

Energy, Water, Infrastructure and the Environment in the New Congress

National Environmental Strategies

Kent Burton

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What's Already Happened?

American Recovery and Reinvestment Act

- The \$789 billion in spending and tax cuts
- \$50.8 billion in energy and water
- \$150 billion in infrastructure spending, including \$27 billion to repair highways and bridges
- \$10.5 billion in environment
- Goal is to create or preserve 3.5 million jobs, many from infrastructure work

Stimulus Bill



American Recovery and Reinvestment Act

Energy Related Provisions:

Stimulus Bill – Direct Spending Provisions Department of Energy :

- Weatherization – \$5 billion
- Loan guarantees for renewable technologies and transmission technologies – \$6 billion., *expected to support more than \$60 billion in loans for eligible projects that commence construction no later than September 30, 2011. Eligible projects include incremental hydropower, upgrading and reconductoring electric power transmission systems, and leading edge biofuel projects that use pilot or demonstration technologies to reduce greenhouse gas emissions.*
- Alternative Fueled Vehicle Pilot Grant Program – \$300 million
- Transportation Electrification – \$400 million
- Advanced Battery Manufacturing Grants - \$2 billion. *Funding supports the manufacturing of advanced vehicle batteries and components.*
- Energy Efficiency and Conservation Block Grants – \$3.2 billion

American Recovery and Reinvestment Act

- **State Energy Programs** – \$3.1 billion
- **Fossil Energy Research and Development** – \$3.4 billion: *\$1 billion for fossil energy R&D, \$800 million for the Clean Coal Power Initiative Round III, \$1.52 billion for carbon capture and energy efficiency projects*
- **Electricity Delivery and Energy Reliability Program** – \$4.5 billion
- Applied research, development, demonstration and deployment through DOE EERE – \$2.5 billion. *Of the \$2.5 billion, \$800 million is for biomass projects and \$400 million is for geothermal activities and projects*
 - Western Area Power Administration Borrowing Authority: \$3.25 billion
 - Bonneville Power Administration Borrowing Authority: \$3.25 billion
- **Department of Defense**
 - Defense Manufacturing Technology Program – \$300 million
- **General Services Administration**
 - Energy Efficient Federal Motor Vehicle Fleet Procurement – \$300 million
 - Green Federal Buildings – \$4.5 billion

American Recovery and Reinvestment Act

Stimulus Bill – Tax Provisions

- Three year extension of the tax credit for renewable electricity production (through 2012 for qualified wind, and 2013 for other qualifying resources)
- Qualifying renewable energy facilities may take a 30 percent investment tax credit for qualified expenditures on facilities placed in service in 2013 (2012 for wind) in lieu of the production tax credit
- Creates a Treasury Department Energy Grant Program which allows taxpayers with an investment tax credit in qualifying renewable energy facilities to receive a cash grant in an amount equal to the credit within 60 days of the facility being placed in service
- Eliminates the investment tax credit limitation for projects that receive subsidized energy financing or private activity bonds after 2008

American Recovery and Reinvestment Act

Tax Provisions (cont.)

- Removes the dollar value cap on the 30 percent investment tax credit for qualifying small wind, geothermal heat pump and solar water heating property
- \$1.6 billion in new CREB financing
- \$3.2 billion in new Qualified Energy Conservation Bond financing
- 30 percent tax credit for qualified non business energy property placed in service in 2009 and 2010 up to an aggregate cap of \$1,500
- Tax credit equal to 50 percent of the cost of installing qualified alternative fuel vehicle refueling property up to a maximum of \$50,000 (\$200,000 for hydrogen refueling property). Credit expires December 31, 2010
- \$2,500 tax credit for plug-in electric vehicles and an additional tax credit for plug-in vehicles with battery propulsion. Credit remains available until 200,000 vehicles are sold beginning after December 31, 2009
- Establishes a 30 percent investment tax credit for qualifying advanced energy projects which re-equip, expand or establish a manufacturing facility for the production of property used to produce, refine, store or transport renewable energy to reduce greenhouse gas emissions. \$2.3 billion limitation



