE UNITED STATES.—No credit shall be  
8 determined under this section with respect to any al-  
9 cohol which is produced outside the United States  
10 for use as a fuel outside the United States. For pur-  
11 poses of this paragraph, the term ‘United States’ in-  
12 cludes any possession of the United States.”.

13 (b) BIODIESEL FUELS CREDIT.—Subsection (d) of  
14 section 40A is amended by adding at the end the following  
15 new paragraph:

16 “(5) LIMITATION TO BIODIESEL WITH CONNEC-  
17 TION TO THE UNITED STATES.—No credit shall be  
18 determined under this section with respect to any  
19 biodiesel which is produced outside the United  
20 States for use as a fuel outside the United States.  
21 For purposes of this paragraph, the term ‘United  
22 States’ includes any possession of the United  
23 States.”.

24 (c) EXCISE TAX CREDIT.—

1           (1) IN GENERAL.—Section 6426, as amended  
2           by this Act, is amended by adding at the end the fol-  
3           lowing new subsection:

4           “(i) LIMITATION TO FUELS WITH CONNECTION TO  
5 THE UNITED STATES.—

6           “(1) ALCOHOL.—No credit shall be determined  
7           under this section with respect to any alcohol which  
8           is produced outside the United States for use as a  
9           fuel outside the United States.

10           “(2) BIODIESEL AND ALTERNATIVE FUELS.—  
11           No credit shall be determined under this section  
12           with respect to any biodiesel or alternative fuel  
13           which is produced outside the United States for use  
14           as a fuel outside the United States.

15 For purposes of this subsection, the term ‘United States’  
16 includes any possession of the United States.”.

17           (2) CONFORMING AMENDMENT.—Subsection (e)  
18           of section 6427 is amended by redesignating para-  
19           graph (5) as paragraph (6) and by inserting after  
20           paragraph (4) the following new paragraph:

21           “(5) LIMITATION TO FUELS WITH CONNECTION  
22           TO THE UNITED STATES.—No amount shall be pay-  
23           able under paragraph (1) or (2) with respect to any  
24           mixture or alternative fuel if credit is not allowed

1 with respect to such mixture or alternative fuel by  
2 reason of section 6426(i).”.

3 (d) EFFECTIVE DATE.—

4 (1) IN GENERAL.—Except as otherwise pro-  
5 vided in this subsection, the amendments made by  
6 this section shall take effect as if included in section  
7 301 of the American Jobs Creation Act of 2004.

8 (2) ALTERNATIVE FUEL CREDITS.—So much of  
9 the amendments made by this section as relate to  
10 the alternative fuel credit or the alternative fuel mix-  
11 ture credit shall take effect as if included in section  
12 11113 of the Safe, Accountable, Flexible, Efficient  
13 Transportation Equity Act: A Legacy for Users.

14 (3) RENEWABLE DIESEL.—So much of the  
15 amendments made by this section as relate to renew-  
16 able diesel shall take effect as if included in section  
17 1346 of the Energy Policy Act of 2005.

18 **SEC. 1527. COMPREHENSIVE STUDY OF BIOFUELS.**

19 (a) STUDY.—The Secretary of the Treasury, in con-  
20 sultation with the Secretary of Agriculture, the Secretary  
21 of Energy, and the Administrator of the Environmental  
22 Protection Agency, shall enter into an agreement with the  
23 National Academy of Sciences to produce an analysis of  
24 current scientific findings to determine—

- 1           (1) current biofuels production, as well as pro-  
2           jections for future production,
- 3           (2) the maximum amount of biofuels production  
4           capable on United States farmland,
- 5           (3) the domestic effects of a dramatic increase  
6           in biofuels production on, for example—
  - 7               (A) the price of fuel,
  - 8               (B) the price of land in rural and subur-  
9               ban communities,
  - 10              (C) crop acreage and other land use,
  - 11              (D) the environment, due to changes in  
12              crop acreage, fertilizer use, runoff, water use,  
13              emissions from vehicles utilizing biofuels, and  
14              other factors,
  - 15              (E) the price of feed,
  - 16              (F) the selling price of grain crops,
  - 17              (G) exports and imports of grains,
  - 18              (H) taxpayers, through cost or savings to  
19              commodity crop payments, and
  - 20              (I) the expansion of refinery capacity,
- 21           (4) the ability to convert corn ethanol plants for  
22           other uses, such as cellulosic ethanol or biodiesel,
- 23           (5) a comparative analysis of corn ethanol  
24           versus other biofuels and renewable energy sources,

1       considering cost, energy output, and ease of imple-  
2       mentation, and

3               (6) the need for additional scientific inquiry,  
4       and specific areas of interest for future research.

5       (b) REPORT.—The National Academy of Sciences  
6 shall submit an initial report of the findings of the report  
7 required under subsection (a) to the Congress not later  
8 than 3 months after the date of the enactment of this Act,  
9 and a final report not later than 6 months after such date  
10 of enactment.

11       **PART II—ADVANCED TECHNOLOGY MOTOR**

12                               **VEHICLES**

13       **SEC. 1528. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC**

14                               **DRIVE MOTOR VEHICLES.**

15       (a) IN GENERAL.—Subpart B of part IV of sub-  
16 chapter A of chapter 1 (relating to other credits) is  
17 amended by adding at the end the following new section:

18       **“SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE**

19                               **MOTOR VEHICLES.**

20       “(a) ALLOWANCE OF CREDIT.—There shall be al-  
21 lowed as a credit against the tax imposed by this chapter  
22 for the taxable year an amount equal to the sum of the  
23 credit amounts determined under subsection (b) with re-  
24 spect to each new qualified plug-in electric drive motor ve-

1 hicle placed in service by the taxpayer during the taxable  
2 year.

3 “(b) PER VEHICLE DOLLAR LIMITATION.—

4 “(1) IN GENERAL.—The amount determined  
5 under this subsection with respect to any new quali-  
6 fied plug-in electric drive motor vehicle is the sum  
7 of the amounts determined under paragraphs (2)  
8 and (3) with respect to such vehicle.

9 “(2) BASE AMOUNT.—The amount determined  
10 under this paragraph is \$3,000.

11 “(3) BATTERY CAPACITY.—In the case of a ve-  
12 hicle which draws propulsion energy from a battery  
13 with not less than 5 kilowatt hours of capacity, the  
14 amount determined under this paragraph is \$200,  
15 plus \$200 for each kilowatt hour of capacity in ex-  
16 cess of 5 kilowatt hours. The amount determined  
17 under this paragraph shall not exceed \$2,000.

18 “(c) APPLICATION WITH OTHER CREDITS.—

19 “(1) BUSINESS CREDIT TREATED AS PART OF  
20 GENERAL BUSINESS CREDIT.—So much of the credit  
21 which would be allowed under subsection (a) for any  
22 taxable year (determined without regard to this sub-  
23 section) that is attributable to property of a char-  
24 acter subject to an allowance for depreciation shall

1 be treated as a credit listed in section 38(b) for such  
2 taxable year (and not allowed under subsection (a)).

3 “(2) PERSONAL CREDIT.—

4 “(A) IN GENERAL.—For purposes of this  
5 title, the credit allowed under subsection (a) for  
6 any taxable year (determined after application  
7 of paragraph (1)) shall be treated as a credit  
8 allowable under subpart A for such taxable  
9 year.

10 “(B) LIMITATION BASED ON AMOUNT OF  
11 TAX.—In the case of a taxable year to which  
12 section 26(a)(2) does not apply, the credit al-  
13 lowed under subsection (a) for any taxable year  
14 (determined after application of paragraph (1))  
15 shall not exceed the excess of—

16 “(i) the sum of the regular tax liabil-  
17 ity (as defined in section 26(b)) plus the  
18 tax imposed by section 55, over

19 “(ii) the sum of the credits allowable  
20 under subpart A (other than this section  
21 and sections 23 and 25D) and section 27  
22 for the taxable year.

23 “(d) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE  
24 MOTOR VEHICLE.—For purposes of this section—



1           “(2) EXCEPTION.—The term ‘new qualified  
2           plug-in electric drive motor vehicle’ shall not include  
3           any vehicle which is not a passenger automobile or  
4           light truck if such vehicle has a gross vehicle weight  
5           rating of less than 8,500 pounds.

6           “(3) OTHER TERMS.—The terms ‘passenger  
7           automobile’, ‘light truck’, and ‘manufacturer’ have  
8           the meanings given such terms in regulations pre-  
9           scribed by the Administrator of the Environmental  
10          Protection Agency for purposes of the administra-  
11          tion of title II of the Clean Air Act (42 U.S.C. 7521  
12          et seq.).

13          “(4) BATTERY CAPACITY.—The term ‘capacity’  
14          means, with respect to any battery, the quantity of  
15          electricity which the battery is capable of storing, ex-  
16          pressed in kilowatt hours, as measured from a 100  
17          percent state of charge to a 0 percent state of  
18          charge.

19          “(e) LIMITATION ON NUMBER OF NEW QUALIFIED  
20          PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES ELIGIBLE  
21          FOR CREDIT.—

22          “(1) IN GENERAL.—In the case of a new quali-  
23          fied plug-in electric drive motor vehicle sold during  
24          the phaseout period, only the applicable percentage

1 of the credit otherwise allowable under subsection  
2 (a) shall be allowed.

3 “(2) PHASEOUT PERIOD.—For purposes of this  
4 subsection, the phaseout period is the period begin-  
5 ning with the second calendar quarter following the  
6 calendar quarter which includes the first date on  
7 which the number of new qualified plug-in electric  
8 drive motor vehicles manufactured by the manufac-  
9 turer of the vehicle referred to in paragraph (1) sold  
10 for use in the United States after the date of the en-  
11 actment of this section, is at least 60,000.

12 “(3) APPLICABLE PERCENTAGE.—For purposes  
13 of paragraph (1), the applicable percentage is—

14 “(A) 50 percent for the first 2 calendar  
15 quarters of the phaseout period,

16 “(B) 25 percent for the 3d and 4th cal-  
17 endar quarters of the phaseout period, and

18 “(C) 0 percent for each calendar quarter  
19 thereafter.

20 “(4) CONTROLLED GROUPS.—Rules similar to  
21 the rules of section 30B(f)(4) shall apply for pur-  
22 poses of this subsection.

23 “(f) SPECIAL RULES.—

24 “(1) BASIS REDUCTION.—The basis of any  
25 property for which a credit is allowable under sub-

1 section (a) shall be reduced by the amount of such  
2 credit (determined without regard to subsection (c)).

3 “(2) RECAPTURE.—The Secretary shall, by reg-  
4 ulations, provide for recapturing the benefit of any  
5 credit allowable under subsection (a) with respect to  
6 any property which ceases to be property eligible for  
7 such credit.

8 “(3) PROPERTY USED OUTSIDE UNITED  
9 STATES, ETC., NOT QUALIFIED.—No credit shall be  
10 allowed under subsection (a) with respect to any  
11 property referred to in section 50(b)(1) or with re-  
12 spect to the portion of the cost of any property  
13 taken into account under section 179.

14 “(4) ELECTION NOT TO TAKE CREDIT.—No  
15 credit shall be allowed under subsection (a) for any  
16 vehicle if the taxpayer elects to not have this section  
17 apply to such vehicle.

18 “(5) PROPERTY USED BY TAX-EXEMPT ENTITY;  
19 INTERACTION WITH AIR QUALITY AND MOTOR VEHI-  
20 CLE SAFETY STANDARDS.—Rules similar to the rules  
21 of paragraphs (6) and (10) of section 30B(h) shall  
22 apply for purposes of this section.”.

23 (b) COORDINATION WITH ALTERNATIVE MOTOR VE-  
24 HICLE CREDIT.—Section 30B(d)(3) is amended by adding  
25 at the end the following new subparagraph:

1                   “(D) EXCLUSION OF PLUG-IN VEHICLES.—  
2           Any vehicle with respect to which a credit is al-  
3           lowable under section 30D (determined without  
4           regard to subsection (c) thereof) shall not be  
5           taken into account under this section.”.

6           (c) CREDIT MADE PART OF GENERAL BUSINESS  
7 CREDIT.—Section 38(b), as amended by this Act, is  
8 amended—

9           (1) by striking “and” each place it appears at  
10          the end of any paragraph,

11          (2) by striking “plus” each place it appears at  
12          the end of any paragraph,

13          (3) by striking the period at the end of para-  
14          graph (31) and inserting “, plus”, and

15          (4) by adding at the end the following new  
16          paragraph:

17               “(32) the portion of the new qualified plug-in  
18          electric drive motor vehicle credit to which section  
19          30D(c)(1) applies.”.

20          (d) CONFORMING AMENDMENTS.—

21               (1)(A) Section 24(b)(3)(B), as amended by this  
22          Act, is amended by striking “and 25D” and insert-  
23          ing “25D, and 30D”.

24               (B) Section 25(e)(1)(C)(ii) is amended by in-  
25          serting “30D,” after “25D,”.

1 (C) Section 25B(g)(2), as amended by this Act,  
2 is amended by striking “and 25D” and inserting “,  
3 25D, and 30D”.

4 (D) Section 26(a)(1), as amended by this Act,  
5 is amended by striking “and 25D” and inserting  
6 “25D, and 30D”.

7 (E) Section 1400C(d)(2) is amended by striking  
8 “and 25D” and inserting “25D, and 30D”.

9 (2) Section 1016(a) is amended by striking  
10 “and” at the end of paragraph (36), by striking the  
11 period at the end of paragraph (37) and inserting “,  
12 and”, and by adding at the end the following new  
13 paragraph:

14 “(38) to the extent provided in section  
15 30D(f)(1).”.

16 (3) Section 6501(m) is amended by inserting  
17 “30D(f)(4),” after “30C(e)(5),”.

18 (4) The table of sections for subpart B of part  
19 IV of subchapter A of chapter 1 is amended by add-  
20 ing at the end the following new item:

“Sec. 30D. New qualified plug-in electric drive motor vehicles.”.

21 (e) TREATMENT OF ALTERNATIVE MOTOR VEHICLE  
22 CREDIT AS A PERSONAL CREDIT.—

23 (1) IN GENERAL.—Paragraph (2) of section  
24 30B(g) is amended to read as follows:

1           “(2) PERSONAL CREDIT.—The credit allowed  
2           under subsection (a) for any taxable year (after ap-  
3           plication of paragraph (1)) shall be treated as a  
4           credit allowable under subpart A for such taxable  
5           year.”.

6           (2) CONFORMING AMENDMENTS.—

7           (A) Subparagraph (A) of section 30C(d)(2)  
8           is amended by striking “sections 27, 30, and  
9           30B” and inserting “sections 27 and 30”.

10          (B) Paragraph (3) of section 55(c) is  
11          amended by striking “30B(g)(2),”.

12          (f) EFFECTIVE DATE.—

13          (1) IN GENERAL.—Except as otherwise pro-  
14          vided in this subsection, the amendments made by  
15          this section shall apply to taxable years beginning  
16          after December 31, 2007.

17          (2) TREATMENT OF ALTERNATIVE MOTOR VE-  
18          HICLE CREDIT AS PERSONAL CREDIT.—The amend-  
19          ments made by subsection (e) shall apply to taxable  
20          years beginning after December 31, 2006.

21          (g) APPLICATION OF EGTRRA SUNSET.—The  
22          amendment made by subsection (d)(1)(A) shall be subject  
23          to title IX of the Economic Growth and Tax Relief Rec-  
24          onciliation Act of 2001 in the same manner as the provi-  
25          sion of such Act to which such amendment relates.

1 **SEC. 1529. EXCLUSION FROM HEAVY TRUCK TAX FOR**  
2 **IDLING REDUCTION UNITS AND ADVANCED**  
3 **INSULATION.**

4 (a) IN GENERAL.—Section 4053 (relating to exemp-  
5 tions) is amended by adding at the end the following new  
6 paragraphs:

7 “(9) IDLING REDUCTION DEVICE.—Any device  
8 or system of devices which—

9 “(A) is designed to provide to a vehicle  
10 those services (such as heat, air conditioning, or  
11 electricity) that would otherwise require the op-  
12 eration of the main drive engine while the vehi-  
13 cle is temporarily parked or remains stationary  
14 using either—

15 “(i) an all electric unit, such as a bat-  
16 tery powered unit or from grid-supplied  
17 electricity, or

18 “(ii) a dual fuel unit powered by die-  
19 sel or other fuels, and capable of providing  
20 such services from grid-supplied electricity  
21 or on-truck batteries alone, and

22 “(B) is certified by the Secretary of En-  
23 ergy, in consultation with the Administrator of  
24 the Environmental Protection Agency and the  
25 Secretary of Transportation, to reduce long-du-  
26 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 For purposes of subparagraph (B), the term ‘long-  
4 duration idling’ means the operation of a main drive  
5 engine, for a period greater than 15 consecutive  
6 minutes, where the main drive engine is not engaged  
7 in gear. Such term does not apply to routine stop-  
8 pages associated with traffic movement or conges-  
9 tion.

10 “(10) **ADVANCED INSULATION.**—Any insulation  
11 that has an R value of not less than R35 per inch.”.

12 (b) **EFFECTIVE DATE.**—The amendment made by  
13 this section shall apply to sales or installations after De-  
14 cember 31, 2007.

### 15 **PART III—OTHER TRANSPORTATION PROVISIONS**

#### 16 **SEC. 1530. RESTRUCTURING OF NEW YORK LIBERTY ZONE**

##### 17 **TAX CREDITS.**

18 (a) **IN GENERAL.**—Part I of subchapter Y of chapter  
19 1 is amended by redesignating section 1400L as section  
20 1400K and by adding at the end the following new section:

##### 21 **“SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.**

22 “(a) **IN GENERAL.**—In the case of a New York Lib-  
23 erty Zone governmental unit, there shall be allowed as a  
24 credit against any taxes imposed for any payroll period  
25 by section 3402 for which such governmental unit is liable

1 under section 3403 an amount equal to so much of the  
2 portion of the qualifying project expenditure amount allo-  
3 cated under subsection (b)(3) to such governmental unit  
4 for the calendar year as is allocated by such governmental  
5 unit to such period under subsection (b)(4).

6 “(b) QUALIFYING PROJECT EXPENDITURE  
7 AMOUNT.—For purposes of this section—

8 “(1) IN GENERAL.—The term ‘qualifying  
9 project expenditure amount’ means, with respect to  
10 any calendar year, the sum of—

11 “(A) the total expenditures paid or in-  
12 curred during such calendar year by all New  
13 York Liberty Zone governmental units and the  
14 Port Authority of New York and New Jersey  
15 for any portion of qualifying projects located  
16 wholly within the City of New York, New York,  
17 and

18 “(B) any such expenditures—

19 “(i) paid or incurred in any preceding  
20 calendar year which begins after the date  
21 of enactment of this section, and

22 “(ii) not previously allocated under  
23 paragraph (3).

24 “(2) QUALIFYING PROJECT.—The term ‘quali-  
25 fying project’ means any transportation infrastruc-

1       ture project, including highways, mass transit sys-  
2       tems, railroads, airports, ports, and waterways, in or  
3       connecting with the New York Liberty Zone (as de-  
4       fined in section 1400K(h)), which is designated as a  
5       qualifying project under this section jointly by the  
6       Governor of the State of New York and the Mayor  
7       of the City of New York, New York.

8               “(3) GENERAL ALLOCATION.—

9               “(A) IN GENERAL.—The Governor of the  
10              State of New York and the Mayor of the City  
11              of New York, New York, shall jointly allocate to  
12              each New York Liberty Zone governmental unit  
13              the portion of the qualifying project expenditure  
14              amount which may be taken into account by  
15              such governmental unit under subsection (a) for  
16              any calendar year in the credit period.

17             “(B) AGGREGATE LIMIT.—The aggregate  
18             amount which may be allocated under subpara-  
19             graph (A) for all calendar years in the credit  
20             period shall not exceed \$2,000,000,000.

21             “(C) ANNUAL LIMIT.—The aggregate  
22             amount which may be allocated under subpara-  
23             graph (A) for any calendar year in the credit  
24             period shall not exceed the sum of—

1                   “(i) \$115,000,000 (\$425,000,000 in  
2                   the case of the last 2 years in the credit  
3                   period), plus

4                   “(ii) the aggregate amount authorized  
5                   to be allocated under this paragraph for all  
6                   preceding calendar years in the credit pe-  
7                   riod which was not so allocated.

8                   “(D) UNALLOCATED AMOUNTS AT END OF  
9                   CREDIT PERIOD.—If, as of the close of the cred-  
10                  it period, the amount under subparagraph (B)  
11                  exceeds the aggregate amount allocated under  
12                  subparagraph (A) for all calendar years in the  
13                  credit period, the Governor of the State of New  
14                  York and the Mayor of the City of New York,  
15                  New York, may jointly allocate to New York  
16                  Liberty Zone governmental units for any cal-  
17                  endar year in the 5-year period following the  
18                  credit period an amount equal to—

19                  “(i) the lesser of—

20                               “(I) such excess, or

21                               “(II) the qualifying project ex-  
22                               penditure amount for such calendar  
23                               year, reduced by

1                   “(ii) the aggregate amount allocated  
2                   under this subparagraph for all preceding  
3                   calendar years.

