

# Defending Clean Energy Programs in the Era of Austerity

September 14, 2011



25x'25 Webinar

# 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**



# The Super-Committee and Renewable Energy

**John W. Jimison**  
**Managing Director**  
**Energy Future Coalition**



# 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 14<sup>th</sup> .
- JSC must report by November 23<sup>rd</sup> (including CBO score, so actual work done by 11/15).
- Congress must act by December 23<sup>rd</sup> .
- 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
- Chris Van Hollen, Maryland

### *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<sup>th</sup>.
- 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

Program	FY11	House FY12	Senate FY12
Biomass/Biorefinery systems	\$182.1M	\$150M	\$180M
Solar	\$263.5M	\$166M	\$290M
Wind	\$80M	\$76M	\$80M
Geothermal	\$38M	\$38M	\$34M
Water Power	\$30M	\$50M	\$34M
Total EE/RE	\$1.796B	\$1.3B	\$1.796B
Loan Guarantees	\$57M (+ARRA funding)	\$160M	\$200M



# PTC/ITC Tax Incentives

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

§ 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



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Protecting the Midwest's Environment and Natural Heritage

- 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](http://FarmEnergy.org) for more.





Environmental Law & Policy Center  
Protecting the Midwest's Environment and Natural Heritage

# 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.



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# 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.

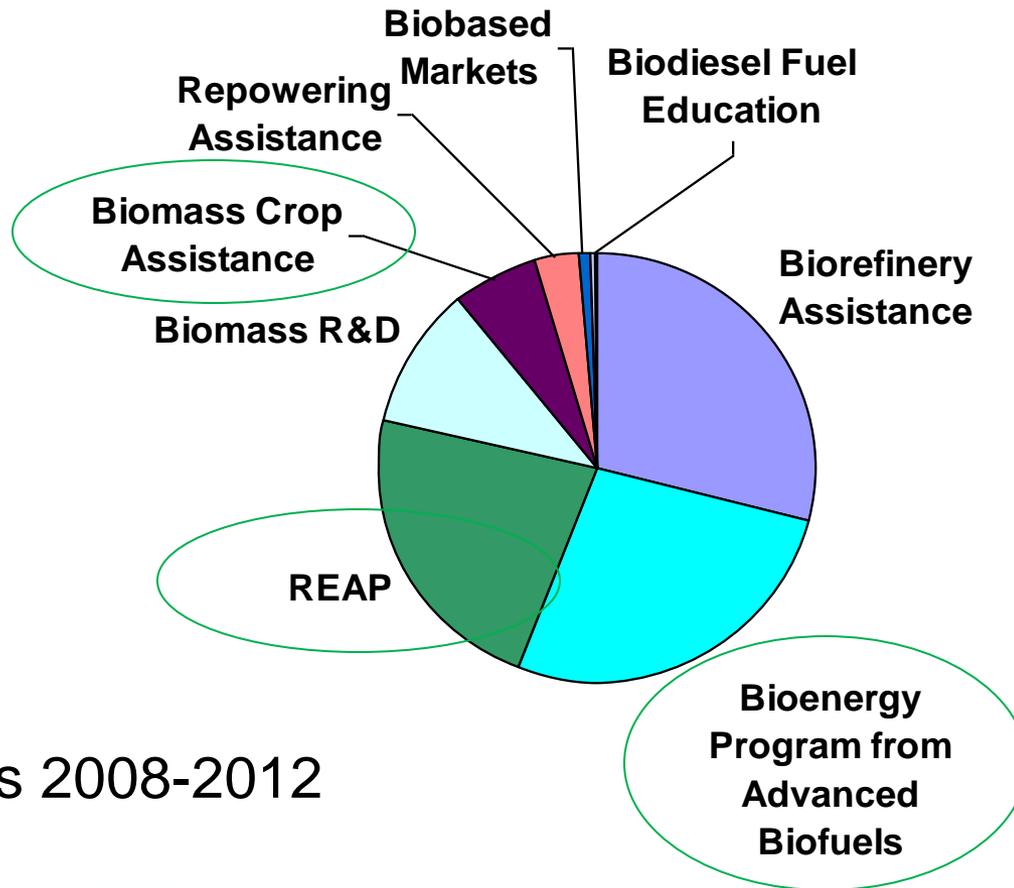


# FY2012 is a *Big* Year for Farm Bill Funding

- 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)



