Defending Clean Energy Programs in the Era of Austerity

September 14, 2011
Welcome!

Introductions and Objectives

Ernie Shea
25x’25 Project Coordinator
Webinar objectives:

- discuss the process and timetable Congress will follow in setting funding levels for federal energy and conservation programs;

- share latest funding intelligence and review the impact the reductions will have on clean energy programs and investments;

- discuss steps 25x’25 partners can take to spotlight the triple bottom line benefits that renewable energy and conservation program investments produce: jobs and economic development; improvements in national security; and a cleaner environment.
Session Leaders

- **Ernie Shea**, 25x’25 - moderator
- **John Jimison**, Energy Future Coalition
- **Carol Werner**, Environmental and Energy Study Institute
- **Andy Olsen**, Environmental Law and Policy Center
Webinar Procedures

- Lines will be muted during presentations to minimize background noise
- For presenters and Q&A, un-mute by pressing *6
- Will take questions at the end of the presentations
- To ask a question, either press *6 to un-mute or use the comment feature to submit a written question
What, Who and How

• “Just the facts, Ma’am” – the basics of the Budget Control Act of 2011
• “Waiting for Superman” – the timing and context for policy in coming months
• “Who are these guys?” – Butch Cassidy
• “How to Win Friends and Influence People” on the Super-Committee – how to make a difference in the deal they will try to cut.
• Preparing for failure – what is the automatic deal we get if they fail.
The Budget Control Act of 2011

- Starts with $917 billion in budget cuts over coming decade. Creates Joint Select Committee on Deficit Reduction (JSC).
- Tasks JSC with identifying additional $1.5 trillion in budget cuts/revenue increases, but automatic cuts triggered if less than $1.2 trillion in cuts or revenue increases.
- In the event of failure, imposes across-the-board annual spending reductions, 50% on defense, 50% on discretionary non-defense, exempting entitlements, amounting to $1.2 trillion by 2021.
- President Obama has asked the JSC to find additional cuts/revenues for his Jobs Bill, $447 billion, for total of $1.65 trillion.
- Assumes 2011 expiring tax credits actually expire (including alcohol fuels, biodiesel, and alternate fuel vehicle refueling properties. Any extensions add to necessary cuts / revenue increases.
- Appropriations process continues, subject to caps, with sequestration of amounts necessary to meet caps.
- House and Senate must consider Constitutional balanced-budget amendment.
Waiting for Superman…

… we won’t have long to wait:

– Standing committees must provide input to JSC by October 14th.
– JSC must report by November 23rd (including CBO score, so actual work done by 11/15).
– Congress must act by December 23rd.
– Automatic cuts go into effect on January 1, 2013.
# Joint Select Committee on Deficit Reduction

## Membership

### Senate Members

**Democrats**
- Patty Murray, Washington, *Co-Chair*
- Max Baucus, Montana
- John Kerry, Massachusetts

**Republicans**
- Jon Kyl, Arizona
- Pat Toomey, Pennsylvania
- Rob Portman, Ohio

### House Members

**Democrats**
- Jim Clyburn, South Carolina
- Xavier Becerra, California
- Chris Van Hollen, Maryland

**Republicans**
- Jeb Hensarling, Texas, *Co-Chair*
- Dave Camp, Michigan
- Fred Upton, Michigan
Members with Farm Interests

**Senate members**

*Democrats*
- Patty Murray, Washington, *Co-Chair*
- Max Baucus, Montana
- John Kerry, Massachusetts

*Republicans*
- Jon Kyl, Arizona
- Pat Toomey, Pennsylvania (?)
- Rob Portman, Ohio (?)

**House members**

*Democrats*
- Jim Clyburn, South Carolina
- Xavier Becerra, California
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*Republicans*
- Jeb Hensarling, Texas, *Co-Chair*
- **Dave Camp, Michigan**
- Fred Upton, Michigan (?)
Failure is Not An Option

If the Super-Committee cannot agree, what result?

- Automatic cuts to all non-defense discretionary programs of 8% to 6% per year over ten-year period.
- Possibility of JSC agreeing on part of target, automatic cuts applying to remainder.
- Doesn’t necessarily apply to tax credits.
- Chance of Congressional repeal or revision after 2012 elections.
- Beats getting zeroed out.
Strategy for Influence

Traditional Lobbying

• Educate your delegation on your issue, ask them to lobby JSC members.
• Identify a JSC member willing to make your issue his do-or-die issue.
• Identify active allies within JSC member’s district, ask them to lobby member strongly.
• Ask committee of jurisdiction to present findings to JSC favorable to your issue by October 14\textsuperscript{th}.
• Seek overt support from state government, general public.

