



NATURAL RESOURCES DEFENSE COUNCIL

## Summary of Senate Energy Bill (HR 6)

December 13, 2007

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The Senate energy bill – (“Energy Independence and Security Act of 2007,” HR 6) is an historic energy bill that would dramatically cut America’s oil dependence and take critical steps towards solving the global warming problem. The bill increases fuel economy standards for vehicles for the first time in over 30 years, establishes requirements for renewable fuels production, and contains other provisions that promote clean energy resources. Collectively, these provisions will help make America more energy independent, create and retain high-tech jobs, spark economic growth, save consumers and businesses money, and cut pollution.

Unfortunately, there were some provisions left on the cutting room floor such as the renewable electricity standard (a requirement that utilities produce 15 percent of their electricity through renewable energy sources) and tax incentives for energy efficient buildings and renewable energy technologies. The renewable electricity standard would reduce global warming pollution by about 130 million metric tons per year by 2020, which is equivalent to approximately 1.8 percent of U.S. emissions in 2005.

Key provisions of HR 6 include:

- **Vehicle Fuel Economy Standards** – HR 6 raises the average fleet-wide standard for vehicles to 35 miles per gallon by 2020, and replaces the current standards with an attribute-based system that gives the auto industry tremendous compliance flexibility by allowing for different mileage requirements based on each vehicle’s size. Current standards are 27.5 mpg for cars and 22.2 mpg for light trucks, including SUVs. This long overdue improvement in gas mileage will save at least 1.1 million barrels of oil a day in 2020, save consumers \$25 billion, and reduce global warming pollution by almost 200 million metric tons per year (Union of Concerned Scientists (“UCS”) Estimate), which is equivalent to approximately 3 percent of U.S. emissions in 2005.
- **Renewable Fuel Standard** – HR 6 establishes a renewable fuel standard (RFS) that requires 36 billion gallons of biofuels to be produced in the U.S. by 2022. 16 billion gallons of this requirement has to come from cellulosic biofuels, which are produced from plant material such as grass and wood chips. The RFS includes essential safeguards to protect our environment and public health. The safeguards include minimum greenhouse gas pollution reduction standards, implementation of the program under the Clean Air Act, and critical protections for public lands, wildlife, and native forests. According to analysis by NRDC, the RFS would reduce global

warming pollution by about 114 million metric tons per year by 2022, which is equivalent to approximately 1.5 percent of U.S. emissions in 2005.

- **Energy Efficiency Standards for Light Bulbs and Other Products** –HR 6 establishes historic efficiency standards for light bulbs. The new standards would require typical bulbs to use 25-30 percent less energy by 2012-2014 and two times less energy by 2020. The American Council for an Energy Efficient Economy estimates that the light bulb standards would reduce global warming pollution by 100 million metric tons per year by 2030, which is equivalent to approximately 1 percent U.S. emissions in 2005. The bill gives the Department of Energy authority to issue regional standards for heating and cooling products. The bill also establishes new efficiency standards for other products such as dishwashers and clothes washers.
- **No Subsidies for Liquid Coal** – HR 6 does not include any subsidies for liquid coal. Producing transportation fuels from coal would make it more difficult to achieve needed reductions in global warming pollution, as well as cause additional environmental harms associated with coal production, transportation, and conversion.
- **Retention of Oversight and Fiscal Restraint on Loan Guarantees** – HR 6 does not include provisions that would erode Congressional authority under the Federal Credit Reform Act of 1990 to cap the amount of loans that taxpayers guarantee in any given year and to exclude projects that are particularly risky from loan guarantees. The bill also retains Appropriations Committee discretion to exclude energy technologies that may carry significant environmental and financial risks, such as new nuclear plants and coal-to-liquid projects, from the annual allocation. Without oversight and a firm cap, there is a much greater probability that billions of tax dollars would be wasted on mature, polluting technologies rather than innovative, clean ones.

*For more information, contact Jim Presswood, (202) 289-2427 or Liz Martin, (202) 289-2419*