



Waxman, Markey Release Energy Bill with 25% RES, Climate Change Provisions

Two key House Chairmen together released a long-awaited draft energy bill this week that includes a 25% renewable electricity standard (RES) as well as climate-change and transmission provisions.

The legislation—released by Henry Waxman (D-Calif.), chairman of the Energy and Commerce Committee, and Ed Markey (D-Mass.), chairman of the Energy and Environment Subcommittee—calls for an RES of 25% by 2025. The bill does allow, however, for the governor of any state to choose to meet 20% of the requirement with energy efficiency measures.

Importantly, leading up to the 25%-by-2025 RES are multiple incremental benchmarks including 6% in 2012, 8.5% in 2014, 11% in 2016, 14% in 2018, 17.5% in 2020, 21% in 2022, and 23% in 2024. Renewables advocates strongly urge that RESs, whether state or federal, include interim benchmarks to help provide a steady investment incentive—both for developers and to build manufacturing capacity—and ensure that the longer-term standards are met.

The centerpiece of the climate portion of the legislation is the schedule of mandated reductions in greenhouse gas emissions. A 3% emissions reduction below 2005 levels is required in 2012, while 20% is required by 2020, 42% is required by 2030, and 83% is required by 2050. The draft legislation does not yet address various other issues considered key by renewables advocates, such as whether emissions allowances would be allocated for free, including to renewable generators (which they could then use to finance additional projects). Other issues yet to be addressed include what percentage of allowances would be auctioned and what would be done with the revenue generated by such auctions. These decisions will be made in negotiations with Energy and Commerce Committee members. Under the legislation, the Federal Energy Regulatory Commission (FERC) would have authority to regulate carbon trading.

The bill also addresses one important issue relating to transmission: planning. The legislation directs FERC to reform the regional planning process to modernize the electric grid and provide for new transmission lines to carry electricity generated from renewable sources. FERC would adopt national electricity grid planning principles to facilitate the deployment of renewables.

But while the bill does address transmission planning—one of the “three P’s” urged by AWEA and the wind industry—it does not tackle the other two: paying (i.e., cost allocation to pay for new transmission) and permitting.

“This draft represents a serious effort to address our nation’s energy challenges and promote renewable energy,” said AWEA CEO Denise Bode. “We look forward to working with the

Chairmen and Committee members as the legislative process moves forward to ensure strong transmission provisions and incentives for renewables.”

In releasing the text, Waxman also released a schedule for committee consideration of the bill. The schedule is as follows:

- week of April 20: Energy and Environment Subcommittee hearings
- week of April 27: Energy and Environment Subcommittee markup period begins
- week of May 11: full Energy and Commerce Committee markup period begins

In addition, House Speaker Nancy Pelosi (D-Calif.) indicated in an interview this week that she wants to bring the combined energy/climate legislation to the House floor no later than July.

“This legislation will create millions of clean energy jobs, put America on the path to energy independence, and cut global warming pollution,” Waxman said in a statement. “Our goal is to strengthen our economy by making America the world leader in new clean energy and energy efficiency technologies.”

Source: Wind Energy Weekly, 03 April 2009