Non- Traditional Strategies

• Seek support from unusual allies – defense interests, automobile companies, labor unions, etc.
• Identify and support tolerable revenue-raisers that could be used as offsets for continued credits.
• Decide you prefer failure, with automatic budget cuts of 8% to 6% per year for ten years, and chance of Congressional repeal and revisions, and lobby against acceptance of JSC recommendation.
Defense-Biofuels Alliance?

• Defense Interests –
  – Pros
    • National security argument
    • Biofuel options for military planes and vehicles
    • Cost-sharing for technology development
  – Cons
    • Indirect nexus between commercial biofuels and military needs
Carol Werner

Environmental and Energy Study Institute
# DOE Renewable Energy Appropriations

<table>
<thead>
<tr>
<th>Program</th>
<th>FY11</th>
<th>House FY12</th>
<th>Senate FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass/Biorefinery systems</td>
<td>$182.1M</td>
<td>$150M</td>
<td>$180M</td>
</tr>
<tr>
<td>Solar</td>
<td>$263.5M</td>
<td>$166M</td>
<td>$290M</td>
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<tr>
<td>Wind</td>
<td>$80M</td>
<td>$76M</td>
<td>$80M</td>
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<tr>
<td>Geothermal</td>
<td>$38M</td>
<td>$38M</td>
<td>$34M</td>
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<tr>
<td>Water Power</td>
<td>$30M</td>
<td>$50M</td>
<td>$34M</td>
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<tr>
<td>Total EE/RE</td>
<td>$1.796B</td>
<td>$1.3B</td>
<td>$1.796B</td>
</tr>
<tr>
<td>Loan Guarantees</td>
<td>$57M (+ARRA funding)</td>
<td>$160M</td>
<td>$200M</td>
</tr>
</tbody>
</table>
# PTC/ITC Tax Incentives

<table>
<thead>
<tr>
<th>Specified Energy Property</th>
<th>Credit Termination Date</th>
<th>Applicable Percentage of Eligible Cost Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Wind</td>
<td>Jan 1, 2013</td>
<td>30%</td>
</tr>
<tr>
<td>Closed-Loop Biomass Facility</td>
<td>Jan 1, 2014</td>
<td>30%</td>
</tr>
<tr>
<td>Open-loop Biomass Facility</td>
<td>Jan 1, 2014</td>
<td>30%</td>
</tr>
<tr>
<td>Geothermal under IRC sec. 45</td>
<td>Jan 1, 2014</td>
<td>30%</td>
</tr>
<tr>
<td>Landfill Gas Facility</td>
<td>Jan 1, 2014</td>
<td>30%</td>
</tr>
<tr>
<td>Trash Facility</td>
<td>Jan 1, 2014</td>
<td>30%</td>
</tr>
<tr>
<td>Qualified Hydropower Facility</td>
<td>Jan 1, 2014</td>
<td>30%</td>
</tr>
<tr>
<td>Marine &amp; Hydrokinetic</td>
<td>Jan 1, 2014</td>
<td>30%</td>
</tr>
<tr>
<td>Solar</td>
<td>Jan 1, 2017</td>
<td>30%</td>
</tr>
<tr>
<td>Geothermal under IRC sec. 48</td>
<td>Jan 1, 2017</td>
<td>10%*</td>
</tr>
<tr>
<td>Fuel Cells</td>
<td>Jan 1, 2017</td>
<td>30%**</td>
</tr>
<tr>
<td>Microturbines</td>
<td>Jan 1, 2017</td>
<td>10%***</td>
</tr>
<tr>
<td>Combined Heat &amp; Power</td>
<td>Jan 1, 2017</td>
<td>10%</td>
</tr>
<tr>
<td>Small Wind</td>
<td>Jan 1, 2017</td>
<td>30%</td>
</tr>
<tr>
<td>Geothermal Heat Pumps</td>
<td>Jan 1, 2017</td>
<td>10%</td>
</tr>
</tbody>
</table>

§ 1603 Cash Grant Program expires 12/31/2011
Farm Bill Clean Energy Progress
Stalled by Austerity?

Andy Olsen
Senior Policy Advocate,
Environmental Law & Policy Center, Wisconsin
Energy Title History

• First ever Energy Title created in 2002 Farm Bill
  – Stronger federal commitment to farm-based energy.
  – Rural America home to many renewable resources.
  – Bipartisan support.