4                   “(4) ALLOCATION TO PAYROLL PERIODS.—  
5                   Each New York Liberty Zone governmental unit  
6                   which has been allocated a portion of the qualifying  
7                   project expenditure amount under paragraph (3) for  
8                   a calendar year may allocate such portion to payroll  
9                   periods beginning in such calendar year as such gov-  
10                  ernmental unit determines appropriate.

11                  “(c) CARRYOVER OF UNUSED ALLOCATIONS.—

12                  “(1) IN GENERAL.—Except as provided in para-  
13                  graph (2), if the amount allocated under subsection  
14                  (b)(3) to a New York Liberty Zone governmental  
15                  unit for any calendar year exceeds the aggregate  
16                  taxes imposed by section 3402 for which such gov-  
17                  ernmental unit is liable under section 3403 for peri-  
18                  ods beginning in such year, such excess shall be car-  
19                  ried to the succeeding calendar year and added to  
20                  the allocation of such governmental unit for such  
21                  succeeding calendar year.

22                  “(2) REALLOCATION.—If a New York Liberty  
23                  Zone governmental unit does not use an amount al-  
24                  located to it under subsection (b)(3) within the time  
25                  prescribed by the Governor of the State of New York

1       and the Mayor of the City of New York, New York,  
2       then such amount shall after such time be treated  
3       for purposes of subsection (b)(3) in the same man-  
4       ner as if it had never been allocated.

5       “(d) DEFINITIONS AND SPECIAL RULES.—For pur-  
6 poses of this section—

7           “(1) CREDIT PERIOD.—The term ‘credit period’  
8       means the 12-year period beginning on January 1,  
9       2008.

10          “(2) NEW YORK LIBERTY ZONE GOVERN-  
11       MENTAL UNIT.—The term ‘New York Liberty Zone  
12       governmental unit’ means—

13           “(A) the State of New York,

14           “(B) the City of New York, New York, and

15           “(C) any agency or instrumentality of such  
16       State or City.

17          “(3) TREATMENT OF FUNDS.—Any expenditure  
18       for a qualifying project taken into account for pur-  
19       poses of the credit under this section shall be consid-  
20       ered State and local funds for the purpose of any  
21       Federal program.

22          “(4) TREATMENT OF CREDIT AMOUNTS FOR  
23       PURPOSES OF WITHHOLDING TAXES.—For purposes  
24       of this title, a New York Liberty Zone governmental  
25       unit shall be treated as having paid to the Secretary,

1 on the day on which wages are paid to employees,  
2 an amount equal to the amount of the credit allowed  
3 to such entity under subsection (a) with respect to  
4 such wages, but only if such governmental unit de-  
5 ducts and withholds wages for such payroll period  
6 under section 3401 (relating to wage withholding).

7 “(e) REPORTING.—The Governor of the State of New  
8 York and the Mayor of the City of New York, New York,  
9 shall jointly submit to the Secretary an annual report—

10 “(1) which certifies—

11 “(A) the qualifying project expenditure  
12 amount for the calendar year, and

13 “(B) the amount allocated to each New  
14 York Liberty Zone governmental unit under  
15 subsection (b)(3) for the calendar year, and

16 “(2) includes such other information as the  
17 Secretary may require to carry out this section.

18 “(f) GUIDANCE.—The Secretary may prescribe such  
19 guidance as may be necessary or appropriate to ensure  
20 compliance with the purposes of this section.”.

21 (b) TERMINATION OF SPECIAL ALLOWANCE AND EX-  
22 PENSING.—Subparagraph (A) of section 1400K(b)(2), as  
23 redesignated by subsection (a), is amended by striking the  
24 parenthetical therein and inserting “(in the case of non-  
25 residential real property and residential rental property,

1 the date of the enactment of the Clean Renewable Energy  
2 and Conservation Tax Act of 2007 or, if acquired pursu-  
3 ant to a binding contract in effect on such enactment date,  
4 December 31, 2009”.

5 (c) CONFORMING AMENDMENTS.—

6 (1) Section 38(c)(3)(B) is amended by striking  
7 “section 1400L(a)” and inserting “section  
8 1400K(a)”.

9 (2) Section 168(k)(2)(D)(ii) is amended by  
10 striking “section 1400L(c)(2)” and inserting “sec-  
11 tion 1400K(c)(2)”.

12 (3) The table of sections for part I of sub-  
13 chapter Y of chapter 1 is amended by redesignating  
14 the item relating to section 1400L as an item relat-  
15 ing to section 1400K and by inserting after such  
16 item the following new item:

“Sec. 1400L. New York Liberty Zone tax credits.”.

17 (d) EFFECTIVE DATE.—The amendments made by  
18 this section shall take effect on the date of the enactment  
19 of this Act.

20 **SEC. 1531. EXTENSION OF TRANSPORTATION FRINGE BEN-**  
21 **EFIT TO BICYCLE COMMUTERS.**

22 (a) IN GENERAL.—Paragraph (1) of section 132(f)  
23 of the Internal Revenue Code of 1986 (relating to general  
24 rule for qualified transportation fringe) is amended by  
25 adding at the end the following:

1                   “(D) Any qualified bicycle commuting re-  
2                   imbursement.”.

3           (b) LIMITATION ON EXCLUSION.—Paragraph (2) of  
4 section 132(f) of such Code is amended by striking “and”  
5 at the end of subparagraph (A), by striking the period  
6 at the end of subparagraph (B) and inserting “, and”,  
7 and by adding at the end the following new subparagraph:

8                   “(C) the applicable annual limitation in  
9                   the case of any qualified bicycle commuting re-  
10                  imbursement.”.

11          (c) DEFINITIONS.—Paragraph (5) of section 132(f)  
12 of such Code (relating to definitions) is amended by add-  
13 ing at the end the following:

14                   “(F) DEFINITIONS RELATED TO BICYCLE  
15                  COMMUTING REIMBURSEMENT.—

16                   “(i) QUALIFIED BICYCLE COMMUTING  
17                  REIMBURSEMENT.—The term ‘qualified bi-  
18                  cycle commuting reimbursement’ means,  
19                  with respect to any calendar year, any em-  
20                  ployer reimbursement during the 15-month  
21                  period beginning with the first day of such  
22                  calendar year for reasonable expenses in-  
23                  curred by the employee during such cal-  
24                  endar year for the purchase of a bicycle  
25                  and bicycle improvements, repair, and stor-

1 age, if such bicycle is regularly used for  
2 travel between the employee's residence  
3 and place of employment.

4 “(ii) APPLICABLE ANNUAL LIMITA-  
5 TION.—The term ‘applicable annual limita-  
6 tion’ means, with respect to any employee  
7 for any calendar year, the product of \$20  
8 multiplied by the number of qualified bicy-  
9 cle commuting months during such year.

10 “(iii) QUALIFIED BICYCLE COM-  
11 MUTING MONTH.—The term ‘qualified bi-  
12 cycle commuting month’ means, with re-  
13 spect to any employee, any month during  
14 which such employee—

15 “(I) regularly uses the bicycle for  
16 a substantial portion of the travel be-  
17 tween the employee's residence and  
18 place of employment, and

19 “(II) does not receive any benefit  
20 described in subparagraph (A), (B),  
21 or (C) of paragraph (1).”.

22 (d) CONSTRUCTIVE RECEIPT OF BENEFIT.—Para-  
23 graph (4) of section 132(f) is amended by inserting  
24 “(other than a qualified bicycle commuting reimburse-  
25 ment)” after “qualified transportation fringe”.

1 (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2007.

## 4 **Subtitle C—Energy Conservation** 5 **and Efficiency**

### 6 **PART I—CONSERVATION TAX CREDIT BONDS**

#### 7 **SEC. 1541. QUALIFIED ENERGY CONSERVATION BONDS.**

8 (a) IN GENERAL.—Subpart I of part IV of sub-  
9 chapter A of chapter 1, as added by this title, is amended  
10 by adding at the end the following new section:

#### 11 **“SEC. 54C. QUALIFIED ENERGY CONSERVATION BONDS.**

12 “(a) QUALIFIED ENERGY CONSERVATION BOND.—  
13 For purposes of this subchapter, the term ‘qualified en-  
14 ergy conservation bond’ means any bond issued as part  
15 of an issue if—

16 “(1) 100 percent of the available project pro-  
17 ceeds of such issue are to be used for one or more  
18 qualified conservation purposes,

19 “(2) the bond is issued by a State or local gov-  
20 ernment, and

21 “(3) the issuer designates such bond for pur-  
22 poses of this section.

23 “(b) LIMITATION ON AMOUNT OF BONDS DES-  
24 IGNATED.—The maximum aggregate face amount of  
25 bonds which may be designated under subsection (a) by

1 any issuer shall not exceed the limitation amount allocated  
2 to such issuer under subsection (d).

3 “(c) NATIONAL LIMITATION ON AMOUNT OF BONDS  
4 DESIGNATED.—There is a national qualified energy con-  
5 servation bond limitation of \$3,000,000,000.

6 “(d) ALLOCATIONS.—

7 “(1) IN GENERAL.—The limitation applicable  
8 under subsection (c) shall be allocated by the Sec-  
9 retary among the States in proportion to the popu-  
10 lation of the States.

11 “(2) ALLOCATIONS TO LARGEST LOCAL GOV-  
12 ERNMENTS.—

13 “(A) IN GENERAL.—In the case of any  
14 State in which there is a large local govern-  
15 ment, each such local government shall be allo-  
16 cated a portion of such State’s allocation which  
17 bears the same ratio to the State’s allocation  
18 (determined without regard to this subpara-  
19 graph) as the population of such large local  
20 government bears to the population of such  
21 State.

22 “(B) ALLOCATION OF UNUSED LIMITATION  
23 TO STATE.—The amount allocated under this  
24 subsection to a large local government may be

1           reallocated by such local government to the  
2           State in which such local government is located.

3           “(C) LARGE LOCAL GOVERNMENT.—For  
4           purposes of this section, the term ‘large local  
5           government’ means any municipality or county  
6           if such municipality or county has a population  
7           of 100,000 or more.

8           “(3) ALLOCATION TO ISSUERS; RESTRICTION  
9           ON PRIVATE ACTIVITY BONDS.—Any allocation  
10          under this subsection to a State or large local gov-  
11          ernment shall be allocated by such State or large  
12          local government to issuers within the State in a  
13          manner that results in not less than 70 percent of  
14          the allocation to such State or large local govern-  
15          ment being used to designate bonds which are not  
16          private activity bonds.

17          “(e) QUALIFIED CONSERVATION PURPOSE.—For  
18          purposes of this section—

19                 “(1) IN GENERAL.—The term ‘qualified con-  
20                 servation purpose’ means any of the following:

21                         “(A) Capital expenditures incurred for  
22                         purposes of—

23                                 “(i) reducing energy consumption in  
24                                 publicly-owned buildings by at least 20  
25                                 percent,

1                   “(ii) implementing green community  
2 programs, or

3                   “(iii) rural development involving the  
4 production of electricity from renewable  
5 energy resources.

6                   “(B) Expenditures with respect to research  
7 facilities, and research grants, to support re-  
8 search in—

9                   “(i) development of cellulosic ethanol  
10 or other nonfossil fuels,

11                   “(ii) technologies for the capture and  
12 sequestration of carbon dioxide produced  
13 through the use of fossil fuels,

14                   “(iii) increasing the efficiency of exist-  
15 ing technologies for producing nonfossil  
16 fuels,

17                   “(iv) automobile battery technologies  
18 and other technologies to reduce fossil fuel  
19 consumption in transportation, or

20                   “(v) technologies to reduce energy use  
21 in buildings.

22                   “(C) Mass commuting facilities and related  
23 facilities that reduce the consumption of energy,  
24 including expenditures to reduce pollution from  
25 vehicles used for mass commuting.

1                   “(D) Demonstration projects designed to  
2                   promote the commercialization of—

3                   “(i) green building technology,

4                   “(ii) conversion of agricultural waste  
5                   for use in the production of fuel or other-  
6                   wise,

7                   “(iii) advanced battery manufacturing  
8                   technologies,

9                   “(iv) technologies to reduce peak use  
10                  of electricity, or

11                  “(v) technologies for the capture and  
12                  sequestration of carbon dioxide emitted  
13                  from combusting fossil fuels in order to  
14                  produce electricity.

15                  “(E) Public education campaigns to pro-  
16                  mote energy efficiency.

17                  “(2) SPECIAL RULES FOR PRIVATE ACTIVITY  
18                  BONDS.—For purposes of this section, in the case of  
19                  any private activity bond, the term ‘qualified con-  
20                  servation purposes’ shall not include any expenditure  
21                  which is not a capital expenditure.

22                  “(f) POPULATION.—

23                  “(1) IN GENERAL.—The population of any  
24                  State or local government shall be determined for  
25                  purposes of this section as provided in section 146(j)

1 for the calendar year which includes the date of the  
2 enactment of this section.

3 “(2) SPECIAL RULE FOR COUNTIES.—In deter-  
4 mining the population of any county for purposes of  
5 this section, any population of such county which is  
6 taken into account in determining the population of  
7 any municipality which is a large local government  
8 shall not be taken into account in determining the  
9 population of such county.

10 “(g) APPLICATION TO INDIAN TRIBAL GOVERN-  
11 MENTS.—An Indian tribal government shall be treated for  
12 purposes of this section in the same manner as a large  
13 local government, except that—

14 “(1) an Indian tribal government shall be treat-  
15 ed for purposes of subsection (d) as located within  
16 a State to the extent of so much of the population  
17 of such government as resides within such State,  
18 and

19 “(2) any bond issued by an Indian tribal gov-  
20 ernment shall be treated as a qualified energy con-  
21 servation bond only if issued as part of an issue the  
22 available project proceeds of which are used for pur-  
23 poses for which such Indian tribal government could  
24 issue bonds to which section 103(a) applies.”.

25 (b) CONFORMING AMENDMENTS.—

1           (1) Paragraph (1) of section 54A(d), as added  
2           by this title, is amended to read as follows:

3           “(1) QUALIFIED TAX CREDIT BOND.—The term  
4           ‘qualified tax credit bond’ means—

5                   “(A) a new clean renewable energy bond,  
6                   or

7                   “(B) a qualified energy conservation bond,  
8           which is part of an issue that meets requirements of  
9           paragraphs (2), (3), (4), and (5).”.

10          (2) Subparagraph (C) of section 54A(d)(2), as  
11          added by this title, is amended to read as follows:

12          “(C) QUALIFIED PURPOSE.—For purposes  
13          of this paragraph, the term ‘qualified purpose’  
14          means—

15                   “(i) in the case of a new clean renew-  
16                   able energy bond, a purpose specified in  
17                   section 54B(a)(1), and

18                   “(ii) in the case of a qualified energy  
19                   conservation bond, a purpose specified in  
20                   section 54C(a)(1).”.

21          (3) The table of sections for subpart I of part  
22          IV of subchapter A of chapter 1, as amended by this  
23          title, is amended by adding at the end the following  
24          new item:

“Sec. 54C. Qualified energy conservation bonds.”.

1           (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to obligations issued after the date  
3 of the enactment of this Act.

4 **SEC. 1542. QUALIFIED FORESTRY CONSERVATION BONDS.**

5           (a) IN GENERAL.—Subpart I of part IV of sub-  
6 chapter A of chapter 1, as added by this title, is amended  
7 by adding at the end the following new section:

8 **“SEC. 54D. QUALIFIED FORESTRY CONSERVATION BONDS.**

9           “(a) QUALIFIED FORESTRY CONSERVATION BOND.—  
10 For purposes of this subchapter, the term ‘qualified for-  
11 estry conservation bond’ means any bond issued as part  
12 of an issue if—

13                   “(1) 100 percent of the available proceeds of  
14 such issue are to be used for one or more qualified  
15 forestry conservation projects,

16                   “(2) the bond is issued by a qualified issuer,  
17 and

18                   “(3) the issuer designates such bond for pur-  
19 poses of this section.

20           “(b) LIMITATION ON AMOUNT OF BONDS DES-  
21 IGNATED.—The maximum aggregate face amount of  
22 bonds which may be designated under subsection (a) by  
23 any issuer shall not exceed the limitation amount allocated  
24 to such issuer under subsection (d).

1           “(c) NATIONAL LIMITATION ON AMOUNT OF BONDS  
2 DESIGNATED.—There is a national qualified forestry con-  
3 servation bond limitation of \$500,000,000.

4           “(d) ALLOCATIONS.—

5                 “(1) IN GENERAL.—The Secretary shall make  
6 allocations of the amount of the national qualified  
7 forestry conservation bond limitation described in  
8 subsection (c) among qualified forestry conservation  
9 projects in such manner as the Secretary determines  
10 appropriate so as to ensure that all of such limita-  
11 tion is allocated before the date which is 24 months  
12 after the date of the enactment of this section.

13                 “(2) SOLICITATION OF APPLICATIONS.—The  
14 Secretary shall solicit applications for allocations of  
15 the national qualified forestry conservation bond lim-  
16 itation described in subsection (c) not later than 90  
17 days after the date of the enactment of this section.

18           “(e) QUALIFIED FORESTRY CONSERVATION  
19 PROJECT.—For purposes of this section, the term ‘quali-  
20 fied forestry conservation project’ means the acquisition  
21 by a State or 501(c)(3) organization (as defined in section  
22 150(a)(4)) from an unrelated person of forest and forest  
23 land that meets the following qualifications:

24                 “(1) Some portion of the land acquired must be  
25 adjacent to United States Forest Service Land.

1           “(2) At least half of the land acquired must be  
2 transferred to the United States Forest Service at  
3 no net cost to the United States and not more than  
4 half of the land acquired may either remain with or  
5 be donated to a State.

6           “(3) All of the land must be subject to a native  
7 fish habitat conservation plan approved by the  
8 United States Fish and Wildlife Service.

9           “(4) The amount of acreage acquired must be  
10 at least 40,000 acres.

11          “(f) QUALIFIED ISSUER.—For purposes of this sec-  
12 tion, the term ‘qualified issuer’ means a State or 501(c)(3)  
13 organization (as defined in section 150(a)(4)).

14          “(g) SPECIAL ARBITRAGE RULE.—In the case of any  
15 qualified forestry conservation bond issued as part of an  
16 issue, section 54A(d)(4)(C) shall be applied to such issue  
17 without regard to clause (i).”.

18          (b) CONFORMING AMENDMENTS.—

19           (1) Paragraph (1) of section 54A(d), as added  
20 by this title, is amended to read as follows:

21           “(1) QUALIFIED TAX CREDIT BOND.—The term  
22 ‘qualified tax credit bond’ means—

23                   “(A) a new clean renewable energy bond,

24                   “(B) a qualified energy conservation bond,

25                   or

1           “(C) a qualified forestry conservation  
2           bond,  
3           which is part of an issue that meets requirements of  
4           paragraphs (2), (3), (4), and (5).”.

5           (2) Subparagraph (C) of section 54A(d)(2), as  
6           added by this title, is amended to read as follows:

7           “(C) QUALIFIED PURPOSE.—For purposes  
8           of this paragraph, the term ‘qualified purpose’  
9           means—

10           “(i) in the case of a new clean renew-  
11           able energy bond, a purpose specified in  
12           section 54B(a)(1),

13           “(ii) in the case of a qualified energy  
14           conservation bond, a purpose specified in  
15           section 54C(a)(1), and

16           “(iii) in the case of a qualified for-  
17           estry conservation bond, a purpose speci-  
18           fied in section 54D(a)(1).”.

19           (3) The table of sections for subpart I of part  
20           IV of subchapter A of chapter 1, as amended by this  
21           title, is amended by adding at the end the following  
22           new item:

“Sec. 54C. Qualified forestry conservation bonds.”.

23           (c) EFFECTIVE DATE.—The amendments made by  
24           this section shall apply to obligations issued after the date  
25           of the enactment of this Act.

1 **PART II—EFFICIENCY**

2 **SEC. 1543. EXTENSION AND MODIFICATION OF ENERGY EF-**  
3 **FICIENT EXISTING HOMES CREDIT.**

4 (a) **EXTENSION OF CREDIT.**—Section 25C(g) (relat-  
5 ing to termination) is amended by striking “December 31,  
6 2007” and inserting “December 31, 2008”.