American Recovery and Reinvestment Act

Administrative Provisions:

- The Act includes the following provisions that govern the disbursement of stimulus funding to Federal agencies
- Funding for programs and initiatives under the Act will be available, unless otherwise specified, until September 30th, 2010
- The Act establishes the “Recovery Accountability and Transparency Board”
- The Board will maintain a website containing information relating to funding opportunities
- For funds made available for infrastructure investment, preference is given to activities that can be started and completed expeditiously
- Projects using Act funding must use American iron, steel and manufactured goods absent an agency waiver
- In the coming weeks we expect the various Federal agencies to make public their plans for distributing stimulus funding consistent with the goals of the Act. We also anticipate that many agencies will face substantial challenges in appropriately targeting and allocating funding in a timely manner



American Recovery and Reinvestment Act

Infrastructure and Water Improvement:

- \$7.2 billion Broadband access and usage in un-served and under-served areas
- \$2.75 billion Department of Homeland Security
- \$1 billion Bureau of Reclamation to provide clean, reliable drinking water to rural areas and to ensure adequate water supply to Western localities impacted by drought
- \$27.5 billion Highway investments \$8.4 billion public transportation
- \$1.5 billion competitive grants to state and local governments for transportation investments

American Recovery and Reinvestment Act

Infrastructure and Water Improvement:

- \$4 billion public housing capital fund to enable local public housing agencies to address a \$32 billion backlog in capital needs – especially those improving energy efficiency in aging buildings.
- Environmental Clean-Up/Clean Water:
 - \$6 billion environmental cleanup of former weapon production and energy research sites
 - \$6 billion local clean and drinking water infrastructure improvements
 - \$1.2 billion EPA environmental cleanup programs, including superfund
 - \$3.8 billion in loans and grants for needed water and waste disposal facilities in rural areas



What's Next?

No “seer stone” is available, but there is little doubt that energy, water, infrastructure and environmental issues will continue to receive priority attention in the new Congress.



Senate Priorities (Boxer and Bingaman)

- Transportation Bill
- Water Resources Development Act (WRDA)
- Climate Change Cap and Trade Bill,
Energy Bill (RPS, etc.)



Transportation Bill Background

- SAFETEA-LU signed August 10, 2005
- Expires September 30, 2009
- Total investment of \$286.4 billion over fiscal years 2004-2009
- Basically just continued existing programs
- Major issues were overall investment level and funding formula



WRDA

Possible Policy Items

- Levee Safety Program
- Levee and Dam Repair/Rehab
- Inland Waterways Trust Fund
- Harbor Maintenance Trust Fund
- Water Storage Pricing and associated Hydropower issues
- Recreation Fees



House Priorities (Waxman and Oberstar)