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- 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.**

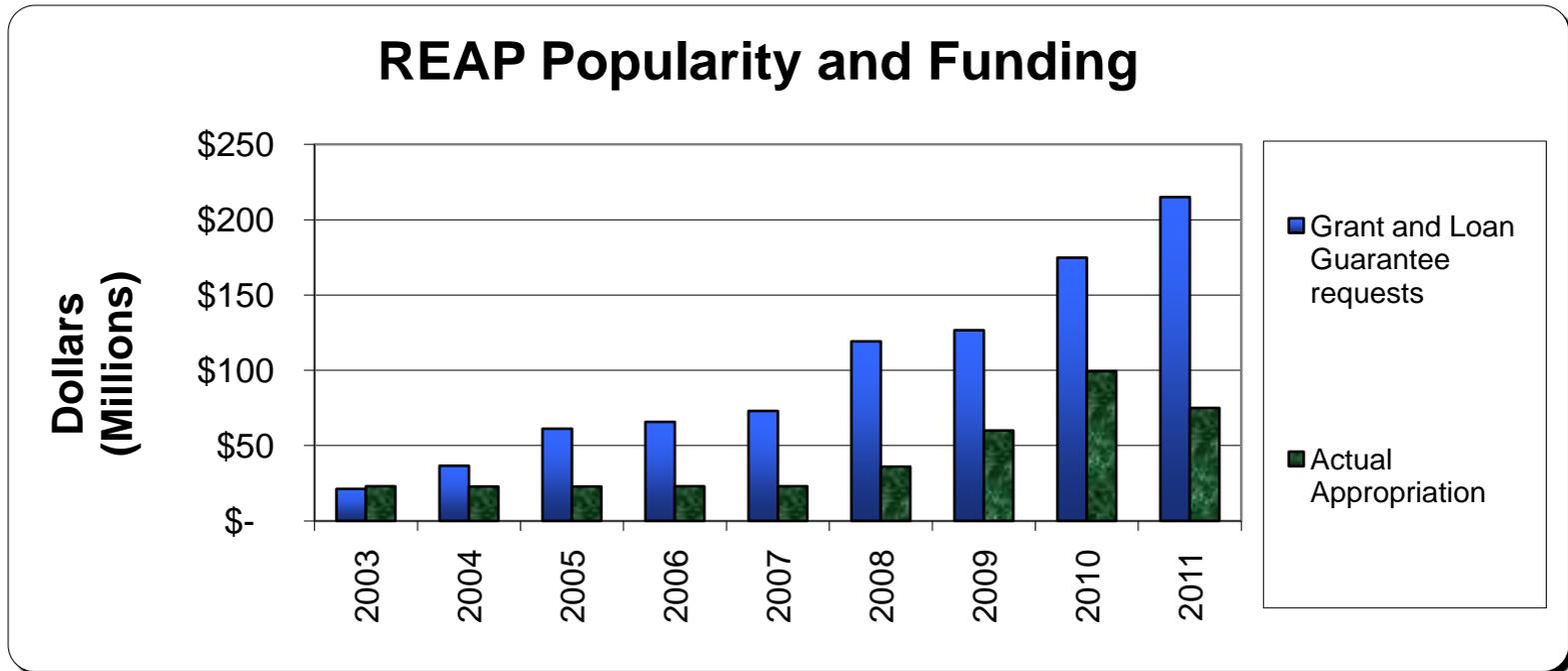
# Energy Title Appropriations: Rural Energy for America Program (REAP)



- Provides grants and loan guarantees for on-farm and rural small business renewable energy/energy efficiency systems/audits. (\$255 million)
  - **House: \$2.3 Million. Increased with two amendments led by Representatives Fortenberry-Walz and Kaptur.**
  - **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.**