7 (b) **QUALIFIED BIOMASS FUEL PROPERTY.**—

8 (1) **IN GENERAL.**—Section 25C(d)(3) is amend-  
9 ed—

10 (A) by striking “and” at the end of sub-  
11 paragraph (D),

12 (B) by striking the period at the end of  
13 subparagraph (E) and inserting “, and”, and

14 (C) by adding at the end the following new  
15 subparagraph:

16 “(F) a stove which uses the burning of bio-  
17 mass fuel to heat a dwelling unit located in the  
18 United States and used as a residence by the  
19 taxpayer, or to heat water for use in such a  
20 dwelling unit, and which has a thermal effi-  
21 ciency rating of at least 75 percent.”.

22 (2) **BIOMASS FUEL.**—Section 25C(d) (relating  
23 to residential energy property expenditures) is  
24 amended by adding at the end the following new  
25 paragraph:

1           “(6) BIOMASS FUEL.—The term ‘biomass fuel’  
2           means any plant-derived fuel available on a renew-  
3           able or recurring basis, including agricultural crops  
4           and trees, wood and wood waste and residues (in-  
5           cluding wood pellets), plants (including aquatic  
6           plants), grasses, residues, and fibers.”.

7           (c) EFFECTIVE DATE.—The amendments made this  
8           section shall apply to expenditures made after December  
9           31, 2007.

10 **SEC. 1544. EXTENSION AND MODIFICATION OF ENERGY EF-**  
11 **FICIENT COMMERCIAL BUILDINGS DEDUC-**  
12 **TION.**

13           Subsection (h) of section 179D (relating to termi-  
14           nation) is amended by striking “December 31, 2008” and  
15           inserting “December 31, 2013”.

16 **SEC. 1545. MODIFICATIONS OF ENERGY EFFICIENT APPLI-**  
17 **ANCE CREDIT FOR APPLIANCES PRODUCED**  
18 **AFTER 2007.**

19           (a) IN GENERAL.—Subsection (b) of section 45M (re-  
20           lating to applicable amount) is amended to read as follows:

21           “(b) APPLICABLE AMOUNT.—For purposes of sub-  
22           section (a)—

23           “(1) DISHWASHERS.—The applicable amount  
24           is—

1           “(A) \$45 in the case of a dishwasher which  
2           is manufactured in calendar year 2008 or 2009  
3           and which uses no more than 324 kilowatt  
4           hours per year and 5.8 gallons per cycle, and

5           “(B) \$75 in the case of a dishwasher  
6           which is manufactured in calendar year 2008,  
7           2009, or 2010 and which uses no more than  
8           307 kilowatt hours per year and 5.0 gallons per  
9           cycle (5.5 gallons per cycle for dishwashers de-  
10          signed for greater than 12 place settings).

11          “(2) CLOTHES WASHERS.—The applicable  
12          amount is—

13                 “(A) \$75 in the case of a residential top-  
14                 loading clothes washer manufactured in cal-  
15                 endar year 2008 which meets or exceeds a 1.72  
16                 modified energy factor and does not exceed a  
17                 8.0 water consumption factor,

18                 “(B) \$125 in the case of a residential top-  
19                 loading clothes washer manufactured in cal-  
20                 endar year 2008 or 2009 which meets or ex-  
21                 ceeds a 1.8 modified energy factor and does not  
22                 exceed a 7.5 water consumption factor,

23                 “(C) \$150 in the case of a residential or  
24                 commercial clothes washer manufactured in cal-  
25                 endar year 2008, 2009 or 2010 which meets or

1 exceeds 2.0 modified energy factor and does not  
2 exceed a 6.0 water consumption factor, and

3 “(D) \$250 in the case of a residential or  
4 commercial clothes washer manufactured in cal-  
5 endar year 2008, 2009, or 2010 which meets or  
6 exceeds 2.2 modified energy factor and does not  
7 exceed a 4.5 water consumption factor.

8 “(3) REFRIGERATORS.—The applicable amount  
9 is—

10 “(A) \$50 in the case of a refrigerator  
11 which is manufactured in calendar year 2008,  
12 and consumes at least 20 percent but not more  
13 than 22.9 percent less kilowatt hours per year  
14 than the 2001 energy conservation standards,

15 “(B) \$75 in the case of a refrigerator  
16 which is manufactured in calendar year 2008 or  
17 2009, and consumes at least 23 percent but no  
18 more than 24.9 percent less kilowatt hours per  
19 year than the 2001 energy conservation stand-  
20 ards,

21 “(C) \$100 in the case of a refrigerator  
22 which is manufactured in calendar year 2008,  
23 2009, or 2010, and consumes at least 25 per-  
24 cent but not more than 29.9 percent less kilo-

1 watt hours per year than the 2001 energy con-  
2 servation standards, and

3 “(D) \$200 in the case of a refrigerator  
4 manufactured in calendar year 2008, 2009, or  
5 2010 and which consumes at least 30 percent  
6 less energy than the 2001 energy conservation  
7 standards.”.

8 (b) ELIGIBLE PRODUCTION.—

9 (1) SIMILAR TREATMENT FOR ALL APPLI-  
10 ANCES.—Subsection (c) of section 45M (relating to  
11 eligible production) is amended—

12 (A) by striking paragraph (2),

13 (B) by striking “(1) IN GENERAL” and all  
14 that follows through “the eligible” and inserting  
15 “The eligible”, and

16 (C) by moving the text of such subsection  
17 in line with the subsection heading and redesign-  
18 ating subparagraphs (A) and (B) as para-  
19 graphs (1) and (2), respectively.

20 (2) MODIFICATION OF BASE PERIOD.—Para-  
21 graph (2) of section 45M(c), as amended by para-  
22 graph (1) of this section, is amended by striking “3-  
23 calendar year” and inserting “2-calendar year”.

1 (c) TYPES OF ENERGY EFFICIENT APPLIANCES.—

2 Subsection (d) of section 45M (defining types of energy  
3 efficient appliances) is amended to read as follows:

4 “(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—

5 For purposes of this section, the types of energy efficient  
6 appliances are—

7 “(1) dishwashers described in subsection (b)(1),

8 “(2) clothes washers described in subsection  
9 (b)(2), and

10 “(3) refrigerators described in subsection  
11 (b)(3).”

12 (d) AGGREGATE CREDIT AMOUNT ALLOWED.—

13 (1) INCREASE IN LIMIT.—Paragraph (1) of sec-  
14 tion 45M(e) (relating to aggregate credit amount al-  
15 lowed) is amended to read as follows:

16 “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—

17 The aggregate amount of credit allowed under sub-  
18 section (a) with respect to a taxpayer for any tax-  
19 able year shall not exceed \$75,000,000 reduced by  
20 the amount of the credit allowed under subsection  
21 (a) to the taxpayer (or any predecessor) for all prior  
22 taxable years beginning after December 31, 2007.”.

23 (2) EXCEPTION FOR CERTAIN REFRIGERATOR  
24 AND CLOTHES WASHERS.—Paragraph (2) of section  
25 45M(e) is amended to read as follows:

1           “(2) AMOUNT ALLOWED FOR CERTAIN REFRIG-  
2 ERATORS AND CLOTHES WASHERS.—Refrigerators  
3 described in subsection (b)(3)(D) and clothes wash-  
4 ers described in subsection (b)(2)(D) shall not be  
5 taken into account under paragraph (1).”.

6 (e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

7           (1) IN GENERAL.—Paragraph (1) of section  
8 45M(f) (defining qualified energy efficient appliance)  
9 is amended to read as follows:

10           “(1) QUALIFIED ENERGY EFFICIENT APPLI-  
11 ANCE.—The term ‘qualified energy efficient appli-  
12 ance’ means—

13                   “(A) any dishwasher described in sub-  
14 section (b)(1),

15                   “(B) any clothes washer described in sub-  
16 section (b)(2), and

17                   “(C) any refrigerator described in sub-  
18 section (b)(3).”.

19           (2) CLOTHES WASHER.—Section 45M(f)(3) (de-  
20 fining clothes washer) is amended by inserting  
21 “commercial” before “residential” the second place  
22 it appears.

23           (3) TOP-LOADING CLOTHES WASHER.—Sub-  
24 section (f) of section 45M (relating to definitions) is  
25 amended by redesignating paragraphs (4), (5), (6),

1 and (7) as paragraphs (5), (6), (7), and (8), respec-  
2 tively, and by inserting after paragraph (3) the fol-  
3 lowing new paragraph:

4 “(4) TOP-LOADING CLOTHES WASHER.—The  
5 term ‘top-loading clothes washer’ means a clothes  
6 washer which has the clothes container compartment  
7 access located on the top of the machine and which  
8 operates on a vertical axis.”

9 (4) REPLACEMENT OF ENERGY FACTOR.—Sec-  
10 tion 45M(f)(7), as redesignated by paragraph (3), is  
11 amended to read as follows:

12 “(7) MODIFIED ENERGY FACTOR.—The term  
13 ‘modified energy factor’ means the modified energy  
14 factor established by the Department of Energy for  
15 compliance with the Federal energy conservation  
16 standard.”

17 (5) GALLONS PER CYCLE; WATER CONSUMP-  
18 TION FACTOR.—Section 45M(f) (relating to defini-  
19 tions) is amended by adding at the end the fol-  
20 lowing:

21 “(9) GALLONS PER CYCLE.—The term ‘gallons  
22 per cycle’ means, with respect to a dishwasher, the  
23 amount of water, expressed in gallons, required to  
24 complete a normal cycle of a dishwasher.

1           “(10) WATER CONSUMPTION FACTOR.—The  
2           term ‘water consumption factor’ means, with respect  
3           to a clothes washer, the quotient of the total weight-  
4           ed per-cycle water consumption divided by the cubic  
5           foot (or liter) capacity of the clothes washer.”.

6           (f) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to appliances produced after De-  
8           cember 31, 2007.

9           **SEC. 1546. SEVEN-YEAR APPLICABLE RECOVERY PERIOD**  
10                           **FOR DEPRECIATION OF QUALIFIED ENERGY**  
11                           **MANAGEMENT DEVICES.**

12           (a) IN GENERAL.—Section 168(e)(3)(C) (relating to  
13           7-year property), as amended by this Act, is amended by  
14           striking “and” at the end of clause (v), by redesignating  
15           clause (vi) as clause (vii), and by inserting after clause  
16           (v) the following new clause:

17                           “(vi) any qualified energy manage-  
18                           ment device, and”.

19           (b) DEFINITION OF QUALIFIED ENERGY MANAGE-  
20           MENT DEVICE.—Section 168(i) (relating to definitions  
21           and special rules) is amended by inserting at the end the  
22           following new paragraph:

23                           “(18) QUALIFIED ENERGY MANAGEMENT DE-  
24                           VICE.—

1           “(A) IN GENERAL.—The term ‘qualified  
2 energy management device’ means any energy  
3 management device which is installed on real  
4 property of a customer of the taxpayer and is  
5 placed in service by a taxpayer who—

6           “(i) is a supplier of electric energy or  
7 a provider of electric energy services, and

8           “(ii) provides all commercial and resi-  
9 dential customers of such supplier or pro-  
10 vider with net metering upon the request  
11 of such customer.

12           “(B) ENERGY MANAGEMENT DEVICE.—  
13 For purposes of subparagraph (A), the term  
14 ‘energy management device’ means any time-  
15 based meter and related communication equip-  
16 ment which is capable of being used by the tax-  
17 payer as part of a system that—

18           “(i) measures and records electricity  
19 usage data on a time-differentiated basis  
20 in at least 24 separate time segments per  
21 day,

22           “(ii) provides for the exchange of in-  
23 formation between supplier or provider and  
24 the customer’s energy management device

1 in support of time-based rates or other  
2 forms of demand response, and

3 “(iii) provides data to such supplier or  
4 provider so that the supplier or provider  
5 can provide energy usage information to  
6 customers electronically.

7 “(C) NET METERING.—For purposes of  
8 subparagraph (A), the term ‘net metering’  
9 means allowing customers a credit for providing  
10 electricity to the supplier or provider.”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to property placed in service after  
13 December 31, 2007.

## 14 **Subtitle D—Other Provisions**

### 15 **PART I—FORESTRY PROVISIONS**

#### 16 **SEC. 1551. DEDUCTION FOR QUALIFIED TIMBER GAIN.**

17 (a) IN GENERAL.—Part I of subchapter P of chapter  
18 1 is amended by adding at the end the following new sec-  
19 tion:

#### 20 **“SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.**

21 “(a) IN GENERAL.—In the case of a taxpayer which  
22 elects the application of this section for a taxable year,  
23 there shall be allowed a deduction against gross income  
24 in an amount equal to 60 percent of the lesser of—

1           “(1) the taxpayer’s qualified timber gain for  
2 such year, or

3           “(2) the taxpayer’s net capital gain for such  
4 year.

5           “(b) QUALIFIED TIMBER GAIN.—For purposes of  
6 this section, the term ‘qualified timber gain’ means, with  
7 respect to any taxpayer for any taxable year, the excess  
8 (if any) of—

9           “(1) the sum of the taxpayer’s gains described  
10 in subsections (a) and (b) of section 631 for such  
11 year, over

12           “(2) the sum of the taxpayer’s losses described  
13 in such subsections for such year.

14           “(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—

15           “(1) In the case of any qualified timber gain of  
16 a pass-thru entity (as defined in section 1(h)(10))  
17 other than a real estate investment trust, the elec-  
18 tion under this section shall be made separately by  
19 each taxpayer subject to tax on such gain.

20           “(2) In the case of any qualified timber gain of  
21 a real estate investment trust, the election under  
22 this section shall be made by the real estate invest-  
23 ment trust.

1           “(d) ELECTION.—An election under this section may  
2 be made only with respect to the first taxable year begin-  
3 ning after the date of the enactment of this section.”.

4           (b) COORDINATION WITH MAXIMUM CAPITAL GAINS  
5 RATES.—

6           (1) TAXPAYERS OTHER THAN CORPORA-  
7 TIONS.—Paragraph (2) of section 1(h) is amended  
8 to read as follows:

9           “(2) REDUCTION OF NET CAPITAL GAIN.—For  
10 purposes of this subsection, the net capital gain for  
11 any taxable year shall be reduced (but not below  
12 zero) by the sum of—

13           “(A) the amount which the taxpayer takes  
14 into account as investment income under sec-  
15 tion 163(d)(4)(B)(iii), and

16           “(B) in the case of a taxable year with re-  
17 spect to which an election is in effect under sec-  
18 tion 1203, the taxpayer’s qualified timber gain  
19 (as defined in section 1203(b)).”.

20           (2) CORPORATIONS.—Section 1201 is amended  
21 by redesignating subsection (b) as subsection (c) and  
22 inserting after subsection (a) the following new sub-  
23 section:

24           “(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO  
25 ACCOUNT.—For purposes of this section, in the case of

1 a corporation with respect to which an election is in effect  
2 under section 1203, the net capital gain for any taxable  
3 year shall be reduced (but not below zero) by the corpora-  
4 tion's qualified timber gain (as defined in section  
5 1203(b)).”.

6 (c) DEDUCTION ALLOWED WHETHER OR NOT INDI-  
7 VIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a)  
8 of section 62 is amended by inserting before the last sen-  
9 tence the following new paragraph:

10 “(22) QUALIFIED TIMBER GAINS.—The deduc-  
11 tion allowed by section 1203.”.

12 (d) DEDUCTION ALLOWED IN COMPUTING AD-  
13 JUSTED CURRENT EARNINGS.—Subparagraph (C) of sec-  
14 tion 56(g)(4) is amended by adding at the end the fol-  
15 lowing new clause:

16 “(vii) DEDUCTION FOR QUALIFIED  
17 TIMBER GAIN.—Clause (i) shall not apply  
18 to any deduction allowed under section  
19 1203.”.

20 (e) DEDUCTION ALLOWED IN COMPUTING TAXABLE  
21 INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Sub-  
22 paragraph (C) of section 641(e)(2) is amended by insert-  
23 ing after clause (iv) the following new clause:

24 “(v) The deduction allowed under sec-  
25 tion 1203.”.

1 (f) TREATMENT OF QUALIFIED TIMBER GAIN OF  
2 REAL ESTATE INVESTMENT TRUSTS.—Paragraph (3) of  
3 section 857(b) is amended by inserting after subparagraph  
4 (F) the following new subparagraph:

5 “(G) TREATMENT OF QUALIFIED TIMBER  
6 GAIN.—For purposes of this part, in the case of  
7 a real estate investment trust with respect to  
8 which an election is in effect under section  
9 1203—

10 “(i) REDUCTION OF NET CAPITAL  
11 GAIN.—The net capital gain of the real es-  
12 tate investment trust for any taxable year  
13 shall be reduced (but not below zero) by  
14 the real estate investment trust’s qualified  
15 timber gain (as defined in section  
16 1203(b)).

17 “(ii) ADJUSTMENT TO SHARE-  
18 HOLDER’S BASIS ATTRIBUTABLE TO DE-  
19 DUCTION FOR QUALIFIED TIMBER  
20 GAINS.—

21 “(I) IN GENERAL.—The adjusted  
22 basis of shares in the hands of the  
23 shareholder shall be increased by the  
24 amount of the deduction allowable

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1 under section 1203(a) as provided in  
2 subclauses (II) and (III).

3 “(II) ALLOCATION OF BASIS IN-  
4 CREASE FOR DISTRIBUTIONS MADE  
5 DURING TAXABLE YEAR.—For any  
6 taxable year of a real estate invest-  
7 ment trust for which an election is in  
8 effect under section 1203, in the case  
9 of a distribution made with respect to  
10 shares during such taxable year of  
11 amounts attributable to the deduction  
12 allowable under section 1203(a), the  
13 adjusted basis of such shares shall be  
14 increased by the amount of such dis-  
15 tributions.

16 “(III) ALLOCATION OF EX-  
17 CESS.—If the deduction allowable  
18 under section 1203(a) for a taxable  
19 year exceeds the amount of distribu-  
20 tions described in subclause (II), the  
21 excess shall be allocated to every  
22 shareholder of the real estate invest-  
23 ment trust at the close of the trust’s  
24 taxable year in the same manner as if

1 a distribution of such excess were  
2 made with respect to such shares.

3 “(IV) DESIGNATIONS.—To the  
4 extent provided in regulations, a real  
5 estate investment trust shall designate  
6 the amounts described in subclauses  
7 (II) and (III) in a manner similar to  
8 the designations provided with respect  
9 to capital gains described in subpara-  
10 graphs (C) and (D).

11 “(V) DEFINITIONS.—As used in  
12 this subparagraph, the terms ‘share’  
13 and ‘shareholder’ shall include bene-  
14 ficial interests and holders of bene-  
15 ficial interests, respectively.

16 “(iii) EARNINGS AND PROFITS DEDUC-  
17 TION FOR QUALIFIED TIMBER GAINS.—The  
18 deduction allowable under section 1203(a)  
19 for a taxable year shall be allowed as a de-  
20 duction in computing the earnings and  
21 profits of the real estate investment trust  
22 for such taxable year. The earnings and  
23 profits of any such shareholder which is a  
24 corporation shall be appropriately adjusted

1                   in accordance with regulations prescribed  
2                   by the Secretary.”.

3           (g) LOSS ATTRIBUTABLE TO BASIS ADJUSTMENT  
4 FOR DEDUCTION FOR QUALIFIED TIMBER GAIN OF REAL  
5 ESTATE INVESTMENT TRUSTS.—

6           (1) Section 857(b)(8) is amended by redesignig-  
7 nating subparagraphs (B) and (C) as subparagraphs  
8 (C) and (D), respectively, and by inserting after sub-  
9 paragraph (A) the following new subparagraph:

10                   “(B) LOSS ATTRIBUTABLE TO BASIS AD-  
11 JUSTMENT FOR DEDUCTION FOR QUALIFIED  
12 TIMBER GAIN.—If—

13                           “(i) a shareholder of a real estate in-  
14 vestment trust receives a basis adjustment  
15 provided under subsection (b)(3)(G)(ii),  
16 and

17                           “(ii) the taxpayer has held such share  
18 or interest for 6 months or less,

19 then any loss on the sale or exchange of such  
20 share or interest shall, to the extent of the  
21 amount described in clause (i), be disallowed.”.

22           (2) Subparagraph (D) of section 857(b)(8), as  
23 redesignated by paragraph (1), is amended by strik-  
24 ing “subparagraph (A)” and inserting “subpara-  
25 graphs (A) and (B)”.

1 (h) CONFORMING AMENDMENTS.—

2 (1) Subparagraph (B) of section 172(d)(2) is  
3 amended to read as follows:

4 “(B) the exclusion under section 1202, and  
5 the deduction under section 1203, shall not be  
6 allowed.”.