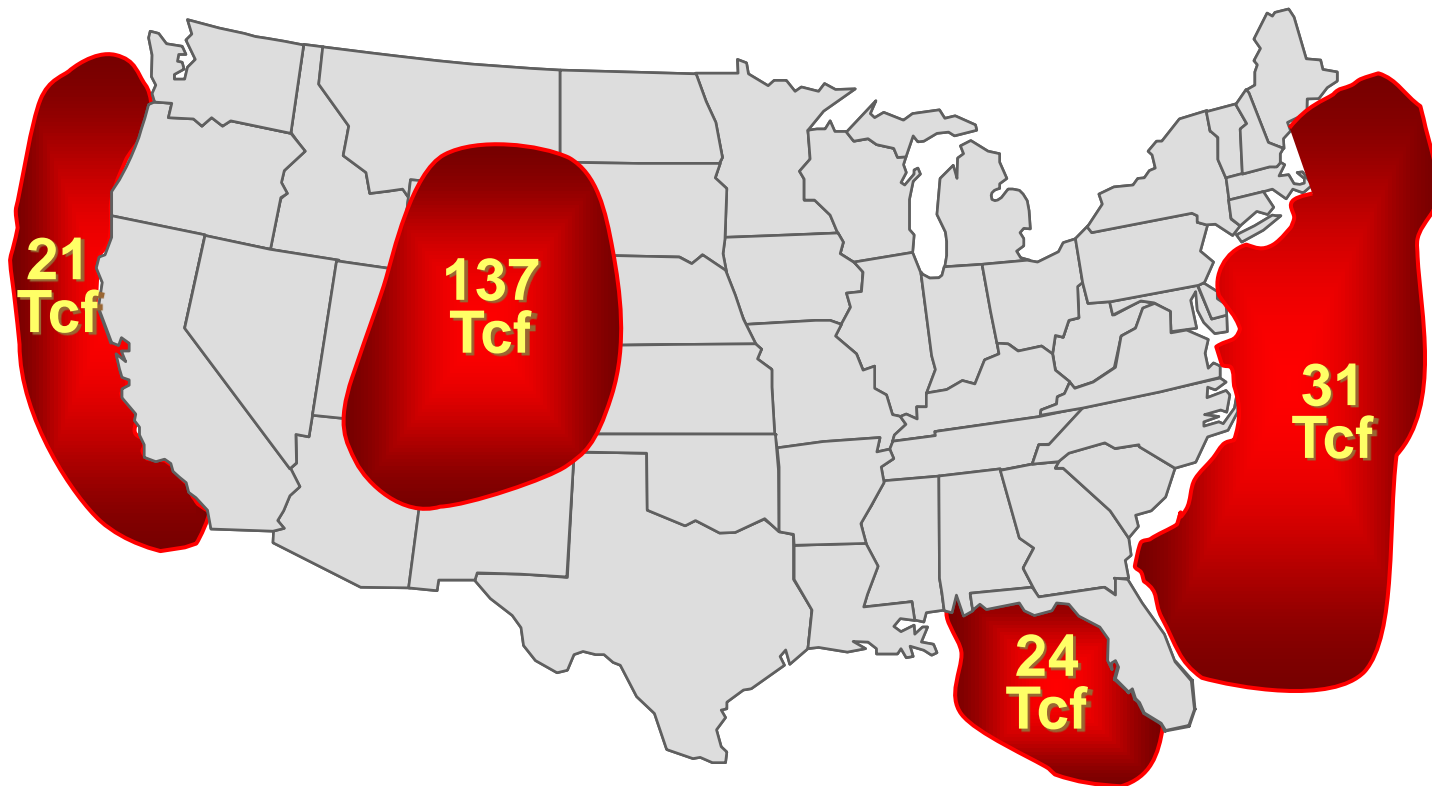
- Climate Legislation
- Energy legislation
- Infrastructure
- Water
 - WRDA
 - 316(b)?
- Oil and gas amendments
 - Hydraulic fracturing, other

National Energy Facts

- Fossil fuels currently provide more than 85% of all energy consumed in the U.S., nearly 2/3 of electricity and virtually all transportation fuels.
 - 64% from oil and natural gas
 - 23% from coal
 - 8% from nuclear energy
 - 6% from renewables
- In 2005, the U.S. consumed 22 tcf of natural gas, while producing approximately 18 tcf domestically.

National Gas Resources

Lower 48



America is Blessed with a Massive Natural Gas Resource Base



Proved: 188 Tcf

**Technical
Resource Base: 1,400 Tcf***

* DOE Estimates

Current U.S. Consumption = 22 Tcf per year

No Wonder the Public is Confused

“We’re not running out of natural gas, we’re just running out of places we’re allowed to drill.”

