

## House Set to Enact Stimulus this Week

Three House Committees completed action on the “American Recovery and Reinvestment Plan” last week. Wednesday, the Appropriations Committee reported provisions increasing targeted Federal programs. Thursday, the Energy and Commerce and Ways and Means Committees reported provisions modifying existing programs and increasing targeted tax incentives. House Majority Leader Hoyer (D-MD) explained that the proposals passed by these committees will be combined and acted on by the full House on Wednesday, January 28th.

### HOUSE ENERGY AND COMMERCE COMMITTEE

The Committee approved its portion of the \$825 billion bill by a vote of 34-17. The reported bill includes provisions to promote smart grid technology, provide energy efficiency funds for schools and hospitals, support to cities and states to improve energy efficiency and reduce emissions of greenhouse gases, and included an expanded Department of Energy loan guarantee program for renewable energy projects. The provisions in the bill focus on existing programs that can be scaled up so that funds are invested quickly.

The bill reported amends the Energy Independence and Security Act of 2007 to increase federal matching grants for smart grid demonstration projects from 20 percent to 50 percent. It also adds a temporary loan guarantee authority to Title 17 of the Energy Policy Act of 2005 for commercial renewable energy systems and electric power transmission systems that begin construction by September 30, 2011 and states that transmission projects, including upgrades, are eligible for guarantees. Furthermore, it clarifies that renewable energy systems that generate electricity are also eligible.

Other provisions include new eligibility criteria for households to qualify for Weatherization Assistance Program, and an increase in per-home assistance from \$2,500 to \$5,000. The bill conditions State Energy Programs on a notification to the Secretary of Energy by a Governor that the state will adopt (1) utility regulatory policies to encourage utility-sponsored gains in energy efficiency and (2) updated energy-efficient building codes.

Other energy amendments adopted by the Energy and Commerce Committee include:

- \$500 million allocation from loan guarantee program for “leading edge biofuel projects ... that will produce transportation fuels that substantially reduce lifecycle greenhouse gas emissions compared to other transportation fuels.” Approved by a voice vote. (Rep. Tammy Baldwin, D-WI)
- The addition of “incremental hydropower” projects as renewable energy under the loan guarantee provision. Approved by a voice vote. (Rep. John Shaddeh, R-AZ)
- An analysis of the extent to which legal challenges filed at the State and Federal level are delaying the construction of transmission necessary to access renewable energy. Approved by a voice vote. (Rep. Fred Upton, R-MI)
- A requirement that states prioritize stimulus grants for energy efficiency on existing energy efficiency and renewable energy programs. Approved by a voice vote. (Rep. Jay Inslee, D-WA)



## HOUSE COMMITTEE ON WAYS AND MEANS

The Committee approved its portion of the economic stimulus bill by a party line vote of 24-13. The bill includes up to \$20 billion in renewable energy and energy efficiency incentives as part of the American Recovery and Reinvestment Plan.

The package of tax benefits, bonds and other incentives is in addition to large-scale, energy-related spending and policy measures included elsewhere in the economic recovery package. The bill also provides direct federal funding to wind, solar and other types of projects that can be used in place of tax incentives. The proposal allows eligible renewable electricity projects to exchange certain tax credits for a cash payment of up to 30 percent of project costs through a temporary DOE grant program. The provision applies to projects placed in service in 2009 or 2010. In addition, the bill extends the renewable electricity production tax credit for three years.

Other provisions include:

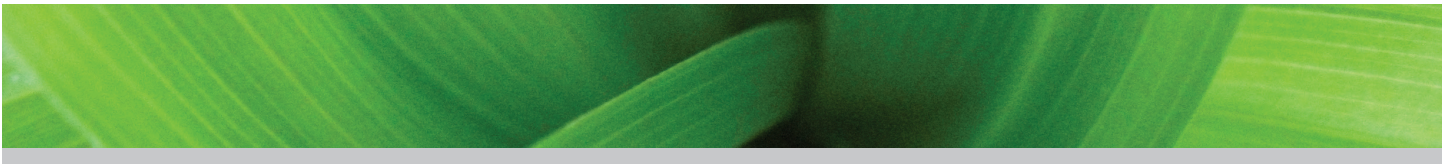
- \$1.6 billion for clean energy renewable bonds to help fund rural electric cooperative and municipal renewable energy projects;
- \$2.4 billion in energy conservation bonds for state, local and tribal programs to curb greenhouse gas emissions;
- \$4.3 billion to extend and expand tax credits for energy efficiency improvements to existing homes;
- An increase in the value of tax credits for residential wind, geothermal and solar projects; and
- An increase in the tax credit percentage rate and overall cap for gas stations that install pumps in 2009 and 2010 for alternative fuels such as E85 ethanol.

The Ways and Means Committee voted on a total of eight amendments during consideration of this proposal. No energy related amendments were considered—two of the amendments adopted addressed healthcare and the third calls for a GAO study on the economic effects of implementing this law.

## HOUSE COMMITTEE ON APPROPRIATIONS

The Committee approved portions of the “American Recovery and Reinvestment Plan” by a party line vote of 35-22 on January 21, 2009. The bill provides \$32 billion in smart grid funding and investment in renewable technology as well as \$16 billion for public housing energy efficiency and \$6 billion to weatherize modest-income homes. The legislation includes:

- \$8 billion in Renewable Energy Loan Guarantees;
- \$6.7 billion for energy efficiency repairs to GSA Federal Buildings;
- \$6.9 billion to fund the Local Government Energy Efficiency Block Grants program;
- \$2 billion for Energy Efficiency and Renewable Energy Research;
- \$2 billion for Advanced Battery Loans and Grants;
- \$1.5 billion in Energy Efficiency Grants and Loans;
- \$600 million to replace older vehicles owned by the federal government with alternative fuel automobiles that will save on fuel costs and reduce carbon emissions;



- \$200 million for a new grant program to encourage electric vehicle technologies;
- \$2.4 billion for carbon capture and sequestration technology demonstration projects;
- \$400 million for state and local governments to purchase alternative buses and trucks; and
- \$500 million for energy efficient manufacturing demonstration projects.

A total of nine amendments were offered during committee consideration of this bill. The committee accepted two amendments effecting funds distributed in this bill, one that encourages the use of steel produced in the US and another that requires contractors to pay prevailing wages to laborers. No energy related amendments were offered to the Appropriations Committee proposal.

#### FOR ADDITIONAL INFORMATION

For more information on the “American Recovery and Reinvestment Plan,” please contact Curt Rich, Shelley Fidler, or any other member of Van Ness Feldman’s Public Policy Practice at (202) 298-1800.

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