7 (2) Paragraph (4) of section 642(c) is amended  
8 by striking the first sentence and inserting “To the  
9 extent that the amount otherwise allowable as a de-  
10 duction under this subsection consists of gain de-  
11 scribed in section 1202(a) or qualified timber gain  
12 (as defined in section 1203(b)), proper adjustment  
13 shall be made for any exclusion allowable to the es-  
14 tate or trust under section 1202 and for any deduc-  
15 tion allowable to the estate or trust under section  
16 1203.”

17 (3) Paragraph (3) of section 643(a) is amended  
18 by striking the last sentence and inserting “The ex-  
19 clusion under section 1202 and the deduction under  
20 section 1203 shall not be taken into account.”.

21 (4) Subparagraph (C) of section 643(a)(6) is  
22 amended to read as follows:

23 “(C) Paragraph (3) shall not apply to a  
24 foreign trust. In the case of such a trust—



1                   “(i) any gain or loss from the sale or  
2                   exchange of capital assets (determined  
3                   without regard to any reduction that would  
4                   be applied for purposes of section  
5                   857(b)(3)(G)(i)), and

6                   “(ii) any deduction allowable under  
7                   section 1203, and”.

8                   (2) CAPITAL GAIN NET INCOME.—Section  
9                   4981(e)(2) is amended by adding at the end the fol-  
10                  lowing new subparagraph:

11                  “(D) QUALIFIED TIMBER GAIN.—The  
12                  amount determined under subparagraph (A)  
13                  shall be determined without regard to any re-  
14                  duction that would be applied for purposes of  
15                  section 857(b)(3)(G)(i) but shall be reduced for  
16                  any deduction allowable under section 1203 for  
17                  such calendar year.”.

18                  (b) EFFECTIVE DATE.—The amendments made by  
19                  this section shall apply to taxable years beginning after  
20                  the date of the enactment of this Act.

21                  **SEC. 1553. TIMBER REIT MODERNIZATION.**

22                  (a) IN GENERAL.—Section 856(e)(5) is amended by  
23                  adding after subparagraph (G) the following new subpara-  
24                  graph:

25                  “(H) TREATMENT OF TIMBER GAINS.—

1                   “(i) IN GENERAL.—Gain from the sale  
2                   of real property described in paragraph  
3                   (2)(D) and (3)(C) shall include gain which  
4                   is—

5                   “(I) recognized by an election  
6                   under section 631(a) from timber  
7                   owned by the real estate investment  
8                   trust, the cutting of which is provided  
9                   by a taxable REIT subsidiary of the  
10                  real estate investment trust;

11                  “(II) recognized under section  
12                  631(b); or

13                  “(III) income which would con-  
14                  stitute gain under subclause (I) or  
15                  (II) but for the failure to meet the 1-  
16                  year holding period requirement.

17                  “(ii) SPECIAL RULES.—

18                  “(I) For purposes of this subtitle,  
19                  cut timber, the gain of which is recog-  
20                  nized by a real estate investment trust  
21                  pursuant to an election under section  
22                  631(a) described in clause (i)(I) or so  
23                  much of clause (i)(III) as relates to  
24                  clause (i)(I), shall be deemed to be  
25                  sold to the taxable REIT subsidiary of

1 the real estate investment trust on the  
2 first day of the taxable year.

3 “(II) For purposes of this sub-  
4 title, income described in this sub-  
5 paragraph shall not be treated as gain  
6 from the sale of property described in  
7 section 1221(a)(1).

8 “(iii) TERMINATION.—This subpara-  
9 graph shall not apply to dispositions after  
10 the termination date.”.

11 (b) TERMINATION DATE.—Subsection (c) of section  
12 856 is amended by adding at the end the following new  
13 paragraph:

14 “(8) TERMINATION DATE.—For purposes of  
15 this subsection, the term ‘termination date’ means  
16 the last day of the first taxable year beginning after  
17 the date of the enactment of this paragraph.”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 subsection (a) shall apply to dispositions in taxable years  
20 beginning after the date of the enactment of this Act.

21 **SEC. 1554. MINERAL ROYALTY INCOME QUALIFYING IN-**  
22 **COME FOR TIMBER REITS.**

23 (a) IN GENERAL.—Section 856(c)(2) is amended by  
24 striking “and” at the end of subparagraph (G), by insert-

1 ing “and” at the end of subparagraph (H), and by adding  
2 after subparagraph (H) the following new subparagraph:

3 “(I) mineral royalty income earned in the  
4 first taxable year beginning after the date of  
5 the enactment of this subparagraph from real  
6 property owned by a timber real estate invest-  
7 ment trust held, or once held, in connection  
8 with the trade or business of producing timber  
9 by such real estate investment trust;”.

10 (b) **TIMBER REAL ESTATE INVESTMENT TRUST.**—  
11 Section 856(c)(5), as amended by this Act, is amended  
12 by adding after subparagraph (H) the following new sub-  
13 paragraph:

14 “(I) **TIMBER REAL ESTATE INVESTMENT**  
15 **TRUST.**—The term ‘timber real estate invest-  
16 ment trust’ means a real estate investment  
17 trust in which more than 50 percent in value of  
18 its total assets consists of real property held in  
19 connection with the trade or business of pro-  
20 ducing timber.”.

21 (c) **EFFECTIVE DATE.**—The amendments by this sec-  
22 tion shall apply to taxable years beginning after the date  
23 of the enactment of this Act.

1 **SEC. 1555. MODIFICATION OF TAXABLE REIT SUBSIDIARY**  
2 **ASSET TEST FOR TIMBER REITS.**

3 (a) IN GENERAL.—Section 856(c)(4)(B)(ii) is  
4 amended by inserting “(in the case of a quarter which  
5 closes on or before the termination date, 25 percent in  
6 the case of a timber real estate investment trust)” after  
7 “not more than 20 percent of the value of its total assets  
8 is represented by securities of one or more taxable REIT  
9 subsidiaries”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to taxable years beginning after  
12 the date of the enactment of this Act.

13 **SEC. 1556. SAFE HARBOR FOR TIMBER PROPERTY.**

14 (a) IN GENERAL.—Section 857(b)(6) (relating to in-  
15 come from prohibited transactions) is amended by adding  
16 at the end the following new subparagraph:

17 “(G) SPECIAL RULES FOR SALES TO  
18 QUALIFIED ORGANIZATIONS.—

19 “(i) IN GENERAL.—In the case of sale  
20 of a real estate asset (as defined in section  
21 856(c)(5)(B)) to a qualified organization  
22 (as defined in section 170(h)(3)) exclu-  
23 sively for conservation purposes (within the  
24 meaning of section 170(h)(1)(C)), subpara-  
25 graph (D) shall be applied—

1                   “(I) by substituting ‘2 years’ for  
2                   ‘4 years’ in clause (i), and

3                   “(II) by substituting ‘2-year pe-  
4                   riod’ for ‘4-year period’ in clauses (ii)  
5                   and (iii).

6                   “(ii) TERMINATION.—This subpara-  
7                   graph shall not apply to sales after the ter-  
8                   mination date.”.

9           (b)       PROHIBITED       TRANSACTIONS.—Section  
10 857(b)(6)(D)(v) is amended by inserting “or, in the case  
11 of a sale on or before the termination date, a taxable  
12 REIT subsidiary” after “independent contractor (as de-  
13 fined in section 856(d)(3)) from whom the trust itself does  
14 not derive or receive any income”.

15       (c) SALES THAT ARE NOT PROHIBITED TRANS-  
16 ACTIONS.—Section 857(b)(6), as amended by subsection  
17 (a), is amended by adding at the end the following new  
18 subparagraph:

19                   “(H) SALES OF PROPERTY THAT ARE NOT  
20                   A PROHIBITED TRANSACTION.—In the case of a  
21                   sale on or before the termination date, the sale  
22                   of property which is not a prohibited trans-  
23                   action through application of subparagraph (D)  
24                   shall be considered property held for investment  
25                   or for use in a trade or business and not prop-

1           erty described in section 1221(a)(1) for all pur-  
2           poses of this subtitle.”.

3           (d) **TERMINATION DATE.**—Section 857(b)(6), as  
4 amended by subsections (a) and (c), is amended by adding  
5 at the end the following new subparagraph:

6                   “(I) **TERMINATION DATE.**—For purposes  
7 of this paragraph, the term ‘termination date’  
8 means the last day of the first taxable year be-  
9 ginning after the date of the enactment of this  
10 subparagraph.”.

11          (e) **EFFECTIVE DATE.**—The amendments made by  
12 this section shall apply to dispositions in taxable years be-  
13 ginning after the date of the enactment of this Act.

14                           **PART II—EXXON VALDEZ**  
15 **SEC. 1557. INCOME AVERAGING FOR AMOUNTS RECEIVED**  
16                           **IN CONNECTION WITH THE EXXON VALDEZ**  
17                           **LITIGATION.**

18          (a) **INCOME AVERAGING OF AMOUNTS RECEIVED**  
19 **FROM THE EXXON VALDEZ LITIGATION.**—For purposes  
20 of section 1301 of the Internal Revenue Code of 1986—

21                   (1) any qualified taxpayer who receives any  
22 qualified settlement income in any taxable year shall  
23 be treated as engaged in a fishing business (deter-  
24 mined without regard to the commercial nature of  
25 the business), and

1           (2) such qualified settlement income shall be  
2           treated as income attributable to such a fishing busi-  
3           ness for such taxable year.

4           (b) CONTRIBUTIONS OF AMOUNTS RECEIVED TO RE-  
5           TIREMENT ACCOUNTS.—

6           (1) IN GENERAL.—Any qualified taxpayer who  
7           receives qualified settlement income during the tax-  
8           able year may, at any time before the end of the tax-  
9           able year in which such income was received, make  
10          one or more contributions to an eligible retirement  
11          plan of which such qualified taxpayer is a bene-  
12          ficiary in an aggregate amount not to exceed the  
13          lesser of—

14                 (A) \$100,000 (reduced by the amount of  
15                 qualified settlement income contributed to an  
16                 eligible retirement plan in prior taxable years  
17                 pursuant to this subsection), or

18                 (B) the amount of qualified settlement in-  
19                 come received by the individual during the tax-  
20                 able year.

21           (2) TIME WHEN CONTRIBUTIONS DEEMED  
22           MADE.—For purposes of paragraph (1), a qualified  
23           taxpayer shall be deemed to have made a contribu-  
24           tion to an eligible retirement plan on the last day of  
25           the taxable year in which such income is received if

1 the contribution is made on account of such taxable  
2 year and is made not later than the time prescribed  
3 by law for filing the return for such taxable year  
4 (not including extensions thereof).

5 (3) TREATMENT OF CONTRIBUTIONS TO ELIGI-  
6 BLE RETIREMENT PLANS.—For purposes of the In-  
7 ternal Revenue Code of 1986, if a contribution is  
8 made pursuant to paragraph (1) with respect to  
9 qualified settlement income, then—

10 (A) except as provided in paragraph (4)—

11 (i) to the extent of such contribution,  
12 the qualified settlement income shall not  
13 be included in taxable income, and

14 (ii) for purposes of section 72 of such  
15 Code, such contribution shall not be con-  
16 sidered to be investment in the contract,

17 (B) the qualified taxpayer shall, to the ex-  
18 tent of the amount of the contribution, be treat-  
19 ed—

20 (i) as having received the qualified  
21 settlement income—

22 (I) in the case of a contribution  
23 to an individual retirement plan (as  
24 defined under section 7701(a)(37) of  
25 such Code), in a distribution described

1 in section 408(d)(3) of such Code,  
2 and

3 (II) in the case of any other eligi-  
4 ble retirement plan, in an eligible roll-  
5 over distribution (as defined under  
6 section 402(f)(2) of such Code), and

7 (ii) as having transferred the amount  
8 to the eligible retirement plan in a direct  
9 trustee to trustee transfer within 60 days  
10 of the distribution,

11 (C) section 408(d)(3)(B) of the Internal  
12 Revenue Code of 1986 shall not apply with re-  
13 spect to amounts treated as a rollover under  
14 this paragraph, and

15 (D) section 408A(c)(3)(B) of the Internal  
16 Revenue Code of 1986 shall not apply with re-  
17 spect to amounts contributed to a Roth IRA (as  
18 defined under section 408A(b) of such Code) or  
19 a designated Roth contribution to an applicable  
20 retirement plan (within the meaning of section  
21 402A of such Code) under this paragraph.

22 (4) SPECIAL RULE FOR ROTH IRAS AND ROTH  
23 401(k)s.—For purposes of the Internal Revenue  
24 Code of 1986, if a contribution is made pursuant to  
25 paragraph (1) with respect to qualified settlement

1 income to a Roth IRA (as defined under section  
2 408A(b) of such Code) or as a designated Roth con-  
3 tribution to an applicable retirement plan (within  
4 the meaning of section 402A of such Code), then—

5 (A) the qualified settlement income shall  
6 be includible in taxable income, and

7 (B) for purposes of section 72 of such  
8 Code, such contribution shall be considered to  
9 be investment in the contract.

10 (5) ELIGIBLE RETIREMENT PLAN.—For pur-  
11 pose of this subsection, the term “eligible retirement  
12 plan” has the meaning given such term under sec-  
13 tion 402(c)(8)(B) of the Internal Revenue Code of  
14 1986.

15 (c) TREATMENT OF QUALIFIED SETTLEMENT IN-  
16 COME UNDER EMPLOYMENT TAXES.—

17 (1) SECA.—For purposes of chapter 2 of the  
18 Internal Revenue Code of 1986 and section 211 of  
19 the Social Security Act, no portion of qualified set-  
20 tlement income received by a qualified taxpayer shall  
21 be treated as self-employment income.

22 (2) FICA.—For purposes of chapter 21 of the  
23 Internal Revenue Code of 1986 and section 209 of  
24 the Social Security Act, no portion of qualified set-

1 settlement income received by a qualified taxpayer shall  
2 be treated as wages.

3 (d) QUALIFIED TAXPAYER.—For purposes of this  
4 section, the term “qualified taxpayer” means—

5 (1) any individual who is a plaintiff in the civil  
6 action *In re Exxon Valdez*, No. 89–095–CV (HRH)  
7 (Consolidated) (D. Alaska); or

8 (2) any individual who is a beneficiary of the  
9 estate of such a plaintiff who—

10 (A) acquired the right to receive qualified  
11 settlement income from that plaintiff; and

12 (B) was the spouse or an immediate rel-  
13 ative of that plaintiff.

14 (e) QUALIFIED SETTLEMENT INCOME.—For pur-  
15 poses of this section, the term “qualified settlement in-  
16 come” means any interest and punitive damage awards  
17 which are—

18 (1) otherwise includible in taxable income, and

19 (2) received (whether as lump sums or periodic  
20 payments) in connection with the civil action *In re*  
21 *Exxon Valdez*, No. 89–095–CV (HRH) (Consoli-  
22 dated) (D. Alaska) (whether pre- or post-judgment  
23 and whether related to a settlement or judgment).

## 1       **Subtitle E—Revenue Provisions**

### 2       **SEC. 1561. LIMITATION OF DEDUCTION FOR INCOME AT-** 3                   **TRIBUTABLE TO DOMESTIC PRODUCTION OF** 4                   **OIL, GAS, OR A PRIMARY PRODUCTS THERE-** 5                   **OF.**

6           (a) DENIAL OF DEDUCTION FOR MAJOR INTE-  
7 GRATED OIL COMPANIES FOR INCOME ATTRIBUTABLE TO  
8 DOMESTIC PRODUCTION OF OIL, GAS, OR PRIMARY  
9 PRODUCTS THEREOF.—

10           (1) IN GENERAL.—Subparagraph (B) of section  
11 199(c)(4) (relating to exceptions) is amended by  
12 striking “or” at the end of clause (ii), by striking  
13 the period at the end of clause (iii) and inserting “,  
14 or”, and by inserting after clause (iii) the following  
15 new clause:

16                   “(iv) in the case of any major inte-  
17 grated oil company (as defined in section  
18 167(h)(5)(B)), the production, refining,  
19 processing, transportation, or distribution  
20 of oil, gas, or any primary product thereof  
21 during any taxable year described in sec-  
22 tion 167(h)(5)(B).”.

23           (2) PRIMARY PRODUCT.—Section 199(c)(4)(B)  
24 is amended by adding at the end the following flush  
25 sentence:

1           “For purposes of clause (iv), the term ‘primary  
2           product’ has the same meaning as when used in  
3           section 927(a)(2)(C), as in effect before its re-  
4           peal.”.

5           (b) LIMITATION ON OIL RELATED QUALIFIED PRO-  
6           DUCTION ACTIVITIES INCOME FOR TAXPAYERS OTHER  
7           THAN MAJOR INTEGRATED OIL COMPANIES.—

8           (1) IN GENERAL.—Section 199(d) is amended  
9           by redesignating paragraph (9) as paragraph (10)  
10          and by inserting after paragraph (8) the following  
11          new paragraph:

12          “(9) SPECIAL RULE FOR TAXPAYERS WITH OIL  
13          RELATED QUALIFIED PRODUCTION ACTIVITIES IN-  
14          COME.—

15          “(A) IN GENERAL.—If a taxpayer (other  
16          than a major integrated oil company (as defined  
17          in section 167(h)(5)(B))) has oil related quali-  
18          fied production activities income for any taxable  
19          year beginning after 2009, the amount of the  
20          deduction under subsection (a) shall be reduced  
21          by 3 percent of the least of—

22          “(i) the oil related qualified produc-  
23          tion activities income of the taxpayer for  
24          the taxable year,

1                   “(ii) the qualified production activities  
2                   income of the taxpayer for the taxable  
3                   year, or

4                   “(iii) taxable income (determined  
5                   without regard to this section).

6                   “(B) OIL RELATED QUALIFIED PRODUC-  
7                   TION ACTIVITIES INCOME.—The term ‘oil re-  
8                   lated qualified production activities income’  
9                   means for any taxable year the qualified pro-  
10                  duction activities income which is attributable  
11                  to the production, refining, processing, trans-  
12                  portation, or distribution of oil, gas, or any pri-  
13                  mary product thereof during such taxable  
14                  year.”.

15                  (2) CONFORMING AMENDMENT.—Section  
16                  199(d)(2) (relating to application to individuals) is  
17                  amended by striking “subsection (a)(1)(B)” and in-  
18                  serting “subsections (a)(1)(B) and (d)(9)(A)(iii)”.

19                  (c) EFFECTIVE DATE.—The amendments made by  
20                  this section shall apply to taxable years beginning after  
21                  December 31, 2007.

1 **SEC. 1562. ELIMINATION OF THE DIFFERENT TREATMENT**  
2 **OF FOREIGN OIL AND GAS EXTRACTION IN-**  
3 **COME AND FOREIGN OIL RELATED INCOME**  
4 **FOR PURPOSES OF THE FOREIGN TAX CRED-**  
5 **IT.**

6 (a) IN GENERAL.—Subsections (a) and (b) of section  
7 907 (relating to special rules in case of foreign oil and  
8 gas income) are amended to read as follows:

9 “(a) REDUCTION IN AMOUNT ALLOWED AS FOREIGN  
10 TAX UNDER SECTION 901.—In applying section 901, the  
11 amount of any foreign oil and gas taxes paid or accrued  
12 (or deemed to have been paid) during the taxable year  
13 which would (but for this subsection) be taken into ac-  
14 count for purposes of section 901 shall be reduced by the  
15 amount (if any) by which the amount of such taxes ex-  
16 ceeds the product of—

17 “(1) the amount of the combined foreign oil  
18 and gas income for the taxable year,

19 “(2) multiplied by—

20 “(A) in the case of a corporation, the per-  
21 centage which is equal to the highest rate of tax  
22 specified under section 11(b), or

23 “(B) in the case of an individual, a frac-  
24 tion the numerator of which is the tax against  
25 which the credit under section 901(a) is taken

1           and the denominator of which is the taxpayer's  
2           entire taxable income.

3           “(b) COMBINED FOREIGN OIL AND GAS INCOME;  
4 FOREIGN OIL AND GAS TAXES.—For purposes of this sec-  
5 tion—

6           “(1) COMBINED FOREIGN OIL AND GAS IN-  
7 COME.—The term ‘combined foreign oil and gas in-  
8 come’ means, with respect to any taxable year, the  
9 sum of—

10                   “(A) foreign oil and gas extraction income,  
11           and

12                   “(B) foreign oil related income.

13           “(2) FOREIGN OIL AND GAS TAXES.—The term  
14 ‘foreign oil and gas taxes’ means, with respect to  
15 any taxable year, the sum of—

16                   “(A) oil and gas extraction taxes, and

17                   “(B) any income, war profits, and excess  
18 profits taxes paid or accrued (or deemed to  
19 have been paid or accrued under section 902 or  
20 960) during the taxable year with respect to  
21 foreign oil related income (determined without  
22 regard to subsection (c)(4)) or loss which would  
23 be taken into account for purposes of section  
24 901 without regard to this section.”.