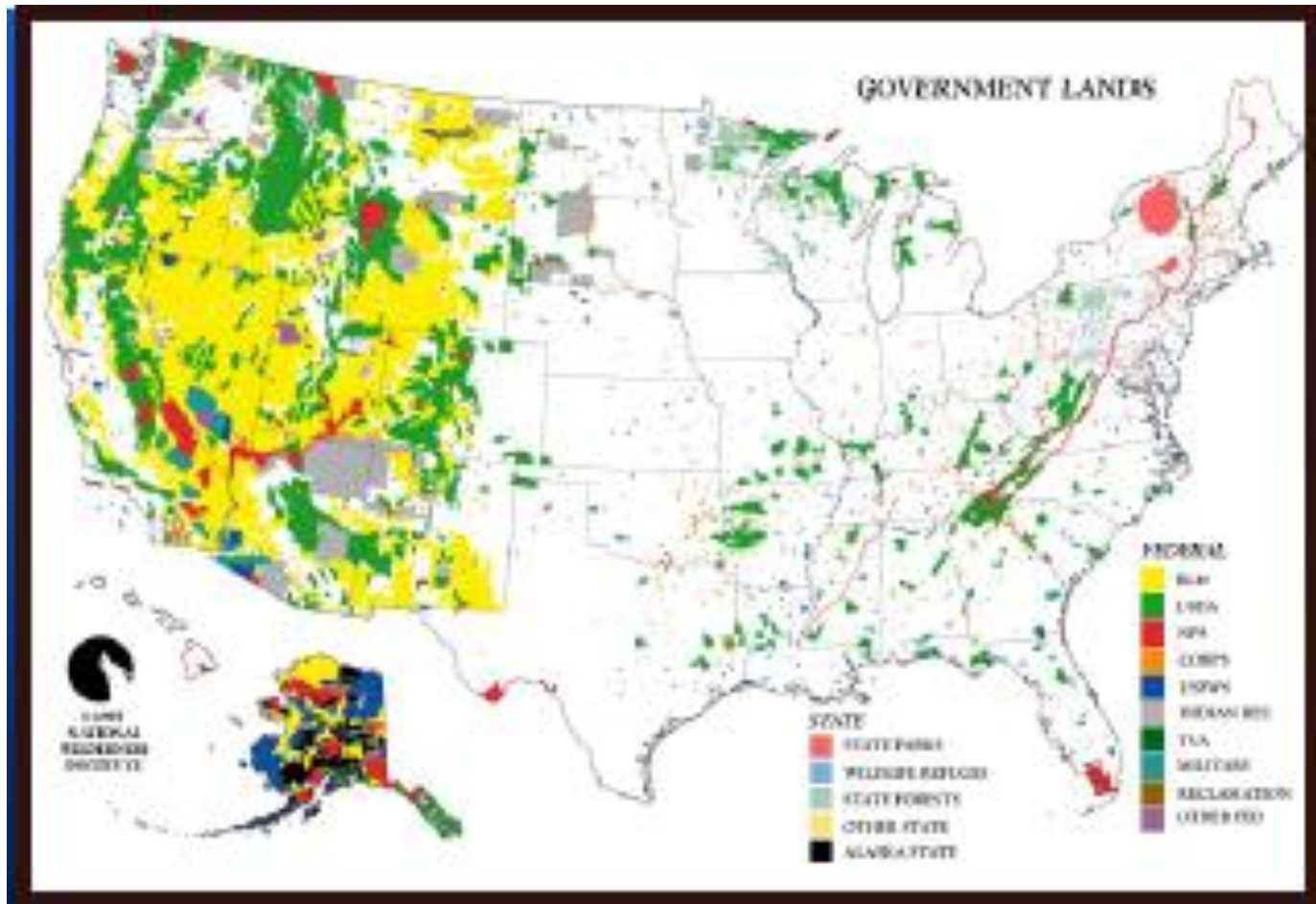
$$\frac{\text{Technical resource}}{\text{Annual consumption}} = \frac{1,450 \text{ Tcf}}{22 \text{ Tcf / yr}} = 66 \text{ years supply!}$$

“It’s not worth spoiling the last wild places.”

$$\frac{\text{Proved in one field}}{\text{Annual consumption}} = \frac{2 \text{ Tcf}}{22 \text{ Tcf / yr}} = 33 \text{ days supply!}$$