• 2008 Farm Bill expanded energy commitments:
  – Energy Title $1.12 billion in mandatory funding for broad range of clean energy options.
  – Emphasis on advanced biofuels, energy crops and expanded REAP.

• See Legislative Resources at FarmEnergy.org for more.
Energy Title Results: Farm Energy Grows

- We’re making real progress with farm energy!
- Farm Bill Clean Energy programs have made a difference and are making progress.
- From research to lab to marketplace, Farm Bill clean energy programs advance the triple win: economy, energy and environment.
- Built projects of all sorts point the way for development of homegrown energy of all sorts.
- Must keep the momentum, by raising our voices now.
Farm Bill Energy Title Accomplishments

- First loan guarantees for cellulosic biofuel projects.
- First working energy crop projects launched under BCAP.
- Over 7,400 energy efficiency and renewable energy projects funded in every state, under REAP.
- Community energy (locally owned) projects supported and growing around the country.
- Manure digester development leaps forward with hundreds of projects developed.
- Biomass supply and use infrastructure grows with new pellet, boiler, combined heat and power projects.
FY2012 is a Big Year for Farm Bill Funding

- 2008 Farm Bill covered years 2008-2012.
- 2012 is last year when authorizations expire under the 2008 Farm Bill.
- The last year sets the funding for the next year, plus the ten that follow it: 2013-2022.

  - Result = Less funding is available, especially under a fiscally austere environment, for energy title programs.

- Out of proportion cuts harm Farm Energy long term.

  - The stakes are high!
Energy Title Budget Breakdown: Programs with Mandatory Funding

($1.12 Billion Budget)

For years 2008-2012
Energy Title Appropriations: Biomass Crop Assistance Program (BCAP)

- Encourages new generation energy crops with incentives for crop establishment and purchase.

- USDA overhauled rules and made significant changes from 2009. *Judge by 2011 program!*

- Funded as “Such Sums as are Necessary” but capped in 2010 and 2011.
  - House: Funding eliminated.
  - Senate Appropriations: No cap or reduction.

- Legislative goal: maintain Senate appropriations position.
Energy Title Appropriations: Bioenergy Program for Advanced Biofuels

- a.k.a. “Section 9005”

- Incentives for next generation biofuel production (not corn ethanol). Biodiesel, now biogas.
  - House: $55 million.
  - Senate Appropriations: $75 million.
    - From $85 million in FY2011 (-12%)
    - From $105 million authorized (-45%) in the Farm Bill for 2012.

- These fuels included under Renewable Fuel Standard.
Energy Title Appropriations: Rural Energy for America Program (REAP)

• Provides grants and loan guarantees for on-farm and rural small business renewable energy/energy efficiency systems/audits. ($255 million)

  o House: $2.3 Million. Increased with two amendments led by Representatives Fortenberry-Walz and Kaptur.

  o Senate: Total funding $38.5 million. (Includes $4.5 million in discretionary).
    - From $75 million in FY2011 (-45%)
    - From $70 million authorized (-45%) in the Farm Bill for 2012.
REAP Resources Lag Demand, Opportunity

- REAP is a popular program, sparking new activity every year.
- Less funding will slow growth of new income, business opportunities and jobs.
REAP Projects 2003
Total = 112
REAP Serves America and Agriculture

- All agricultural sectors in *every* state benefit, with diverse technologies:
  - Energy efficiency, wind, solar, geothermal, anaerobic digesters, biomass energy, biofuels, marine energy and small hydroelectric.

- REAP provides jobs, 18.45 per million dollars invested.

- Energy security with homegrown resources.

- Cleaner air and cleaner water.
Appropriations Advocacy
The Basics

- Educate Senators on value and benefits of these programs.
  - Online fax system coming.
  - Attend public meetings and ask for support.
  - Letters delayed by security scanning.
- Ask others and groups you are in to do the same.
- Write a letter to the editor or op-ed for the newspaper.
The Senate should restore full mandatory funding to REAP.

- This would be $70 million, down 7% from 2010 levels ($75 million).

The Senate should protect the Biomass Crop Assistance from cuts.

- The Senate bill does not cap or reduce BCAP. They should maintain this position.
Conclusion

Thank you for listening!

Andy Olsen
Senior Policy Advocate

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Questions and Discussion
Thank you!

www.25x25.org