1 (b) RECAPTURE OF FOREIGN OIL AND GAS  
2 LOSSES.—Paragraph (4) of section 907(c) (relating to re-  
3 capture of foreign oil and gas extraction losses by re-  
4 characterizing later extraction income) is amended to read  
5 as follows:

6 “(4) RECAPTURE OF FOREIGN OIL AND GAS  
7 LOSSES BY RECHARACTERIZING LATER COMBINED  
8 FOREIGN OIL AND GAS INCOME.—

9 “(A) IN GENERAL.—The combined foreign  
10 oil and gas income of a taxpayer for a taxable  
11 year (determined without regard to this para-  
12 graph) shall be reduced—

13 “(i) first by the amount determined  
14 under subparagraph (B), and

15 “(ii) then by the amount determined  
16 under subparagraph (C).

17 The aggregate amount of such reductions shall  
18 be treated as income (from sources without the  
19 United States) which is not combined foreign  
20 oil and gas income.

21 “(B) REDUCTION FOR PRE-2008 FOREIGN  
22 OIL EXTRACTION LOSSES.—The reduction  
23 under this paragraph shall be equal to the less-  
24 er of—

1                   “(i) the foreign oil and gas extraction  
2                   income of the taxpayer for the taxable year  
3                   (determined without regard to this para-  
4                   graph), or

5                   “(ii) the excess of—

6                   “(I) the aggregate amount of for-  
7                   eign oil extraction losses for preceding  
8                   taxable years beginning after Decem-  
9                   ber 31, 1982, and before January 1,  
10                  2008, over

11                  “(II) so much of such aggregate  
12                  amount as was recharacterized under  
13                  this paragraph (as in effect before  
14                  and after the date of the enactment of  
15                  the Clean Renewable Energy and  
16                  Conservation Tax Act of 2007) for  
17                  preceding taxable years beginning  
18                  after December 31, 1982.

19                  “(C) REDUCTION FOR POST-2007 FOREIGN  
20                  OIL AND GAS LOSSES.—The reduction under  
21                  this paragraph shall be equal to the lesser of—

22                  “(i) the combined foreign oil and gas  
23                  income of the taxpayer for the taxable year  
24                  (determined without regard to this para-  
25                  graph), reduced by an amount equal to the

1 reduction under subparagraph (A) for the  
2 taxable year, or

3 “(ii) the excess of—

4 “(I) the aggregate amount of for-  
5 eign oil and gas losses for preceding  
6 taxable years beginning after Decem-  
7 ber 31, 2007, over

8 “(II) so much of such aggregate  
9 amount as was recharacterized under  
10 this paragraph for preceding taxable  
11 years beginning after December 31,  
12 2007.

13 “(D) FOREIGN OIL AND GAS LOSS DE-  
14 FINED.—

15 “(i) IN GENERAL.—For purposes of  
16 this paragraph, the term ‘foreign oil and  
17 gas loss’ means the amount by which—

18 “(I) the gross income for the tax-  
19 able year from sources without the  
20 United States and its possessions  
21 (whether or not the taxpayer chooses  
22 the benefits of this subpart for such  
23 taxable year) taken into account in  
24 determining the combined foreign oil

1 and gas income for such year, is ex-  
2 ceeded by

3 “(II) the sum of the deductions  
4 properly apportioned or allocated  
5 thereto.

6 “(ii) NET OPERATING LOSS DEDUC-  
7 TION NOT TAKEN INTO ACCOUNT.—For  
8 purposes of clause (i), the net operating  
9 loss deduction allowable for the taxable  
10 year under section 172(a) shall not be  
11 taken into account.

12 “(iii) EXPROPRIATION AND CASUALTY  
13 LOSSES NOT TAKEN INTO ACCOUNT.—For  
14 purposes of clause (i), there shall not be  
15 taken into account—

16 “(I) any foreign expropriation  
17 loss (as defined in section 172(h) (as  
18 in effect on the day before the date of  
19 the enactment of the Revenue Rec-  
20 onciliation Act of 1990)) for the tax-  
21 able year, or

22 “(II) any loss for the taxable  
23 year which arises from fire, storm,  
24 shipwreck, or other casualty, or from  
25 theft,

1 to the extent such loss is not compensated  
2 for by insurance or otherwise.

3 “(iv) FOREIGN OIL EXTRACTION  
4 LOSS.—For purposes of subparagraph  
5 (B)(ii)(I), foreign oil extraction losses shall  
6 be determined under this paragraph as in  
7 effect on the day before the date of the en-  
8 actment of the Clean Renewable Energy  
9 and Conservation Tax Act of 2007.”.

10 (c) CARRYBACK AND CARRYOVER OF DISALLOWED  
11 CREDITS.—Section 907(f) (relating to carryback and car-  
12 rryover of disallowed credits) is amended—

13 (1) by striking “oil and gas extraction taxes”  
14 each place it appears and inserting “foreign oil and  
15 gas taxes”, and

16 (2) by adding at the end the following new  
17 paragraph:

18 “(4) TRANSITION RULES FOR PRE-2008 AND  
19 2008 DISALLOWED CREDITS.—

20 “(A) PRE-2008 CREDITS.—In the case of  
21 any unused credit year beginning before Janu-  
22 ary 1, 2008, this subsection shall be applied to  
23 any unused oil and gas extraction taxes carried  
24 from such unused credit year to a year begin-  
25 ning after December 31, 2007—

1                   “(i) by substituting ‘oil and gas ex-  
2                   traction taxes’ for ‘foreign oil and gas  
3                   taxes’ each place it appears in paragraphs  
4                   (1), (2), and (3), and

5                   “(ii) by computing, for purposes of  
6                   paragraph (2)(A), the limitation under  
7                   subparagraph (A) for the year to which  
8                   such taxes are carried by substituting ‘for-  
9                   foreign oil and gas extraction income’ for ‘for-  
10                  foreign oil and gas income’ in subsection (a).

11                  “(B) 2008 CREDITS.—In the case of any  
12                  unused credit year beginning in 2008, the  
13                  amendments made to this subsection by the  
14                  Clean Renewable Energy and Conservation Tax  
15                  Act of 2007 shall be treated as being in effect  
16                  for any preceding year beginning before Janu-  
17                  ary 1, 2008, solely for purposes of determining  
18                  how much of the unused foreign oil and gas  
19                  taxes for such unused credit year may be  
20                  deemed paid or accrued in such preceding  
21                  year.”.

22                  (d) CONFORMING AMENDMENT.—Section 6501(i) is  
23                  amended by striking “oil and gas extraction taxes” and  
24                  inserting “foreign oil and gas taxes”.

1 (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2007.

4 **SEC. 1563. SEVEN-YEAR AMORTIZATION OF GEOLOGICAL**  
5 **AND GEOPHYSICAL EXPENDITURES FOR CER-**  
6 **TAIN MAJOR INTEGRATED OIL COMPANIES.**

7 (a) IN GENERAL.—Subparagraph (A) of section  
8 167(h)(5) (relating to special rule for major integrated oil  
9 companies) is amended by striking “5-year” and inserting  
10 “7-year”.

11 (b) EFFECTIVE DATE.—The amendment made by  
12 this section shall apply to amounts paid or incurred after  
13 the date of the enactment of this Act.

14 **SEC. 1564. BROKER REPORTING OF CUSTOMER’S BASIS IN**  
15 **SECURITIES TRANSACTIONS.**

16 (a) IN GENERAL.—

17 (1) BROKER REPORTING FOR SECURITIES  
18 TRANSACTIONS.—Section 6045 (relating to returns  
19 of brokers) is amended by adding at the end the fol-  
20 lowing new subsection:

21 “(g) ADDITIONAL INFORMATION REQUIRED IN THE  
22 CASE OF SECURITIES TRANSACTIONS.—

23 “(1) IN GENERAL.—If a broker is otherwise re-  
24 quired to make a return under subsection (a) with  
25 respect to the gross proceeds of the sale of a covered

1 security, the broker shall include in such return the  
2 information described in paragraph (2).

3 “(2) ADDITIONAL INFORMATION REQUIRED.—

4 “(A) IN GENERAL.—The information re-  
5 quired under paragraph (1) to be shown on a  
6 return with respect to a covered security of a  
7 customer shall include the customer’s adjusted  
8 basis in such security and whether any gain or  
9 loss with respect to such security is long-term  
10 or short-term (within the meaning of section  
11 1222).

12 “(B) DETERMINATION OF ADJUSTED  
13 BASIS.—For purposes of subparagraph (A)—

14 “(i) IN GENERAL.—The customer’s  
15 adjusted basis shall be determined—

16 “(I) in the case of any stock  
17 (other than any stock in an open-end  
18 fund), in accordance with the first-in  
19 first-out method unless the customer  
20 notifies the broker by means of mak-  
21 ing an adequate identification of the  
22 stock sold or transferred,

23 “(II) in the case of any stock in  
24 an open-end fund acquired before  
25 January 1, 2011, in accordance with

1 any acceptable method under section  
2 1012 with respect to the account in  
3 which such interest is held,

4 “(III) in the case of any stock in  
5 an open-end fund acquired after De-  
6 cember 31, 2010, in accordance with  
7 the broker’s default method unless the  
8 customer notifies the broker that he  
9 elects another acceptable method  
10 under section 1012 with respect to the  
11 account in which such interest is held,  
12 and

13 “(IV) in any other case, under  
14 the method for making such deter-  
15 mination under section 1012.

16 “(ii) EXCEPTION FOR WASH SALES.—  
17 Except as otherwise provided by the Sec-  
18 retary, the customer’s adjusted basis shall  
19 be determined without regard to section  
20 1091 (relating to loss from wash sales of  
21 stock or securities) unless the transactions  
22 occur in the same account with respect to  
23 identical securities.

24 “(3) COVERED SECURITY.—For purposes of  
25 this subsection—

1           “(A) IN GENERAL.—The term ‘covered se-  
2           curity’ means any specified security acquired on  
3           or after the applicable date if such security—

4                   “(i) was acquired through a trans-  
5                   action in the account in which such secu-  
6                   rity is held, or

7                   “(ii) was transferred to such account  
8                   from an account in which such security  
9                   was a covered security, but only if the  
10                  broker received a statement under section  
11                  6045A with respect to the transfer.

12           “(B) SPECIFIED SECURITY.—The term  
13           ‘specified security’ means—

14                   “(i) any share of stock in a corpora-  
15                   tion,

16                   “(ii) any note, bond, debenture, or  
17                   other evidence of indebtedness,

18                   “(iii) any commodity, or contract or  
19                   derivative with respect to such commodity,  
20                   if the Secretary determines that adjusted  
21                   basis reporting is appropriate for purposes  
22                   of this subsection, and

23                   “(iv) any other financial instrument  
24                   with respect to which the Secretary deter-

1            mines that adjusted basis reporting is ap-  
2            propriate for purposes of this subsection.

3            “(C) APPLICABLE DATE.—The term ‘appli-  
4            cable date’ means—

5                    “(i) January 1, 2009, in the case of  
6                    any specified security which is stock in a  
7                    corporation, and

8                    “(ii) January 1, 2011, or such later  
9                    date determined by the Secretary in the  
10                   case of any other specified security.

11           “(4) OPEN-END FUND.—For purposes of this  
12           subsection, the term ‘open-end fund’ means a regu-  
13           lated investment company (as defined in section  
14           851) which is offering for sale or has outstanding  
15           any redeemable security of which it is the issuer and  
16           the shares of which are not traded on an established  
17           securities exchange.

18           “(5) TREATMENT OF S CORPORATIONS.—In the  
19           case of the sale of a covered security acquired by an  
20           S corporation (other than a financial institution)  
21           after December 31, 2010, such S corporation shall  
22           be treated in the same manner as a partnership for  
23           purposes of this section.

24           “(6) SPECIAL RULES FOR SHORT SALES.—

1           “(A) IN GENERAL.—Notwithstanding sub-  
2           section (a), in the case of a short sale under  
3           section 1233, reporting under this section shall  
4           be made for the year in which such sale is  
5           closed.

6           “(B) EXCEPTION FOR CONSTRUCTIVE  
7           SALES.—Subparagraph (A) shall not apply to  
8           any short sale which results in a constructive  
9           sale under section 1259 with respect to prop-  
10          erty held in the account in which the short sale  
11          is entered into.”.

12          (2) BROKER INFORMATION REQUIRED WITH RE-  
13          SPECT TO OPTIONS.—Section 6045, as amended by  
14          subsection (a), is amended by adding at the end the  
15          following new subsection:

16          “(h) APPLICATION TO OPTIONS ON SECURITIES.—

17                 “(1) EXERCISE OF OPTION.—For purposes of  
18                 this section, in the case of any exercise of an option  
19                 on a covered security where the option was granted  
20                 or acquired in the same account as the covered secu-  
21                 rity, the amount received or paid with respect to  
22                 such exercise shall be treated as an adjustment to  
23                 gross proceeds or as an adjustment to basis, as the  
24                 case may be.

1           “(2) LAPSE OR CLOSING TRANSACTION.—For  
2 purposes of this section, in the case of the lapse (or  
3 closing transaction (as defined in section  
4 1234(b)(2)(A))) of an option on a specified security  
5 where the taxpayer is the grantor of the option, this  
6 section shall apply as if the premium received for  
7 such option were gross proceeds received on the date  
8 of the lapse or closing transaction, and the cost (if  
9 any) of the closing transaction shall be taken into  
10 account as adjusted basis. In the case of an option  
11 on a specified security where the taxpayer is the  
12 grantee of such option, this section shall apply as if  
13 the grantee received gross proceeds of zero on the  
14 date of the lapse.

15           “(3) PROSPECTIVE APPLICATION.—Paragraphs  
16 (1) and (2) shall not apply to any option which is  
17 granted or acquired before January 1, 2011.

18           “(4) DEFINITIONS.—For purposes of this sub-  
19 section, the terms ‘covered security’ and ‘specified  
20 security’ shall have the meanings given such terms  
21 in subsection (g)(3).”.

22           (3) EXTENSION OF PERIOD FOR STATEMENTS  
23 SENT TO CUSTOMERS.—

24           (A) IN GENERAL.—Subsection (b) of sec-  
25 tion 6045 is amended by striking “January 31”

1 and inserting “February 15 (January 31 in the  
2 case of returns for calendar years before  
3 2010)”.

4 (B) STATEMENTS RELATED TO SUB-  
5 STITUTE PAYMENTS.—Subsection (d) of section  
6 6045 is amended—

7 (i) by striking “at such time and”,

8 and

9 (ii) by inserting after “other item.”  
10 the following new sentence: “In the case of  
11 a payment made during any calendar year  
12 after 2009, the written statement required  
13 under the preceding sentence shall be fur-  
14 nished on or before February 15 of the  
15 year following the calendar year in which  
16 the payment was made.”.

17 (C) OTHER STATEMENTS.—Subsection (b)  
18 of section 6045 is amended by adding at the  
19 end the following: “In the case of a consolidated  
20 reporting statement (as defined in regulations)  
21 with respect to any account which includes the  
22 statement required by this subsection, any  
23 statement which would otherwise be required to  
24 be furnished on or before January 31 of a cal-  
25 endar year after 2010 under section 6042(c),

1           6049(c)(2)(A), or 6050N(b) with respect to any  
2           item in such account shall instead be required  
3           to be furnished on or before February 15 of  
4           such calendar year if furnished as part of such  
5           consolidated reporting statement.”.

6           (b) DETERMINATION OF BASIS OF CERTAIN SECURI-  
7   TIES ON ACCOUNT BY ACCOUNT METHOD.—Section 1012  
8   (relating to basis of property—cost) is amended—

9           (1) by striking “The basis of property” and in-  
10          serting the following:

11          “(a) IN GENERAL.—The basis of property”,

12           (2) by striking “The cost of real property” and  
13          inserting the following:

14          “(b) SPECIAL RULE FOR APPORTIONED REAL ES-  
15   TATE TAXES.—The cost of real property”, and

16           (3) by adding at the end the following new sub-  
17          section:

18          “(c) DETERMINATIONS BY ACCOUNT.—

19           “(1) IN GENERAL.—In the case of the sale, ex-  
20          change, or other disposition of a specified security  
21          on or after the applicable date, the conventions pre-  
22          scribed by regulations under this section shall be ap-  
23          plied on an account by account basis.

24           “(2) APPLICATION TO OPEN-END FUNDS.—

1           “(A) IN GENERAL.—Except as provided in  
2           subparagraph (B), any stock in an open-end  
3           fund acquired before January 1, 2009, shall be  
4           treated as a separate account from any such  
5           stock acquired on or after such date.

6           “(B) ELECTION BY OPEN-END FUND FOR  
7           TREATMENT AS SINGLE ACCOUNT.—If an open-  
8           end fund elects (at such time and in such form  
9           and manner as the Secretary may prescribe) to  
10          have this subparagraph apply with respect to  
11          one or more of its stockholders—

12                   “(i) subparagraph (A) shall not apply  
13                   with respect to any stock in such fund held  
14                   by such stockholders, and

15                   “(ii) all stock in such fund which is  
16                   held by such stockholders shall be treated  
17                   as covered securities described in section  
18                   6045(g)(3) without regard to the date of  
19                   the acquisition of such stock.

20          A rule similar to the rule of the preceding sen-  
21          tence shall apply with respect to a broker hold-  
22          ing stock in an open-end fund as a nominee.

23          “(3) DEFINITIONS.—For purposes of this sec-  
24          tion, the terms ‘specified security’, ‘applicable date’,

1 and ‘open-end fund’ shall have the meaning given  
2 such terms in section 6045(g).”.

3 (c) INFORMATION BY TRANSFERORS TO AID BRO-  
4 KERS.—

5 (1) IN GENERAL.—Subpart B of part III of  
6 subchapter A of chapter 61 is amended by inserting  
7 after section 6045 the following new section:

8 **“SEC. 6045A. INFORMATION REQUIRED IN CONNECTION**  
9 **WITH TRANSFERS OF COVERED SECURITIES**  
10 **TO BROKERS.**

11 “(a) FURNISHING OF INFORMATION.—Every applica-  
12 ble person which transfers to a broker (as defined in sec-  
13 tion 6045(c)(1)) a security which is a covered security (as  
14 defined in section 6045(g)(3)) in the hands of such appli-  
15 cable person shall furnish to such broker a written state-  
16 ment in such manner and setting forth such information  
17 as the Secretary may by regulations prescribe for purposes  
18 of enabling such broker to meet the requirements of sec-  
19 tion 6045(g).

20 “(b) APPLICABLE PERSON.—For purposes of sub-  
21 section (a), the term ‘applicable person’ means—

22 “(1) any broker (as defined in section  
23 6045(c)(1)), and

24 “(2) any other person as provided by the Sec-  
25 retary in regulations.

1       “(c) TIME FOR FURNISHING STATEMENT.—Any  
2 statement required by subsection (a) shall be furnished  
3 not later than the earlier of—

4           “(1) 45 days after the date of the transfer de-  
5 scribed in subsection (a), or

6           “(2) January 15 of the year following the cal-  
7 endar year during which such transfer occurred.”.

8       (2) ASSESSABLE PENALTIES.—Paragraph (2)  
9 of section 6724(d) (defining payee statement) is  
10 amended by redesignating subparagraphs (I)  
11 through (CC) as subparagraphs (J) through (DD),  
12 respectively, and by inserting after subparagraph  
13 (H) the following new subparagraph:

14           “(I) section 6045A (relating to information  
15 required in connection with transfers of covered  
16 securities to brokers).”.

17       (3) CLERICAL AMENDMENT.—The table of sec-  
18 tions for subpart B of part III of subchapter A of  
19 chapter 61 is amended by inserting after the item  
20 relating to section 6045 the following new item:

“Sec. 6045A. Information required in connection with transfers of covered se-  
curities to brokers.”.

21       (d) ADDITIONAL ISSUER INFORMATION TO AID BRO-  
22 KERS.—

23           (1) IN GENERAL.—Subpart B of part III of  
24 subchapter A of chapter 61 of the Internal Revenue

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1 Code of 1986, as amended by subsection (b), is  
2 amended by inserting after section 6045A the fol-  
3 lowing new section:

4 **“SEC. 6045B. RETURNS RELATING TO ACTIONS AFFECTING**  
5 **BASIS OF SPECIFIED SECURITIES.**

6 “(a) IN GENERAL.—According to the forms or regu-  
7 lations prescribed by the Secretary, any issuer of a speci-  
8 fied security shall make a return setting forth—

9 “(1) a description of any organizational action  
10 which affects the basis of such specified security of  
11 such issuer,

12 “(2) the quantitative effect on the basis of such  
13 specified security resulting from such action, and

14 “(3) such other information as the Secretary  
15 may prescribe.