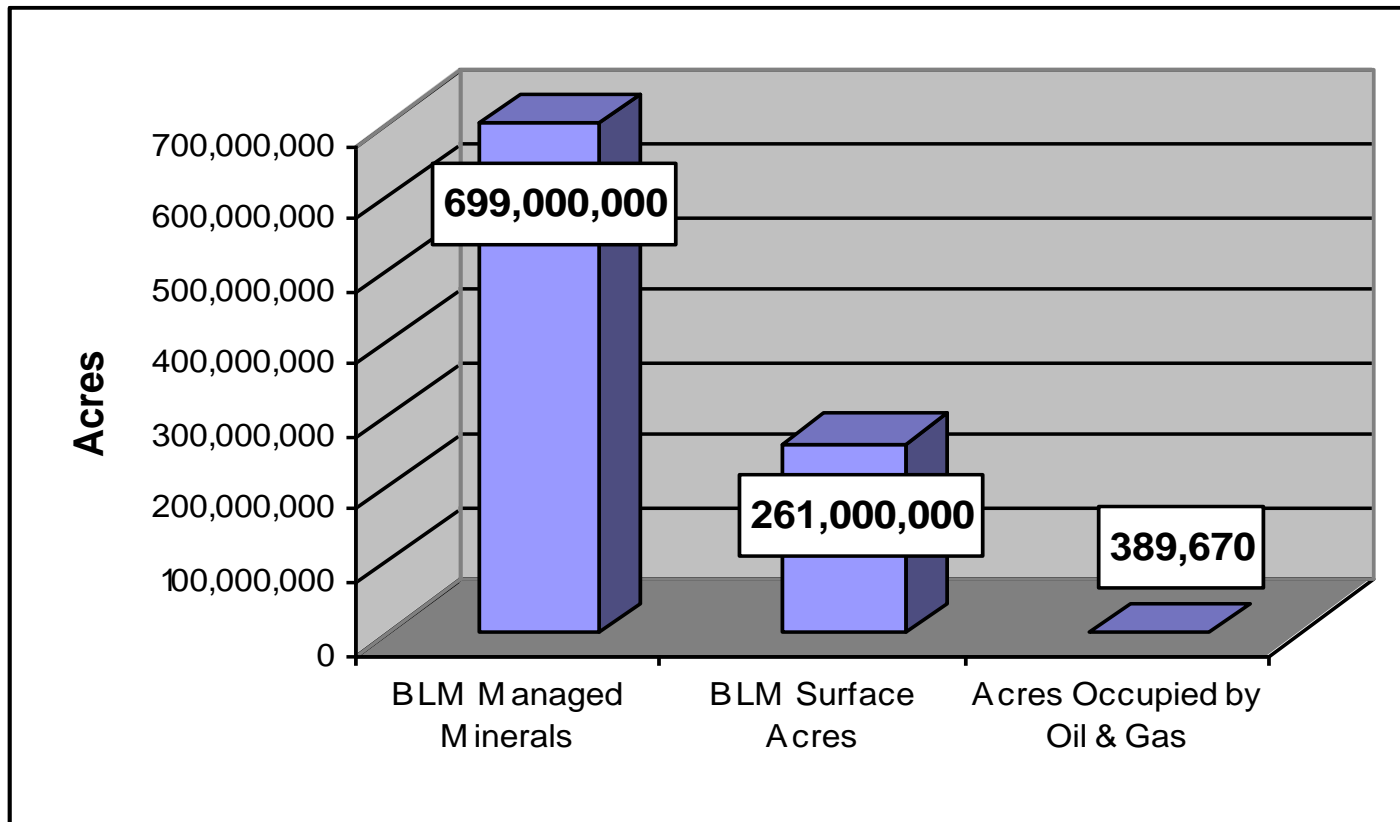
We’re engaged in an “all or nothing” battle for access to public land

Much of our Future Natural Gas Supply Must Come from Public Lands



Putting Things in Perspective: Acres Disturbed by Oil & Gas

Oil and Natural Gas Development occupies less than 1% of both the BLM-managed mineral estate and the BLM-managed surface estate



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