

Clean Energy Jobs and American Power Act: Summary of Selected Major Provisions

On September 30th, Senators John Kerry (MA) and Barbara Boxer (CA) introduced the Clean Energy Jobs and American Power Act. Following the passage of the American Clean Energy and Security Act (ACES) by the House of Representatives in June, this is an important next step in crafting strong climate and energy legislation that can kick-start our struggling economy, creating clean energy jobs and putting American industries at the global forefront of the burgeoning clean energy sector.

Both the Kerry-Boxer discussion draft and ACES include two key provisions that will make the promise of this new economy real for those workers and communities struggling the most in these tough times, and will ensure that employers have the pool of qualified workers they need to rebuild and repower America.

The Green Construction Careers Demonstration Project (Sec. 303) creates middle class careers in the green economy for low-income Americans.

Funding the Green Jobs Act (Sec. 209, 771) helps train workers, particularly those from disadvantaged communities, for jobs in the clean energy economy.

For more information about these two provisions, please visit: <http://www.greenforall.org/provisions>.

The following is a summary of some of the major provisions in the Kerry-Boxer discussion draft. You can get the full draft here: <http://kerry.senate.gov/cleanenergyjobsandamericanpower/pdf/bill.pdf>.

Global Warming Pollution Reduction Goals (Sec. 701-707)

The Senate bill calls for a 20 percent reduction of greenhouse gas emissions, based on 2005 levels, by 2020. This is stronger than the 17 percent reduction passed by the House in the American Clean Energy and Security Act (ACES) bill in June. Both bills include a long-term target of an 83 percent reduction by 2050.

Allocation of Emission Allowances and Allowance Value (Sec. 721, 731-744, 782)

The Senate bill does not use the term “Cap and Trade,” opting instead for “Pollution Reduction and Investment” (PRI). The PRI Program will apply only to the country’s largest polluters. The program provides incentives for companies to reduce pollution but also allows them to pay for the right to keep polluting by purchasing emissions allowances (or “credits”).

The bill auctions 25 percent of credits every year between 2012 and 2050, with proceeds going to the Treasury to keep the bill deficit neutral. This is different than the House bill, and is a result of the Senate having to estimate the cost of the bill to 2050, whereas the House only estimated the cost of its bill to 2020. The practical effect is that the overall “pie” of remaining allowance value is one-quarter smaller in the Senate than in the House.

Otherwise, the bill does not yet specify how revenue will be allocated. Details will emerge when the bill is marked up in the Senate Environment and Public Works Committee toward the end of October. Hundreds of billions of dollars are at stake.

Cost Containment (Sec. 726, 778)

To address the higher cost of energy under a cap-and-trade system and reduce price volatility, the Senate bill includes a “soft price collar” that allows the EPA to auction off additional allowances once carbon permits hit \$28 per ton in 2005 dollars. To keep carbon prices from bottoming out, the Senate bill implements a \$10 per ton (2005 dollars) floor on carbon permits. The House bill also includes a \$10 per ton (2005 dollars) price floor but lacks a price ceiling.

In the House bill, the price of carbon permits would increase five percent per year plus inflation based on the previous year’s auction price. The Senate bill mirrors this for the first five years but, beginning in 2018, carbon permits will increase seven percent plus inflation based on the previous year’s auction price.

Consumer Protection (Sec. 772, 774, 776)

The Senate bill includes language that will allocate a certain percentage of allowance value for direct consumer relief for low- and moderate-income families that will be hit hardest by price increases for energy and other goods that result from putting a price on dirty energy. The House bill sets aside 15 percent of allowance value to fund direct payments to low-income households, through the Electronic Benefit Transfer (EBT) system and the Earned Income Tax Credit. The Senate bill has not yet specified the level of funding or the mechanism for delivery.

To offset increased energy costs for consumers, the bill allocates allowance value to utilities, referred to as local distribution companies (LDCs), whose retail rates are regulated by states or other entities.

Worker Transition Assistance (Sec. 311-313)

The bill sets up a safety net for workers displaced from carbon-intensive industries as a result of putting a price on dirty energy. Benefits include income supplements, assistance for payment of health care insurance, and employment and training services.

Green Jobs and Workforce Development (Sec 301-303)

In addition to the Green Construction Careers Demonstration Project, this section of the bill authorizes Clean Energy Curriculum Development Grants to develop programs of study for emerging careers in clean energy, renewable energy, energy efficiency, climate change mitigation, and climate change adaptation.

It also requires the Secretaries of Labor and Education to develop an internet-based information and resources clearinghouse for career and technical education and job training in the renewable energy sector.

Davis-Bacon Compliance (Sec. 128)

Like the House bill, the Senate bill requires recipients of emission allowances or funding under the bill to provide reasonable assurances that, at minimum, prevailing wages are paid to all laborers and mechanics employed by contractors or subcontractors on construction projects funded in whole or in

part by the Federal Government. This does not apply to retrofits of residential buildings, except for large apartment buildings, or small nonresidential buildings.