16 “(b) TIME FOR FILING RETURN.—Any return re-  
17 quired by subsection (a) shall be filed not later than the  
18 earlier of—

19 “(1) 45 days after the date of the action de-  
20 scribed in subsection (a), or

21 “(2) January 15 of the year following the cal-  
22 endar year during which such action occurred.

23 “(c) STATEMENTS TO BE FURNISHED TO HOLDERS  
24 OF SPECIFIED SECURITIES OR THEIR NOMINEES.—Ac-  
25 cording to the forms or regulations prescribed by the Sec-

## 1001

1 return, every person required to make a return under sub-  
2 section (a) with respect to a specified security shall furnish  
3 to the nominee with respect to the specified security (or  
4 certificate holder if there is no nominee) a written state-  
5 ment showing—

6           “(1) the name, address, and phone number of  
7           the information contact of the person required to  
8           make such return,

9           “(2) the information required to be shown on  
10          such return with respect to such security, and

11          “(3) such other information as the Secretary  
12          may prescribe.

13 The written statement required under the preceding sen-  
14 tence shall be furnished to the holder on or before January  
15 15 of the year following the calendar year during which  
16 the action described in subsection (a) occurred.

17          “(d) SPECIFIED SECURITY.—For purposes of this  
18 section, the term ‘specified security’ has the meaning given  
19 such term by section 6045(g)(3)(B). No return shall be  
20 required under this section with respect to actions de-  
21 scribed in subsection (a) with respect to a specified secu-  
22 rity which occur before the applicable date (as defined in  
23 section 6045(g)(3)(C)) with respect to such security.

24          “(e) PUBLIC REPORTING IN LIEU OF RETURN.—The  
25 Secretary may waive the requirements under subsections

## 1002

1 (a) and (c) with respect to a specified security, if the per-  
2 son required to make the return under subsection (a)  
3 makes publicly available, in such form and manner as the  
4 Secretary determines necessary to carry out the purposes  
5 of this section—

6 “(1) the name, address, phone number, and  
7 email address of the information contact of such  
8 person, and

9 “(2) the information described in paragraphs  
10 (1), (2), and (3) of subsection (a).”.

11 (2) ASSESSABLE PENALTIES.—

12 (A) Subparagraph (B) of section  
13 6724(d)(1) of such Code (defining information  
14 return) is amended by redesignating clauses (iv)  
15 through (xix) as clauses (v) through (xx), re-  
16 spectively, and by inserting after clause (iii) the  
17 following new clause:

18 “(iv) section 6045B(a) (relating to re-  
19 turns relating to actions affecting basis of  
20 specified securities),”.

21 (B) Paragraph (2) of section 6724(d) of  
22 such Code (defining payee statement), as  
23 amended by subsection (c)(2), is amended by  
24 redesignating subparagraphs (J) through (DD)  
25 as subparagraphs (K) through (EE), respec-

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1 tively, and by inserting after subparagraph (I)  
2 the following new subparagraph:

3 “(J) subsections (c) and (e) of section  
4 6045B (relating to returns relating to actions  
5 affecting basis of specified securities).”.

6 (3) CLERICAL AMENDMENT.—The table of sec-  
7 tions for subpart B of part III of subchapter A of  
8 chapter 61 of such Code, as amended by subsection  
9 (b)(3), is amended by inserting after the item relat-  
10 ing to section 6045A the following new item:

“Sec. 6045B. Returns relating to actions affecting basis of specified securi-  
ties.”.

11 (e) EFFECTIVE DATE.—The amendments made by  
12 this section shall take effect on January 1, 2009.

13 (f) STUDY REGARDING INFORMATION RETURNS.—

14 (1) IN GENERAL.—The Secretary of the Treas-  
15 ury shall study the effect and feasibility of delaying  
16 the date for furnishing statements under sections  
17 6042(c), 6045, 6049(c)(2)(A), and 6050N(b) of the  
18 Internal Revenue Code of 1986 until February 15  
19 following the year to which such statements relate.

20 (2) REPORT.—Not later than 6 months after  
21 the date of the enactment of this Act, the Secretary  
22 of the Treasury shall report to Congress on the re-  
23 sults of the study conducted under paragraph (1).

1 Such report shall include the Secretary's findings re-  
2 garding—

3 (A) the effect on tax administration of  
4 such delay, and

5 (B) other administrative or legislative op-  
6 tions to improve compliance and ease burdens  
7 on taxpayers and brokers with respect to such  
8 statements.

9 **SEC. 1565. EXTENSION OF ADDITIONAL 0.2 PERCENT FUTA**  
10 **SURTAX.**

11 (a) IN GENERAL.—Section 3301 (relating to rate of  
12 tax) is amended—

13 (1) by striking “2007” in paragraph (1) and in-  
14 serting “2008”, and

15 (2) by striking “2008” in paragraph (2) and in-  
16 serting “2009”.

17 (b) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to wages paid after December 31,  
19 2007.

20 **SEC. 1566. TERMINATION OF TREATMENT OF NATURAL GAS**  
21 **DISTRIBUTION LINES AS 15-YEAR PROPERTY.**

22 (a) IN GENERAL.—Section 168(e)(3)(E)(viii) of the  
23 Internal Revenue Code of 1986 is amended by striking  
24 “January 1, 2011” and inserting “December 4, 2007”.

25 (b) EFFECTIVE DATE.—

## 1005

1           (1) IN GENERAL.—The amendments made by  
2 this section shall apply to property placed in service  
3 after December 3, 2007.

4           (2) EXCEPTION.—The amendments made by  
5 this section shall not apply to any property with re-  
6 spect to which the taxpayer or a related party has  
7 entered into a binding contract for the construction  
8 thereof on or before December 3, 2007, or, in the  
9 case of self-constructed property, has started con-  
10 struction on or before such date.

11 **SEC. 1567. TIME FOR PAYMENT OF CORPORATE ESTIMATED**  
12 **TAXES.**

13           The percentage under subparagraph (B) of section  
14 401(1) of the Tax Increase Prevention and Reconciliation  
15 Act of 2005 in effect on the date of the enactment of this  
16 Act is increased by 6.25 percentage points.

17 **SEC. 1568. MODIFICATION OF PENALTY FOR FAILURE TO**  
18 **FILE PARTNERSHIP RETURNS.**

19           (a) EXTENSION OF TIME LIMITATION.—Section  
20 6698(a) (relating to failure to file partnership returns) is  
21 amended by striking “5 months” and inserting “12  
22 months”.

23           (b) INCREASE IN PENALTY AMOUNT.—Paragraph  
24 (1) of section 6698(b) is amended by striking “\$50” and  
25 inserting “\$80”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to returns required to be filed after  
3 the date of the enactment of this Act.

## 4 **Subtitle F—Secure Rural Schools**

### 5 **SEC. 1571. SECURE RURAL SCHOOLS AND COMMUNITY** 6 **SELF-DETERMINATION PROGRAM.**

7 (a) REAUTHORIZATION OF THE SECURE RURAL  
8 SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT  
9 OF 2000.—The Secure Rural Schools and Community  
10 Self-Determination Act of 2000 (16 U.S.C. 500 note; Pub-  
11 lic Law 106–393) is amended by striking sections 1  
12 through 403 and inserting the following:

#### 13 **“SECTION 1. SHORT TITLE.**

14 “This Act may be cited as the ‘Secure Rural Schools  
15 and Community Self-Determination Act of 2000’.

#### 16 **“SEC. 2. PURPOSES.**

17 “The purposes of this Act are—

18 “(1) to stabilize and transition payments to  
19 counties to provide funding for schools and roads  
20 that supplements other available funds;

21 “(2) to make additional investments in, and  
22 create additional employment opportunities through,  
23 projects that—

24 “(A)(i) improve the maintenance of exist-  
25 ing infrastructure;

1           “(ii) implement stewardship objectives that  
2           enhance forest ecosystems; and

3           “(iii) restore and improve land health and  
4           water quality;

5           “(B) enjoy broad-based support; and

6           “(C) have objectives that may include—

7               “(i) road, trail, and infrastructure  
8               maintenance or obliteration;

9               “(ii) soil productivity improvement;

10               “(iii) improvements in forest eco-  
11               system health;

12               “(iv) watershed restoration and main-  
13               tenance;

14               “(v) the restoration, maintenance, and  
15               improvement of wildlife and fish habitat;

16               “(vi) the control of noxious and exotic  
17               weeds; and

18               “(vii) the reestablishment of native  
19               species; and

20           “(3) to improve cooperative relationships  
21           among—

22               “(A) the people that use and care for Fed-  
23               eral land; and

24               “(B) the agencies that manage the Federal  
25               land.

1 **“SEC. 3. DEFINITIONS.**

2 “In this Act:

3 “(1) ADJUSTED SHARE.—The term ‘adjusted  
4 share’ means the number equal to the quotient ob-  
5 tained by dividing—

6 “(A) the number equal to the quotient ob-  
7 tained by dividing—

8 “(i) the base share for the eligible  
9 county; by

10 “(ii) the income adjustment for the el-  
11 igible county; by

12 “(B) the number equal to the sum of the  
13 quotients obtained under subparagraph (A) and  
14 paragraph (8)(A) for all eligible counties.

15 “(2) BASE SHARE.—The term ‘base share’  
16 means the number equal to the average of—

17 “(A) the quotient obtained by dividing—

18 “(i) the number of acres of Federal  
19 land described in paragraph (7)(A) in each  
20 eligible county; by

21 “(ii) the total number acres of Fed-  
22 eral land in all eligible counties in all eligi-  
23 ble States; and

24 “(B) the quotient obtained by dividing—

25 “(i) the amount equal to the average  
26 of the 3 highest 25-percent payments and

## 1009

1 safety net payments made to each eligible  
2 State for each eligible county during the  
3 eligibility period; by

4 “(ii) the amount equal to the sum of  
5 the amounts calculated under clause (i)  
6 and paragraph (9)(B)(i) for all eligible  
7 counties in all eligible States during the  
8 eligibility period.

9 “(3) COUNTY PAYMENT.—The term ‘county  
10 payment’ means the payment for an eligible county  
11 calculated under section 101(b).

12 “(4) ELIGIBLE COUNTY.—The term ‘eligible  
13 county’ means any county that—

14 “(A) contains Federal land (as defined in  
15 paragraph (7)); and

16 “(B) elects to receive a share of the State  
17 payment or the county payment under section  
18 102(b).

19 “(5) ELIGIBILITY PERIOD.—The term ‘eligi-  
20 bility period’ means fiscal year 1986 through fiscal  
21 year 1999.

22 “(6) ELIGIBLE STATE.—The term ‘eligible  
23 State’ means a State or territory of the United  
24 States that received a 25-percent payment for 1 or  
25 more fiscal years of the eligibility period.

## 1010

1           “(7) FEDERAL LAND.—The term ‘Federal land’  
2 means—

3           “(A) land within the National Forest Sys-  
4 tem, as defined in section 11(a) of the Forest  
5 and Rangeland Renewable Resources Planning  
6 Act of 1974 (16 U.S.C. 1609(a)) exclusive of  
7 the National Grasslands and land utilization  
8 projects designated as National Grasslands ad-  
9 ministered pursuant to the Act of July 22,  
10 1937 (7 U.S.C. 1010–1012); and

11           “(B) such portions of the revested Oregon  
12 and California Railroad and reconveyed Coos  
13 Bay Wagon Road grant land as are or may  
14 hereafter come under the jurisdiction of the De-  
15 partment of the Interior, which have heretofore  
16 or may hereafter be classified as timberlands,  
17 and power-site land valuable for timber, that  
18 shall be managed, except as provided in the  
19 former section 3 of the Act of August 28, 1937  
20 (50 Stat. 875; 43 U.S.C. 1181c), for permanent  
21 forest production.

22           “(8) 50-PERCENT ADJUSTED SHARE.—The  
23 term ‘50-percent adjusted share’ means the number  
24 equal to the quotient obtained by dividing—

## 1011

1           “(A) the number equal to the quotient ob-  
2           tained by dividing—

3                   “(i) the 50-percent base share for the  
4                   eligible county; by

5                   “(ii) the income adjustment for the el-  
6                   igible county; by

7           “(B) the number equal to the sum of the  
8           quotients obtained under subparagraph (A) and  
9           paragraph (1)(A) for all eligible counties.

10           “(9) 50-PERCENT BASE SHARE.—The term ‘50-  
11           percent base share’ means the number equal to the  
12           average of—

13                   “(A) the quotient obtained by dividing—

14                           “(i) the number of acres of Federal  
15                           land described in paragraph (7)(B) in each  
16                           eligible county; by

17                           “(ii) the total number acres of Fed-  
18                           eral land in all eligible counties in all eligi-  
19                           ble States; and

20                   “(B) the quotient obtained by dividing—

21                           “(i) the amount equal to the average  
22                           of the 3 highest 50-percent payments made  
23                           to each eligible county during the eligibility  
24                           period; by

## 1012

1                   “(ii) the amount equal to the sum of  
2                   the amounts calculated under clause (i)  
3                   and paragraph (2)(B)(i) for all eligible  
4                   counties in all eligible States during the  
5                   eligibility period.

6                   “(10) 50-PERCENT PAYMENT.—The term ‘50-  
7                   percent payment’ means the payment that is the  
8                   sum of the 50-percent share otherwise paid to a  
9                   county pursuant to title II of the Act of August 28,  
10                  1937 (chapter 876; 50 Stat. 875; 43 U.S.C. 1181f),  
11                  and the payment made to a county pursuant to the  
12                  Act of May 24, 1939 (chapter 144; 53 Stat. 753; 43  
13                  U.S.C. 1181f–1 et seq.).

14                  “(11) FULL FUNDING AMOUNT.—The term ‘full  
15                  funding amount’ means—

16                         “(A) \$500,000,000 for fiscal year 2008;  
17                         and

18                         “(B) for fiscal year 2009 and each fiscal  
19                         year thereafter, the amount that is equal to 85  
20                         percent of the full funding amount for the pre-  
21                         ceding fiscal year.

22                  “(12) INCOME ADJUSTMENT.—The term ‘in-  
23                  come adjustment’ means the square of the quotient  
24                  obtained by dividing—

## 1013

1           “(A) the per capita personal income for  
2 each eligible county; by

3           “(B) the median per capita personal in-  
4 come of all eligible counties.

5           “(13) PER CAPITA PERSONAL INCOME.—The  
6 term ‘per capita personal income’ means the most  
7 recent per capita personal income data, as deter-  
8 mined by the Bureau of Economic Analysis.

9           “(14) SAFETY NET PAYMENTS.—The term  
10 ‘safety net payments’ means the special payment  
11 amounts paid to States and counties required by  
12 section 13982 or 13983 of the Omnibus Budget  
13 Reconciliation Act of 1993 (Public Law 103–66; 16  
14 U.S.C. 500 note; 43 U.S.C. 1181f note).

15           “(15) SECRETARY CONCERNED.—The term  
16 ‘Secretary concerned’ means—

17           “(A) the Secretary of Agriculture or the  
18 designee of the Secretary of Agriculture with  
19 respect to the Federal land described in para-  
20 graph (7)(A); and

21           “(B) the Secretary of the Interior or the  
22 designee of the Secretary of the Interior with  
23 respect to the Federal land described in para-  
24 graph (7)(B).

1           “(16) STATE PAYMENT.—The term ‘State pay-  
2           ment’ means the payment for an eligible State cal-  
3           culated under section 101(a).

4           “(17) 25-PERCENT PAYMENT.—The term ‘25-  
5           percent payment’ means the payment to States re-  
6           quired by the sixth paragraph under the heading of  
7           ‘FOREST SERVICE’ in the Act of May 23, 1908  
8           (35 Stat. 260; 16 U.S.C. 500), and section 13 of the  
9           Act of March 1, 1911 (36 Stat. 963; 16 U.S.C.  
10          500).

11       **“TITLE I—SECURE PAYMENTS**  
12       **FOR STATES AND COUNTIES**  
13       **CONTAINING FEDERAL LAND**

14       **“SEC. 101. SECURE PAYMENTS FOR STATES CONTAINING**  
15       **FEDERAL LAND.**

16       “(a) STATE PAYMENT.—For each of fiscal years  
17       2008 through 2011, the Secretary of Agriculture shall cal-  
18       culate for each eligible State an amount equal to the sum  
19       of the products obtained by multiplying—

20               “(1) the adjusted share for each eligible county  
21               within the eligible State; by

22               “(2) the full funding amount for the fiscal year.

23       “(b) COUNTY PAYMENT.—For each of fiscal years  
24       2008 through 2011, the Secretary of the Interior shall cal-  
25       culate for each eligible county that received a 50-percent

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1 payment during the eligibility period an amount equal to  
2 the product obtained by multiplying—

3 “(1) the 50-percent adjusted share for the eligi-  
4 ble county; by

5 “(2) the full funding amount for the fiscal year.

6 **“SEC. 102. PAYMENTS TO STATES AND COUNTIES.**

7 “(a) PAYMENT AMOUNTS.—Except as provided in  
8 section 103, the Secretary of the Treasury shall pay to—

9 “(1) a State or territory of the United States  
10 an amount equal to the sum of the amounts elected  
11 under subsection (b) by each county within the State  
12 or territory for—

13 “(A) if the county is eligible for the 25-  
14 percent payment, the share of the 25-percent  
15 payment; or

16 “(B) the share of the State payment of the  
17 eligible county; and

18 “(2) a county an amount equal to the amount  
19 elected under subsection (b) by each county for—

20 “(A) if the county is eligible for the 50-  
21 percent payment, the 50-percent payment; or

22 “(B) the county payment for the eligible  
23 county.

24 “(b) ELECTION TO RECEIVE PAYMENT AMOUNT.—

25 “(1) ELECTION; SUBMISSION OF RESULTS.—

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1           “(A) IN GENERAL.—The election to receive  
2           a share of the State payment, the county pay-  
3           ment, a share of the State payment and the  
4           county payment, a share of the 25-percent pay-  
5           ment, the 50-percent payment, or a share of the  
6           25-percent payment and the 50-percent pay-  
7           ment, as applicable, shall be made at the discre-  
8           tion of each affected county by August 1, 2008,  
9           and August 1 of each second fiscal year there-  
10          after, in accordance with paragraph (2), and  
11          transmitted to the Secretary concerned by the  
12          Governor of each eligible State.

13           “(B) FAILURE TO TRANSMIT.—If an elec-  
14          tion for an affected county is not transmitted to  
15          the Secretary concerned by the date specified  
16          under subparagraph (A), the affected county  
17          shall be considered to have elected to receive a  
18          share of the State payment, the county pay-  
19          ment, or a share of the State payment and the  
20          county payment, as applicable.

21          “(2) DURATION OF ELECTION.—

22           “(A) IN GENERAL.—A county election to  
23          receive a share of the 25-percent payment or  
24          50-percent payment, as applicable, shall be ef-  
25          fective for 2 fiscal years.

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1           “(B) FULL FUNDING AMOUNT.—If a coun-  
2           ty elects to receive a share of the State payment  
3           or the county payment, the election shall be ef-  
4           fective for all subsequent fiscal years through  
5           fiscal year 2011.

6           “(3) SOURCE OF PAYMENT AMOUNTS.—The  
7           payment to an eligible State or eligible county under  
8           this section for a fiscal year shall be derived from—

9                   “(A) any revenues, fees, penalties, or mis-  
10                   cellaneous receipts, exclusive of deposits to any  
11                   relevant trust fund, special account, or perma-  
12                   nent operating funds, received by the Federal  
13                   Government from activities by the Bureau of  
14                   Land Management or the Forest Service on the  
15                   applicable Federal land; and

16                   “(B) to the extent of any shortfall, out of  
17                   any amounts in the Treasury of the United  
18                   States not otherwise appropriated.

19           “(c) DISTRIBUTION AND EXPENDITURE OF PAY-  
20           MENTS.—

21                   “(1) DISTRIBUTION METHOD.—A State that re-  
22                   ceives a payment under subsection (a) for Federal  
23                   land described in section 3(7)(A) shall distribute the  
24                   appropriate payment amount among the appropriate  
25                   counties in the State in accordance with—

1           “(A) the Act of May 23, 1908 (16 U.S.C.  
2           500); and

3           “(B) section 13 of the Act of March 1,  
4           1911 (36 Stat. 963; 16 U.S.C. 500).

5           “(2) EXPENDITURE PURPOSES.—Subject to  
6           subsection (d), payments received by a State under  
7           subsection (a) and distributed to counties in accord-  
8           ance with paragraph (1) shall be expended as re-  
9           quired by the laws referred to in paragraph (1).

10          “(d) EXPENDITURE RULES FOR ELIGIBLE COUN-  
11          TIES.—

12           “(1) ALLOCATIONS.—

13           “(A) USE OF PORTION IN SAME MANNER  
14           AS 25-PERCENT PAYMENT OR 50-PERCENT PAY-  
15           MENT, AS APPLICABLE.—Except as provided in  
16           paragraph (3)(B), if an eligible county elects to  
17           receive its share of the State payment or the  
18           county payment, not less than 80 percent, but  
19           not more than 85 percent, of the funds shall be  
20           expended in the same manner in which the 25-  
21           percent payments or 50-percent payment, as  
22           applicable, are required to be expended.

