

# H.R. 2454, The American Clean Energy and Security Act



House Cap and Trade's  
Proposed Allowance Allocation  
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# Money, money, money!



## H.R. 2454 Goals for Consumer Assistance

- Protect consumers from energy price increases
- Assist industry in the transition
- Spur energy efficiency and the development and deployment of clean energy technology

# Protection from Price Increases

- Electricity Sector
  - Receives 30% of allowances
  - Merchant coal and long-term power agreements receive 5% off the top
  - Allowances will be distributed on formula recommended by utilities
  - Phase out 2026 - 2030
- Natural Gas Sector
  - In regulated states receive 9% of allowances
  - Phase out 2026-2030

## Protection from Price Increases, continued

- Home Heating Oil
  - States receive 1.5% for home heating oil and propane users
  - Phase out 2026-2030
- Low and Moderate Income Households
  - 15% of allowance to be auctioned
  - Distributed through tax credits, direct payments, and EBT
  - No phase out

## Transition Assistance for Industry

- Protection for Energy-Intensive Industries
  - 15% allowances in 2014 and steady phaseout
  - Ends in 2025 unless President decides otherwise

### Domestic Energy Protection

Oil refiners receive 2% of allowances,

Starts 2014-2026

## Energy Efficiency and Clean Energy Technology

- Investments in Carbon Capture and Sequestration (CCS)
  - 2% allowances, 2014 – 2017
  - 5% allowances, 2018 and on
  - \$1 billion annual ratepayer funded demonstration projects for 10 years
  - All taxpayers will pay to avoid appropriations process
  - Helps Electric utilities cover costs of installing and operating CCS technologies

# Energy Efficiency and Clean Energy Technology

- Renewable Energy and Energy Efficiency
  - States get 10%, 2012-2015;
    - 7.5%, 2016-17;
    - 6.5%, 2018-2021;
    - 5%, 2022 and on

## Energy Efficiency and Clean Energy Technology

- Advanced Automobile Technology
  - Investments in electric vehicles and other advanced automobile technology and development
    - 3% through 2017
    - 1% from 2018 - 2015

# Energy Efficiency and Clean Energy Technology

- Research and Development
  - 1% allowances to “Clean Energy Innovation Centers” at research universities and institutions

# Other Public Purposes

- Tropical Deforestation, 5%, 2012-2025; 3% 2026-2030; 2% after 2031
- Domestic Adaptation 50/50 split with wildlife and other domestic adaptations including public health,
  - 2%, 2012- 2021
  - Increases to 4%, 2022-2026;
  - Increases to 8%, 2027 and after
- International Adaptation and Clean Technology Transfer, 50/50 split, starts at 2% and increases to 8%, 2027 and on.
- Worker Assistance and Job Training
  - 0.5% 2012 – 2021
  - Increases to 1% after 2021

# Congressional Action

- House leadership in search of 218 votes for floor action by the July 4 recess (Pelosi, Hoyer, Clyburn, Waxman, Markey)
- Senate Energy Committee to merge work on energy efficiency and renewable energy in final Senate bill. (Sens. Bingaman/Murkowski)
- Senate Environment and Public Works Committee says a bill can happen by the October recess this year. (Sens. Boxer/Inhofe)

# H.R. 2454 Concerns

- Ratepayer benefit under LDC allowances is vague. Do regulators need more guidance in bill?
- Does complex market scheme invite speculation, false price signals?
- Is the solution for regional variations overstated with LDCs?
- What happens to ratepayer benefits in deregulated states?
- Cap will affect all economy sectors – H.R. 2454 primarily targeted at one.

# AARP Goals for Consumer Assistance

- Mitigate the impact of price increases due to emissions reductions
- Provide direct assistance to low and fixed income consumers
- Ensure consumers directly benefit from allowance or other measures that are intended to have ratepayer benefit