Offset Credits (Sec. 722, 731-744)

The Senate bill includes an offset program that would allow companies to compensate for pollution emissions by paying farmers and landowners to engage in environmentally friendly practices such as tree planting or sustainable farming.

The Senate bill, like the House bill, allows two billion tons of total annual offsets, but divides this amount differently, with three quarters allowable from domestic sources and one-quarter from international sources. However, if domestic supplies fall short, the Senate bill allows for an additional 750 million tons of offsets from international sources.

Regulation of Coal-Fueled Power Plants (Sec. 124)

Unlike the House bill, which stripped the Environmental Protection Agency (EPA) of much of its authority under the Clean Air Act, the Senate bill uses existing Clean Air Act authority to set performance standards and regulate technology for coal-fueled power plants.

Regulation of Methane Gas Emissions (Sec. 711, 733)

The House bill strictly regulated methane emissions from landfills, coal mines, and natural gas pipelines. However, the Senate bill allows these sources to voluntarily capture methane in exchange for carbon offsets, at least until 2020, which could potentially weaken the bill's overall effect on global warming pollution reduction. Both bills classify methane as a greenhouse gas.

Nuclear Energy (Sec. 131-133)

The bill includes funding for nuclear research and development, to examine the feasibility and reliability of expanding commercial reactors beyond current 40-year operating licenses, as well as funding for nuclear worker training and nuclear waste management.

Energy Efficiency and Renewable Energy (Sec. 161-164, 202-204, 772-774)

The bill establishes an EPA program to provide grants and other assistance to renewable energy projects in states with mandatory renewable portfolio standards.

The bill also requires EPA to set a national goal to improve the energy efficiency of buildings and establishes the Retrofit for Energy and Environmental Performance Program to fund states to do cost-effective retrofits of residential and nonresidential buildings. It requires states to give preference to projects involving public and assisted housing with at least 10 percent of their allocation amount.

Funding for state and local investment in energy efficiency and renewable energy also includes long-term funding for:

- The Energy Efficiency and Conservation Block Grant Program.
- Utility-scale renewable energy projects, such as large-scale wind and solar thermal power plants.

In the distribution of allowances to natural gas and small electricity LDCs and home heating oil and propane distributors, the bill requires that a portion of the value be used for cost-effective energy efficiency programs. Regular electricity LDCs are not required to use any of their allowance value for energy efficiency programs.

Clean Transportation (Sec. 111-114, 171-173, 201-202, 211)

The Senate bill directs the EPA to establish national greenhouse gas emissions reduction goals, as well as emissions standards for new heavy-duty vehicles and engines. It also amends the Clean Air Act to allow state and local governments to determine emissions standards for taxis, using the Federal standard as a minimum.

The bill provides funding for grants to states and metropolitan planning organizations (MPOs) for greenhouse gas reduction programs in the transportation sector.

The bill expands the SmartWay Transport Partnership, an existing EPA program to help truckers upgrade to more fuel-efficient and less polluting vehicles.

The Senate bill also invests in Clean Vehicle Technology through a demonstration project, in both urban and rural areas, using domestically produced plug-in electric vehicles.

The bill establishes the State Climate Change Response and Transportation Fund and allocates a portion of this funding to public transportation agencies for capital needs and preventative maintenance.

State Recycling Programs (Sec. 154)

The Senate bill requires EPA to establish a State Recycling Program to fund recycling-related technologies, transportation fleets, job training, and facilities for municipalities and the private sector.

The program would also fund manufacturing facilities to increase use of recyclable materials, curb greenhouse gas emissions, and increase energy efficiency.

Green Economic Development (Sec. 152, 156)

Through the Clean Technology Business Competition Grant Program, the bill provides funding for EPA grants to nonprofits for competitive programs to help start-up business related to energy efficiency, renewable energy, air quality, water quality or conservation, transportation, smart grid, green buildings, or waste management.

The bill also sets up the Economic Development Climate Change Fund to provide \$50 million in annual technical assistance and grants for projects that promote green economic development in distressed communities.

Domestic Adaptation (Sec. 157, 211-212, 341-342, 351-356)

The Senate bill calls for a study of, and recommendations for, federal disaster mitigation and emergency response programs that affect areas vulnerable to the impacts of climate change.

The bill requires states to establish a State Climate Change Response (SCCR) account for greenhouse gas reduction and climate adaptation programs. The bill allocates funding to SCCR accounts and

requires state and local governments to ensure that programs receiving this funding respond to the needs of socially and economically vulnerable populations.

Like the House bill, the Senate bill establishes the Climate Change Health Protection and Promotion Fund to address the impacts of climate change on public health.

The Senate and House bills require the President to establish a National Climate Change Adaptation Program to increase effectiveness of federal adaptation efforts and a National Climate Service to develop and disseminate climate information and warnings.

Both bills also require the Secretary of Health and Human Services to create and implement a national strategic action plan to help healthcare professionals respond to the public health impacts of climate change.