23           “(B) ELECTION AS TO USE OF BAL-  
24           ANCE.—Except as provided in subparagraph  
25           (C), an eligible county shall elect to do 1 or

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1 more of the following with the balance of any  
2 funds not expended pursuant to subparagraph  
3 (A):

4 “(i) Reserve any portion of the bal-  
5 ance for projects in accordance with title  
6 II.

7 “(ii) Reserve not more than 7 percent  
8 of the total share for the eligible county of  
9 the State payment or the county payment  
10 for projects in accordance with title III.

11 “(iii) Return the portion of the bal-  
12 ance not reserved under clauses (i) and (ii)  
13 to the Treasury of the United States.

14 “(C) COUNTIES WITH MODEST DISTRIBUTIONS.—In the case of each eligible county to  
15 which more than \$100,000, but less than  
16 \$350,000, is distributed for any fiscal year pur-  
17 suant to either or both of paragraphs (1)(B)  
18 and (2)(B) of subsection (a), the eligible coun-  
19 ty, with respect to the balance of any funds not  
20 expended pursuant to subparagraph (A) for  
21 that fiscal year, shall—

22 “(i) reserve any portion of the balance  
23 for—  
24

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1 “(I) carrying out projects under  
2 title II;

3 “(II) carrying out projects under  
4 title III; or

5 “(III) a combination of the pur-  
6 poses described in subclauses (I) and  
7 (II); or

8 “(ii) return the portion of the balance  
9 not reserved under clause (i) to the Treas-  
10 ury of the United States.

11 “(2) DISTRIBUTION OF FUNDS.—

12 “(A) IN GENERAL.—Funds reserved by an  
13 eligible county under subparagraph (B)(i) or  
14 (C)(i) of paragraph (1) for carrying out  
15 projects under title II shall be deposited in a  
16 special account in the Treasury of the United  
17 States.

18 “(B) AVAILABILITY.—Amounts deposited  
19 under subparagraph (A) shall—

20 “(i) be available for expenditure by  
21 the Secretary concerned, without further  
22 appropriation; and

23 “(ii) remain available until expended  
24 in accordance with title II.

25 “(3) ELECTION.—

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1 “(A) NOTIFICATION.—

2 “(i) IN GENERAL.—An eligible county  
3 shall notify the Secretary concerned of an  
4 election by the eligible county under this  
5 subsection not later than September 30 of  
6 each fiscal year.

7 “(ii) FAILURE TO ELECT.—Except as  
8 provided in subparagraph (B), if the eligi-  
9 ble county fails to make an election by the  
10 date specified in clause (i), the eligible  
11 county shall—

12 “(I) be considered to have elected  
13 to expend 85 percent of the funds in  
14 accordance with paragraph (1)(A);  
15 and

16 “(II) return the balance to the  
17 Treasury of the United States.

18 “(B) COUNTIES WITH MINOR DISTRIBUTIONS.—In the case of each eligible county to  
19 which less than \$100,000 is distributed for any  
20 fiscal year pursuant to either or both of para-  
21 graphs (1)(B) and (2)(B) of subsection (a), the  
22 eligible county may elect to expend all the funds  
23 in the same manner in which the 25-percent  
24

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1           payments or 50-percent payments, as applica-  
2           ble, are required to be expended.

3           “(e) TIME FOR PAYMENT.—The payments required  
4 under this section for a fiscal year shall be made as soon  
5 as practicable after the end of that fiscal year.

6           **“SEC. 103. TRANSITION PAYMENTS TO THE STATES OF**  
7                                   **CALIFORNIA, OREGON, AND WASHINGTON.**

8           “(a) DEFINITIONS.—In this section:

9                   “(1) ADJUSTED AMOUNT.—The term ‘adjusted  
10 amount’ means, with respect to a covered State—

11                           “(A) for fiscal year 2008, 90 percent of—

12                                   “(i) the sum of the amounts paid for  
13 fiscal year 2006 under section 102(a)(2)  
14 (as in effect on September 29, 2006) for  
15 the eligible counties in the covered State  
16 that have elected under section 102(b) to  
17 receive a share of the State payment for  
18 fiscal year 2008; and

19                                   “(ii) the sum of the amounts paid for  
20 fiscal year 2006 under section 103(a)(2)  
21 (as in effect on September 29, 2006) for  
22 the eligible counties in the State of Oregon  
23 that have elected under section 102(b) to  
24 receive the county payment for fiscal year  
25 2008;

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1 “(B) for fiscal year 2009, 76 percent of—

2 “(i) the sum of the amounts paid for  
3 fiscal year 2006 under section 102(a)(2)  
4 (as in effect on September 29, 2006) for  
5 the eligible counties in the covered State  
6 that have elected under section 102(b) to  
7 receive a share of the State payment for  
8 fiscal year 2009; and

9 “(ii) the sum of the amounts paid for  
10 fiscal year 2006 under section 103(a)(2)  
11 (as in effect on September 29, 2006) for  
12 the eligible counties in the State of Oregon  
13 that have elected under section 102(b) to  
14 receive the county payment for fiscal year  
15 2009; and

16 “(C) for fiscal year 2010, 65 percent of—

17 “(i) the sum of the amounts paid for  
18 fiscal year 2006 under section 102(a)(2)  
19 (as in effect on September 29, 2006) for  
20 the eligible counties in the covered State  
21 that have elected under section 102(b) to  
22 receive a share of the State payment for  
23 fiscal year 2010; and

24 “(ii) the sum of the amounts paid for  
25 fiscal year 2006 under section 103(a)(2)

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1 (as in effect on September 29, 2006) for  
2 the eligible counties in the State of Oregon  
3 that have elected under section 102(b) to  
4 receive the county payment for fiscal year  
5 2010.

6 “(2) COVERED STATE.—The term ‘covered  
7 State’ means each of the States of California, Or-  
8 egon, and Washington.

9 “(b) TRANSITION PAYMENTS.—For each of fiscal  
10 years 2008 through 2010, in lieu of the payment amounts  
11 that otherwise would have been made under paragraphs  
12 (1)(B) and (2)(B) of section 102(a), the Secretary of the  
13 Treasury shall pay the adjusted amount to each covered  
14 State and the eligible counties within the covered State,  
15 as applicable.

16 “(c) DISTRIBUTION OF ADJUSTED AMOUNT IN OR-  
17 EGON AND WASHINGTON.—It is the intent of Congress  
18 that the method of distributing the payments under sub-  
19 section (b) among the counties in the States of Oregon  
20 and Washington for each of fiscal years 2008 through  
21 2010 be in the same proportion that the payments were  
22 distributed to the eligible counties in fiscal year 2006.

23 “(d) DISTRIBUTION OF PAYMENTS IN CALI-  
24 FORNIA.—The following payments shall be distributed  
25 among the eligible counties in the State of California in

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1 the same proportion that payments under section  
2 102(a)(2) (as in effect on September 29, 2006) were dis-  
3 tributed to the eligible counties for fiscal year 2006:

4 “(1) Payments to the State of California under  
5 subsection (b).

6 “(2) The shares of the eligible counties of the  
7 State payment for California under section 102 for  
8 fiscal year 2011.

9 “(e) TREATMENT OF PAYMENTS.—For purposes of  
10 this Act, any payment made under subsection (b) shall be  
11 considered to be a payment made under section 102(a).

12 **“TITLE II—SPECIAL PROJECTS**  
13 **ON FEDERAL LAND**

14 **“SEC. 201. DEFINITIONS.**

15 “In this title:

16 “(1) PARTICIPATING COUNTY.—The term ‘par-  
17 ticipating county’ means an eligible county that  
18 elects under section 102(d) to expend a portion of  
19 the Federal funds received under section 102 in ac-  
20 cordance with this title.

21 “(2) PROJECT FUNDS.—The term ‘project  
22 funds’ means all funds an eligible county elects  
23 under section 102(d) to reserve for expenditure in  
24 accordance with this title.

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1           “(3) RESOURCE ADVISORY COMMITTEE.—The  
2 term ‘resource advisory committee’ means—

3           “(A) an advisory committee established by  
4 the Secretary concerned under section 205; or

5           “(B) an advisory committee determined by  
6 the Secretary concerned to meet the require-  
7 ments of section 205.

8           “(4) RESOURCE MANAGEMENT PLAN.—The  
9 term ‘resource management plan’ means—

10           “(A) a land use plan prepared by the Bu-  
11 reau of Land Management for units of the Fed-  
12 eral land described in section 3(7)(B) pursuant  
13 to section 202 of the Federal Land Policy and  
14 Management Act of 1976 (43 U.S.C. 1712); or

15           “(B) a land and resource management  
16 plan prepared by the Forest Service for units of  
17 the National Forest System pursuant to section  
18 6 of the Forest and Rangeland Renewable Re-  
19 sources Planning Act of 1974 (16 U.S.C.  
20 1604).

21 **“SEC. 202. GENERAL LIMITATION ON USE OF PROJECT**  
22 **FUNDS.**

23           “(a) LIMITATION.—Project funds shall be expended  
24 solely on projects that meet the requirements of this title.

1       “(b) AUTHORIZED USES.—Project funds may be  
2 used by the Secretary concerned for the purpose of enter-  
3 ing into and implementing cooperative agreements with  
4 willing Federal agencies, State and local governments, pri-  
5 vate and nonprofit entities, and landowners for protection,  
6 restoration, and enhancement of fish and wildlife habitat,  
7 and other resource objectives consistent with the purposes  
8 of this Act on Federal land and on non-Federal land where  
9 projects would benefit the resources on Federal land.

10 **“SEC. 203. SUBMISSION OF PROJECT PROPOSALS.**

11       “(a) SUBMISSION OF PROJECT PROPOSALS TO SEC-  
12 RETARY CONCERNED.—

13           “(1) PROJECTS FUNDED USING PROJECT  
14 FUNDS.—Not later than September 30 for fiscal  
15 year 2008, and each September 30 thereafter for  
16 each succeeding fiscal year through fiscal year 2011,  
17 each resource advisory committee shall submit to the  
18 Secretary concerned a description of any projects  
19 that the resource advisory committee proposes the  
20 Secretary undertake using any project funds re-  
21 served by eligible counties in the area in which the  
22 resource advisory committee has geographic jurisdic-  
23 tion.

24           “(2) PROJECTS FUNDED USING OTHER  
25 FUNDS.—A resource advisory committee may submit

1 to the Secretary concerned a description of any  
2 projects that the committee proposes the Secretary  
3 undertake using funds from State or local govern-  
4 ments, or from the private sector, other than project  
5 funds and funds appropriated and otherwise avail-  
6 able to do similar work.

7 “(3) JOINT PROJECTS.—Participating counties  
8 or other persons may propose to pool project funds  
9 or other funds, described in paragraph (2), and  
10 jointly propose a project or group of projects to a re-  
11 source advisory committee established under section  
12 205.

13 “(b) REQUIRED DESCRIPTION OF PROJECTS.—In  
14 submitting proposed projects to the Secretary concerned  
15 under subsection (a), a resource advisory committee shall  
16 include in the description of each proposed project the fol-  
17 lowing information:

18 “(1) The purpose of the project and a descrip-  
19 tion of how the project will meet the purposes of this  
20 title.

21 “(2) The anticipated duration of the project.

22 “(3) The anticipated cost of the project.

23 “(4) The proposed source of funding for the  
24 project, whether project funds or other funds.

1           “(5)(A) Expected outcomes, including how the  
2 project will meet or exceed desired ecological condi-  
3 tions, maintenance objectives, or stewardship objec-  
4 tives.

5           “(B) An estimate of the amount of any timber,  
6 forage, and other commodities and other economic  
7 activity, including jobs generated, if any, anticipated  
8 as part of the project.

9           “(6) A detailed monitoring plan, including  
10 funding needs and sources, that—

11           “(A) tracks and identifies the positive or  
12 negative impacts of the project, implementation,  
13 and provides for validation monitoring; and

14           “(B) includes an assessment of the fol-  
15 lowing:

16           “(i) Whether or not the project met or  
17 exceeded desired ecological conditions; cre-  
18 ated local employment or training opportu-  
19 nities, including summer youth jobs pro-  
20 grams such as the Youth Conservation  
21 Corps where appropriate.

22           “(ii) Whether the project improved  
23 the use of, or added value to, any products  
24 removed from land consistent with the pur-  
25 poses of this title.

1           “(7) An assessment that the project is to be in  
2           the public interest.

3           “(c) AUTHORIZED PROJECTS.—Projects proposed  
4           under subsection (a) shall be consistent with section 2.

5           **“SEC. 204. EVALUATION AND APPROVAL OF PROJECTS BY**  
6           **SECRETARY CONCERNED.**

7           “(a) CONDITIONS FOR APPROVAL OF PROPOSED  
8           PROJECT.—The Secretary concerned may make a decision  
9           to approve a project submitted by a resource advisory com-  
10          mittee under section 203 only if the proposed project satis-  
11          fies each of the following conditions:

12           “(1) The project complies with all applicable  
13           Federal laws (including regulations).

14           “(2) The project is consistent with the applica-  
15           ble resource management plan and with any water-  
16           shed or subsequent plan developed pursuant to the  
17           resource management plan and approved by the Sec-  
18           retary concerned.

19           “(3) The project has been approved by the re-  
20           source advisory committee in accordance with sec-  
21           tion 205, including the procedures issued under sub-  
22           section (e) of that section.

23           “(4) A project description has been submitted  
24           by the resource advisory committee to the Secretary  
25           concerned in accordance with section 203.

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1           “(5) The project will improve the maintenance  
2 of existing infrastructure, implement stewardship ob-  
3 jectives that enhance forest ecosystems, and restore  
4 and improve land health and water quality.

5           “(b) ENVIRONMENTAL REVIEWS.—

6           “(1) REQUEST FOR PAYMENT BY COUNTY.—

7 The Secretary concerned may request the resource  
8 advisory committee submitting a proposed project to  
9 agree to the use of project funds to pay for any envi-  
10 ronmental review, consultation, or compliance with  
11 applicable environmental laws required in connection  
12 with the project.

13           “(2) CONDUCT OF ENVIRONMENTAL REVIEW.—

14 If a payment is requested under paragraph (1) and  
15 the resource advisory committee agrees to the ex-  
16 penditure of funds for this purpose, the Secretary  
17 concerned shall conduct environmental review, con-  
18 sultation, or other compliance responsibilities in ac-  
19 cordance with Federal laws (including regulations).

20           “(3) EFFECT OF REFUSAL TO PAY.—

21           “(A) IN GENERAL.—If a resource advisory  
22 committee does not agree to the expenditure of  
23 funds under paragraph (1), the project shall be  
24 deemed withdrawn from further consideration

1 by the Secretary concerned pursuant to this  
2 title.

3 “(B) EFFECT OF WITHDRAWAL.—A with-  
4 drawal under subparagraph (A) shall be deemed  
5 to be a rejection of the project for purposes of  
6 section 207(c).

7 “(c) DECISIONS OF SECRETARY CONCERNED.—

8 “(1) REJECTION OF PROJECTS.—

9 “(A) IN GENERAL.—A decision by the Sec-  
10 retary concerned to reject a proposed project  
11 shall be at the sole discretion of the Secretary  
12 concerned.

13 “(B) NO ADMINISTRATIVE APPEAL OR JU-  
14 DICIAL REVIEW.—Notwithstanding any other  
15 provision of law, a decision by the Secretary  
16 concerned to reject a proposed project shall not  
17 be subject to administrative appeal or judicial  
18 review.

19 “(C) NOTICE OF REJECTION.—Not later  
20 than 30 days after the date on which the Sec-  
21 retary concerned makes the rejection decision,  
22 the Secretary concerned shall notify in writing  
23 the resource advisory committee that submitted  
24 the proposed project of the rejection and the  
25 reasons for rejection.

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1           “(2) NOTICE OF PROJECT APPROVAL.—The  
2           Secretary concerned shall publish in the Federal  
3           Register notice of each project approved under sub-  
4           section (a) if the notice would be required had the  
5           project originated with the Secretary.

6           “(d) SOURCE AND CONDUCT OF PROJECT.—Once the  
7           Secretary concerned accepts a project for review under  
8           section 203, the acceptance shall be deemed a Federal ac-  
9           tion for all purposes.

10          “(e) IMPLEMENTATION OF APPROVED PROJECTS.—

11           “(1) COOPERATION.—Notwithstanding chapter  
12           63 of title 31, United States Code, using project  
13           funds the Secretary concerned may enter into con-  
14           tracts, grants, and cooperative agreements with  
15           States and local governments, private and nonprofit  
16           entities, and landowners and other persons to assist  
17           the Secretary in carrying out an approved project.

18           “(2) BEST VALUE CONTRACTING.—

19           “(A) IN GENERAL.—For any project in-  
20           volving a contract authorized by paragraph (1)  
21           the Secretary concerned may elect a source for  
22           performance of the contract on a best value  
23           basis.

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1                   “(B) FACTORS.—The Secretary concerned  
2 shall determine best value based on such factors  
3 as—

4                   “(i) the technical demands and com-  
5 plexity of the work to be done;

6                   “(ii)(I) the ecological objectives of the  
7 project; and

8                   “(II) the sensitivity of the resources  
9 being treated;

10                   “(iii) the past experience by the con-  
11 tractor with the type of work being done,  
12 using the type of equipment proposed for  
13 the project, and meeting or exceeding de-  
14 sired ecological conditions; and

15                   “(iv) the commitment of the con-  
16 tractor to hiring highly qualified workers  
17 and local residents.

18                   “(3) MERCHANTABLE TIMBER CONTRACTING  
19 PILOT PROGRAM.—

20                   “(A) ESTABLISHMENT.—The Secretary  
21 concerned shall establish a pilot program to im-  
22 plement a certain percentage of approved  
23 projects involving the sale of merchantable tim-  
24 ber using separate contracts for—

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1 “(i) the harvesting or collection of  
2 merchantable timber; and

3 “(ii) the sale of the timber.

4 “(B) ANNUAL PERCENTAGES.—Under the  
5 pilot program, the Secretary concerned shall en-  
6 sure that, on a nationwide basis, not less than  
7 the following percentage of all approved projects  
8 involving the sale of merchantable timber are  
9 implemented using separate contracts:

10 “(i) For fiscal year 2008, 35 percent.

11 “(ii) For fiscal year 2009, 45 percent.

12 “(iii) For each of fiscal years 2010  
13 and 2011, 50 percent.

14 “(C) INCLUSION IN PILOT PROGRAM.—The  
15 decision whether to use separate contracts to  
16 implement a project involving the sale of mer-  
17 chantable timber shall be made by the Sec-  
18 retary concerned after the approval of the  
19 project under this title.

20 “(D) ASSISTANCE.—

21 “(i) IN GENERAL.—The Secretary  
22 concerned may use funds from any appro-  
23 priated account available to the Secretary  
24 for the Federal land to assist in the ad-

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1           ministration of projects conducted under  
2           the pilot program.

3           “(ii) MAXIMUM AMOUNT OF ASSIST-  
4           ANCE.—The total amount obligated under  
5           this subparagraph may not exceed  
6           \$1,000,000 for any fiscal year during  
7           which the pilot program is in effect.

8           “(E) REVIEW AND REPORT.—

9           “(i) INITIAL REPORT.—Not later than  
10          September 30, 2010, the Comptroller Gen-  
11          eral shall submit to the Committees on Ag-  
12          riculture, Nutrition, and Forestry and En-  
13          ergy and Natural Resources of the Senate  
14          and the Committees on Agriculture and  
15          Natural Resources of the House of Rep-  
16          resentatives a report assessing the pilot  
17          program.

18          “(ii) ANNUAL REPORT.—The Sec-  
19          retary concerned shall submit to the Com-  
20          mittees on Agriculture, Nutrition, and For-  
21          estry and Energy and Natural Resources  
22          of the Senate and the Committees on Agri-  
23          culture and Natural Resources of the  
24          House of Representatives an annual report  
25          describing the results of the pilot program.

1           “(f) REQUIREMENTS FOR PROJECT FUNDS.—The  
2 Secretary shall ensure that at least 50 percent of all  
3 project funds be used for projects that are primarily dedi-  
4 cated—

5                   “(1) to road maintenance, decommissioning, or  
6           obliteration; or

7                   “(2) to restoration of streams and watersheds.

8 **“SEC. 205. RESOURCE ADVISORY COMMITTEES.**

9           “(a) ESTABLISHMENT AND PURPOSE OF RESOURCE  
10 ADVISORY COMMITTEES.—

11                   “(1) ESTABLISHMENT.—The Secretary con-  
12 cerned shall establish and maintain resource advi-  
13 sory committees to perform the duties in subsection  
14 (b), except as provided in paragraph (4).

15                   “(2) PURPOSE.—The purpose of a resource ad-  
16 visory committee shall be—

17                           “(A) to improve collaborative relationships;  
18                   and

19                           “(B) to provide advice and recommenda-  
20 tions to the land management agencies con-  
21 sistent with the purposes of this title.

22                   “(3) ACCESS TO RESOURCE ADVISORY COMMIT-  
23 TEES.—To ensure that each unit of Federal land  
24 has access to a resource advisory committee, and  
25 that there is sufficient interest in participation on a

1 committee to ensure that membership can be bal-  
2 anced in terms of the points of view represented and  
3 the functions to be performed, the Secretary con-  
4 cerned may, establish resource advisory committees  
5 for part of, or 1 or more, units of Federal land.

6 “(4) EXISTING ADVISORY COMMITTEES.—

7 “(A) IN GENERAL.—An advisory com-  
8 mittee that meets the requirements of this sec-  
9 tion, a resource advisory committee established  
10 before September 29, 2006, or an advisory com-  
11 mittee determined by the Secretary concerned  
12 before September 29, 2006, to meet the re-  
13 quirements of this section may be deemed by  
14 the Secretary concerned to be a resource advi-  
15 sory committee for the purposes of this title.

16 “(B) CHARTER.—A charter for a com-  
17 mittee described in subparagraph (A) that was  
18 filed on or before September 29, 2006, shall be  
19 considered to be filed for purposes of this Act.

20 “(C) BUREAU OF LAND MANAGEMENT AD-  
21 VISORY COMMITTEES.—The Secretary of the In-  
22 terior may deem a resource advisory committee  
23 meeting the requirements of subpart 1784 of  
24 part 1780 of title 43, Code of Federal Regula-

1           tions, as a resource advisory committee for the  
2           purposes of this title.

3           “(b) DUTIES.—A resource advisory committee  
4 shall—

5           “(1) review projects proposed under this title by  
6 participating counties and other persons;

7           “(2) propose projects and funding to the Sec-  
8 retary concerned under section 203;

9           “(3) provide early and continuous coordination  
10 with appropriate land management agency officials  
11 in recommending projects consistent with purposes  
12 of this Act under this title;

13           “(4) provide frequent opportunities for citizens,  
14 organizations, tribes, land management agencies,  
15 and other interested parties to participate openly  
16 and meaningfully, beginning at the early stages of  
17 the project development process under this title;

18           “(5)(A) monitor projects that have been ap-  
19 proved under section 204; and

20           “(B) advise the designated Federal official on  
21 the progress of the monitoring efforts under sub-  
22 paragraph (A); and

23           “(6) make recommendations to the Secretary  
24 concerned for any appropriate changes or adjust-

1       ments to the projects being monitored by the re-  
2       source advisory committee.

3       “(c) APPOINTMENT BY THE SECRETARY.—

4             “(1) APPOINTMENT AND TERM.—

5                     “(A) IN GENERAL.—The Secretary con-  
6                     cerned, shall appoint the members of resource  
7                     advisory committees for a term of 4 years be-  
8                     ginning on the date of appointment.

9                     “(B) REAPPOINTMENT.—The Secretary  
10                    concerned may reappoint members to subse-  
11                    quent 4-year terms.

12             “(2) BASIC REQUIREMENTS.—The Secretary  
13             concerned shall ensure that each resource advisory  
14             committee established meets the requirements of  
15             subsection (d).

16             “(3) INITIAL APPOINTMENT.—Not later than  
17             180 days after the date of the enactment of this Act,  
18             the Secretary concerned shall make initial appoint-  
19             ments to the resource advisory committees.

20             “(4) VACANCIES.—The Secretary concerned  
21             shall make appointments to fill vacancies on any re-  
22             source advisory committee as soon as practicable  
23             after the vacancy has occurred.

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1           “(5) COMPENSATION.—Members of the re-  
2           source advisory committees shall not receive any  
3           compensation.

4           “(d) COMPOSITION OF ADVISORY COMMITTEE.—

5           “(1) NUMBER.—Each resource advisory com-  
6           mittee shall be comprised of 15 members.

7           “(2) COMMUNITY INTERESTS REPRESENTED.—  
8           Committee members shall be representative of the  
9           interests of the following 3 categories:

10           “(A) 5 persons that—

11           “(i) represent organized labor or non-  
12           timber forest product harvester groups;

13           “(ii) represent developed outdoor  
14           recreation, off highway vehicle users, or  
15           commercial recreation activities;

16           “(iii) represent—

17           “(I) energy and mineral develop-  
18           ment interests; or

19           “(II) commercial or recreational  
20           fishing interests;

21           “(iv) represent the commercial timber  
22           industry; or

23           “(v) hold Federal grazing or other  
24           land use permits, or represent nonindus-

1 trial private forest land owners, within the  
2 area for which the committee is organized.

3 “(B) 5 persons that represent—

4 “(i) nationally recognized environ-  
5 mental organizations;

6 “(ii) regionally or locally recognized  
7 environmental organizations;

8 “(iii) dispersed recreational activities;

9 “(iv) archaeological and historical in-  
10 terests; or

11 “(v) nationally or regionally recog-  
12 nized wild horse and burro interest groups,  
13 wildlife or hunting organizations, or water-  
14 shed associations.

15 “(C) 5 persons that—

16 “(i) hold State elected office (or a  
17 designee);

18 “(ii) hold county or local elected of-  
19 fice;

20 “(iii) represent American Indian  
21 tribes within or adjacent to the area for  
22 which the committee is organized;

23 “(iv) are school officials or teachers;  
24 or

1                   “(v) represent the affected public at  
2                   large.

3                   “(3) BALANCED REPRESENTATION.—In ap-  
4                   pointing committee members from the 3 categories  
5                   in paragraph (2), the Secretary concerned shall pro-  
6                   vide for balanced and broad representation from  
7                   within each category.

8                   “(4) GEOGRAPHIC DISTRIBUTION.—The mem-  
9                   bers of a resource advisory committee shall reside  
10                  within the State in which the committee has juris-  
11                  diction and, to extent practicable, the Secretary con-  
12                  cerned shall ensure local representation in each cat-  
13                  egory in paragraph (2).

14                  “(5) CHAIRPERSON.—A majority on each re-  
15                  source advisory committee shall select the chair-  
16                  person of the committee.

17                  “(e) APPROVAL PROCEDURES.—

18                  “(1) IN GENERAL.—Subject to paragraph (3),  
19                  each resource advisory committee shall establish pro-  
20                  cedures for proposing projects to the Secretary con-  
21                  cerned under this title.

22                  “(2) QUORUM.—A quorum must be present to  
23                  constitute an official meeting of the committee.

24                  “(3) APPROVAL BY MAJORITY OF MEMBERS.—  
25                  A project may be proposed by a resource advisory

1 committee to the Secretary concerned under section  
2 203(a), if the project has been approved by a major-  
3 ity of members of the committee from each of the  
4 3 categories in subsection (d)(2).

5 “(f) OTHER COMMITTEE AUTHORITIES AND RE-  
6 QUIREMENTS.—

7 “(1) STAFF ASSISTANCE.—A resource advisory  
8 committee may submit to the Secretary concerned a  
9 request for periodic staff assistance from Federal  
10 employees under the jurisdiction of the Secretary.

11 “(2) MEETINGS.—All meetings of a resource  
12 advisory committee shall be announced at least 1  
13 week in advance in a local newspaper of record and  
14 shall be open to the public.

15 “(3) RECORDS.—A resource advisory committee  
16 shall maintain records of the meetings of the com-  
17 mittee and make the records available for public in-  
18 spection.

19 **“SEC. 206. USE OF PROJECT FUNDS.**

20 “(a) AGREEMENT REGARDING SCHEDULE AND COST  
21 OF PROJECT.—

22 “(1) AGREEMENT BETWEEN PARTIES.—The  
23 Secretary concerned may carry out a project sub-  
24 mitted by a resource advisory committee under sec-  
25 tion 203(a) using project funds or other funds de-

1 scribed in section 203(a)(2), if, as soon as prac-  
2 ticable after the issuance of a decision document for  
3 the project and the exhaustion of all administrative  
4 appeals and judicial review of the project decision,  
5 the Secretary concerned and the resource advisory  
6 committee enter into an agreement addressing, at a  
7 minimum, the following:

8 “(A) The schedule for completing the  
9 project.

10 “(B) The total cost of the project, includ-  
11 ing the level of agency overhead to be assessed  
12 against the project.

13 “(C) For a multiyear project, the esti-  
14 mated cost of the project for each of the fiscal  
15 years in which it will be carried out.

16 “(D) The remedies for failure of the Sec-  
17 retary concerned to comply with the terms of  
18 the agreement consistent with current Federal  
19 law.

20 “(2) LIMITED USE OF FEDERAL FUNDS.—The  
21 Secretary concerned may decide, at the sole discre-  
22 tion of the Secretary concerned, to cover the costs  
23 of a portion of an approved project using Federal  
24 funds appropriated or otherwise available to the Sec-  
25 retary for the same purposes as the project.

1 “(b) TRANSFER OF PROJECT FUNDS.—

2 “(1) INITIAL TRANSFER REQUIRED.—As soon  
3 as practicable after the agreement is reached under  
4 subsection (a) with regard to a project to be funded  
5 in whole or in part using project funds, or other  
6 funds described in section 203(a)(2), the Secretary  
7 concerned shall transfer to the applicable unit of Na-  
8 tional Forest System land or Bureau of Land Man-  
9 agement District an amount of project funds equal  
10 to—

11 “(A) in the case of a project to be com-  
12 pleted in a single fiscal year, the total amount  
13 specified in the agreement to be paid using  
14 project funds, or other funds described in sec-  
15 tion 203(a)(2); or

16 “(B) in the case of a multiyear project, the  
17 amount specified in the agreement to be paid  
18 using project funds, or other funds described in  
19 section 203(a)(2) for the first fiscal year.

20 “(2) CONDITION ON PROJECT COMMENCE-  
21 MENT.—The unit of National Forest System land or  
22 Bureau of Land Management District concerned,  
23 shall not commence a project until the project funds,  
24 or other funds described in section 203(a)(2) re-  
25 quired to be transferred under paragraph (1) for the

1 project, have been made available by the Secretary  
2 concerned.

3 “(3) SUBSEQUENT TRANSFERS FOR MULTIYEAR  
4 PROJECTS.—

5 “(A) IN GENERAL.—For the second and  
6 subsequent fiscal years of a multiyear project to  
7 be funded in whole or in part using project  
8 funds, the unit of National Forest System land  
9 or Bureau of Land Management District con-  
10 cerned shall use the amount of project funds re-  
11 quired to continue the project in that fiscal year  
12 according to the agreement entered into under  
13 subsection (a).

14 “(B) SUSPENSION OF WORK.—The Sec-  
15 retary concerned shall suspend work on the  
16 project if the project funds required by the  
17 agreement in the second and subsequent fiscal  
18 years are not available.

19 **“SEC. 207. AVAILABILITY OF PROJECT FUNDS.**

20 “(a) SUBMISSION OF PROPOSED PROJECTS TO OBLI-  
21 GATE FUNDS.—By September 30 of each fiscal year  
22 through fiscal year 2011, a resource advisory committee  
23 shall submit to the Secretary concerned pursuant to sec-  
24 tion 203(a)(1) a sufficient number of project proposals  
25 that, if approved, would result in the obligation of at least

1 the full amount of the project funds reserved by the par-  
2 ticipating county in the preceding fiscal year.

3 “(b) USE OR TRANSFER OF UNOBLIGATED  
4 FUNDS.—Subject to section 208, if a resource advisory  
5 committee fails to comply with subsection (a) for a fiscal  
6 year, any project funds reserved by the participating coun-  
7 ty in the preceding fiscal year and remaining unobligated  
8 shall be available for use as part of the project submissions  
9 in the next fiscal year.

10 “(c) EFFECT OF REJECTION OF PROJECTS.—Subject  
11 to section 208, any project funds reserved by a partici-  
12 pating county in the preceding fiscal year that are unobli-  
13 gated at the end of a fiscal year because the Secretary  
14 concerned has rejected one or more proposed projects shall  
15 be available for use as part of the project submissions in  
16 the next fiscal year.

17 “(d) EFFECT OF COURT ORDERS.—

18 “(1) IN GENERAL.—If an approved project  
19 under this Act is enjoined or prohibited by a Federal  
20 court, the Secretary concerned shall return the un-  
21 obligated project funds related to the project to the  
22 participating county or counties that reserved the  
23 funds.

24 “(2) EXPENDITURE OF FUNDS.—The returned  
25 funds shall be available for the county to expend in

1 the same manner as the funds reserved by the coun-  
2 ty under subparagraph (B) or (C)(i) of section  
3 102(d)(1).

4 **“SEC. 208. TERMINATION OF AUTHORITY.**

5 “(a) IN GENERAL.—The authority to initiate projects  
6 under this title shall terminate on September 30, 2011.

7 “(b) DEPOSITS IN TREASURY.—Any project funds  
8 not obligated by September 30, 2012, shall be deposited  
9 in the Treasury of the United States.

10 **“TITLE III—COUNTY FUNDS**

11 **“SEC. 301. DEFINITIONS.**

12 “In this title:

13 “(1) COUNTY FUNDS.—The term ‘county funds’  
14 means all funds an eligible county elects under sec-  
15 tion 102(d) to reserve for expenditure in accordance  
16 with this title.

17 “(2) PARTICIPATING COUNTY.—The term ‘par-  
18 ticipating county’ means an eligible county that  
19 elects under section 102(d) to expend a portion of  
20 the Federal funds received under section 102 in ac-  
21 cordance with this title.

22 **“SEC. 302. USE.**

23 “(a) AUTHORIZED USES.—A participating county,  
24 including any applicable agencies of the participating

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1 county, shall use county funds, in accordance with this  
2 title, only—

3           “(1) to carry out activities under the Firewise  
4           Communities program to provide to homeowners in  
5           fire-sensitive ecosystems education on, and assist-  
6           ance with implementing, techniques in home siting,  
7           home construction, and home landscaping that can  
8           increase the protection of people and property from  
9           wildfires;

10           “(2) to reimburse the participating county for  
11           search and rescue and other emergency services, in-  
12           cluding firefighting, that are—

13                   “(A) performed on Federal land after the  
14                   date on which the use was approved under sub-  
15                   section (b);

16                   “(B) paid for by the participating county;  
17                   and

18           “(3) to develop community wildfire protection  
19           plans in coordination with the appropriate Secretary  
20           concerned.

21           “(b) PROPOSALS.—A participating county shall use  
22           county funds for a use described in subsection (a) only  
23           after a 45-day public comment period, at the beginning  
24           of which the participating county shall—

1           “(1) publish in any publications of local record  
2           a proposal that describes the proposed use of the  
3           county funds; and

4           “(2) submit the proposal to any resource advi-  
5           sory committee established under section 205 for the  
6           participating county.

7   **“SEC. 303. CERTIFICATION.**

8           “(a) IN GENERAL.—Not later than February 1 of the  
9           year after the year in which any county funds were ex-  
10          pended by a participating county, the appropriate official  
11          of the participating county shall submit to the Secretary  
12          concerned a certification that the county funds expended  
13          in the applicable year have been used for the uses author-  
14          ized under section 302(a), including a description of the  
15          amounts expended and the uses for which the amounts  
16          were expended.

17          “(b) REVIEW.—The Secretary concerned shall review  
18          the certifications submitted under subsection (a) as the  
19          Secretary concerned determines to be appropriate.

20   **“SEC. 304. TERMINATION OF AUTHORITY.**

21          “(a) IN GENERAL.—The authority to initiate projects  
22          under this title terminates on September 30, 2011.

23          “(b) AVAILABILITY.—Any county funds not obligated  
24          by September 30, 2012, shall be returned to the Treasury  
25          of the United States.

1       **“TITLE IV—MISCELLANEOUS**  
2                                   **PROVISIONS**

3       **“SEC. 401. REGULATIONS.**

4           “The Secretary of Agriculture and the Secretary of  
5 the Interior shall issue regulations to carry out the pur-  
6 poses of this Act.

7       **“SEC. 402. AUTHORIZATION OF APPROPRIATIONS.**

8           “There are authorized to be appropriated such sums  
9 as are necessary to carry out this Act for each of fiscal  
10 years 2008 through 2011.

11       **“SEC. 403. TREATMENT OF FUNDS AND REVENUES.**

12           “(a) RELATION TO OTHER APPROPRIATIONS.—  
13 Funds made available under section 402 and funds made  
14 available to a Secretary concerned under section 206 shall  
15 be in addition to any other annual appropriations for the  
16 Forest Service and the Bureau of Land Management.

17           “(b) DEPOSIT OF REVENUES AND OTHER FUNDS.—  
18 All revenues generated from projects pursuant to title II,  
19 including any interest accrued from the revenues, shall be  
20 deposited in the Treasury of the United States.”.

21           (b) FOREST RECEIPT PAYMENTS TO ELIGIBLE  
22 STATES AND COUNTIES.—

23           (1) ACT OF MAY 23, 1908.—The sixth paragraph  
24 under the heading “FOREST SERVICE” in the Act  
25 of May 23, 1908 (16 U.S.C. 500) is amended in the

1 first sentence by striking “twenty-five percentum”  
2 and all that follows through “shall be paid” and in-  
3 serting the following: “an amount equal to the an-  
4 nual average of 25 percent of all amounts received  
5 for the applicable fiscal year and each of the pre-  
6 ceding 6 fiscal years from each national forest shall  
7 be paid”.

8 (2) WEEKS LAW.—Section 13 of the Act of  
9 March 1, 1911 (commonly known as the “Weeks  
10 Law”) (16 U.S.C. 500) is amended in the first sen-  
11 tence by striking “twenty-five percentum” and all  
12 that follows through “shall be paid” and inserting  
13 the following: “an amount equal to the annual aver-  
14 age of 25 percent of all amounts received for the ap-  
15 plicable fiscal year and each of the preceding 6 fiscal  
16 years from each national forest shall be paid”.

17 (c) PAYMENTS IN LIEU OF TAXES.—

18 (1) IN GENERAL.—Section 6906 of title 31,  
19 United States Code, is amended to read as follows:

20 **“§ 6906. Funding**

21 “For fiscal year 2009—

22 “(1) each county or other eligible unit of local  
23 government shall be entitled to payment under this  
24 chapter; and

1           “(2) sums shall be made available to the Sec-  
2           retary of the Interior for obligation or expenditure in  
3           accordance with this chapter.”.

4           (2) CONFORMING AMENDMENT.—The table of  
5           sections for chapter 69 of title 31, United States  
6           Code, is amended by striking the item relating to  
7           section 6906 and inserting the following:

“6906. Funding.”.

8           (3) BUDGET SCOREKEEPING.—

9           (A) IN GENERAL.—Notwithstanding the  
10          Budget Scorekeeping Guidelines and the accom-  
11          panying list of programs and accounts set forth  
12          in the joint explanatory statement of the com-  
13          mittee of conference accompanying Conference  
14          Report 105–217, the amendment made by para-  
15          graph (1) shall be treated in the baseline for  
16          purposes of section 257 of the Balanced Budget  
17          and Emergency Deficit Control Act of 1985 (2  
18          U.S.C. 907) (as in effect before September 30,  
19          2002), by the Chairpersons of the Committee  
20          on the Budget of the House of Representatives  
21          and the Committee on the Budget of the Sen-  
22          ate, as appropriate, for purposes of budget en-  
23          forcement in the House of Representatives and  
24          the Senate, and under the Congressional Budg-  
25          et Act of 1974 (2 U.S.C. 601 et seq.) as if Pay-

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1           ment in Lieu of Taxes (14-1114-0-1-806) were  
2           an account designated as Appropriated Entitle-  
3           ments and Mandatories for Fiscal Year 1997 in  
4           the joint explanatory statement of the com-  
5           mittee of conference accompanying Conference  
6           Report 105-217.

7           (B) EFFECTIVE DATE.—This paragraph  
8           shall—

9                   (i) be effective beginning on the date  
10                   of enactment of this Act; and

11                   (ii) remain in effect for any fiscal year  
12                   for which the entitlement in section 6906  
13                   of title 31, United States Code (as amend-  
14                   ed by paragraph (1)), applies.

In lieu of the matter proposed to be inserted for the title of the bill, H.R. 6, insert the following: “An Act to move the United States toward greater energy independence and security, to increase the production of clean renewable fuels, to protect consumers, to increase the efficiency of products, buildings, and vehicles, to promote research on and deploy greenhouse gas capture and storage options, and to improve the energy performance of the Federal Government, and for other purposes.”.