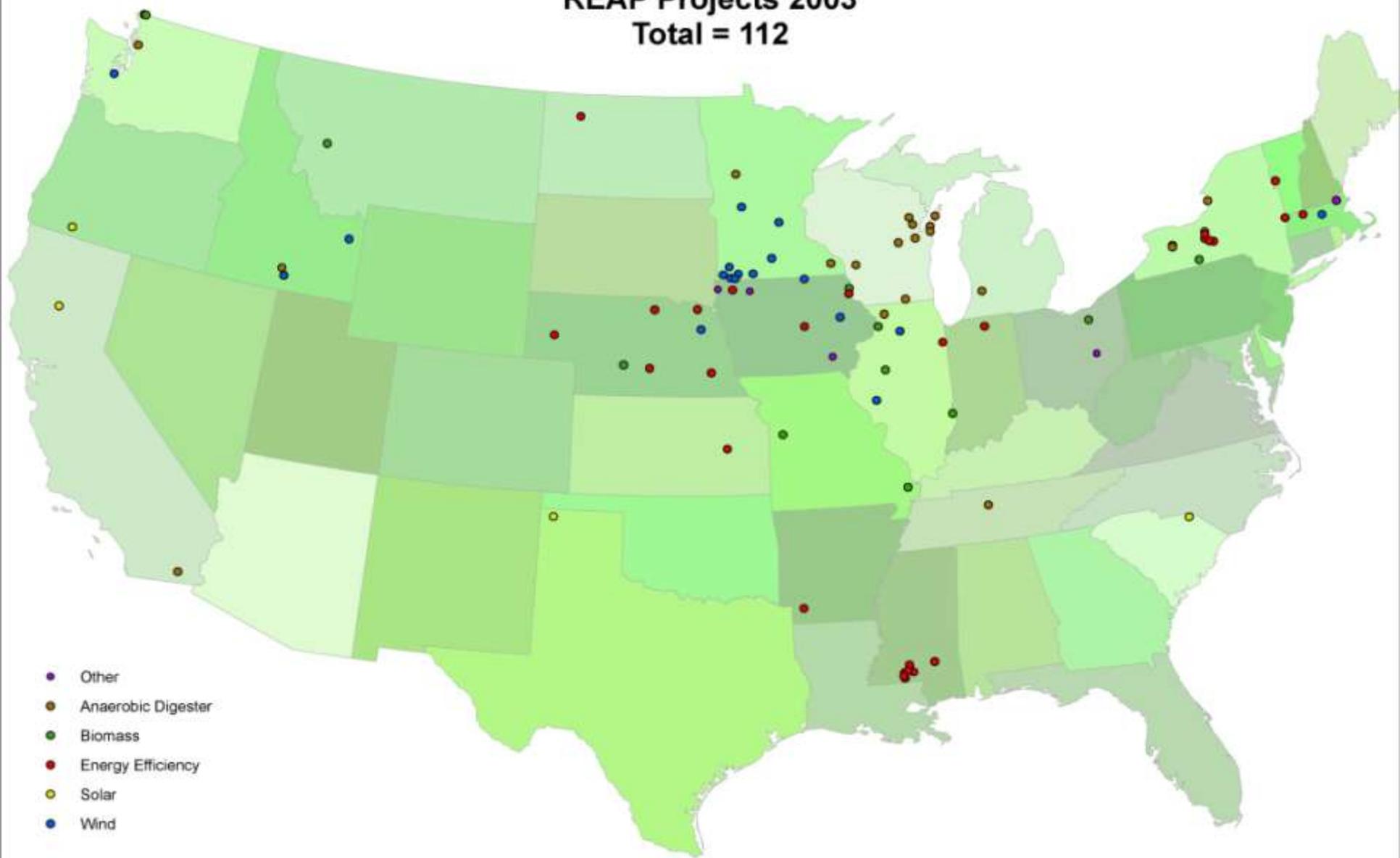
# REAP Resources Lag Demand, Opportunity



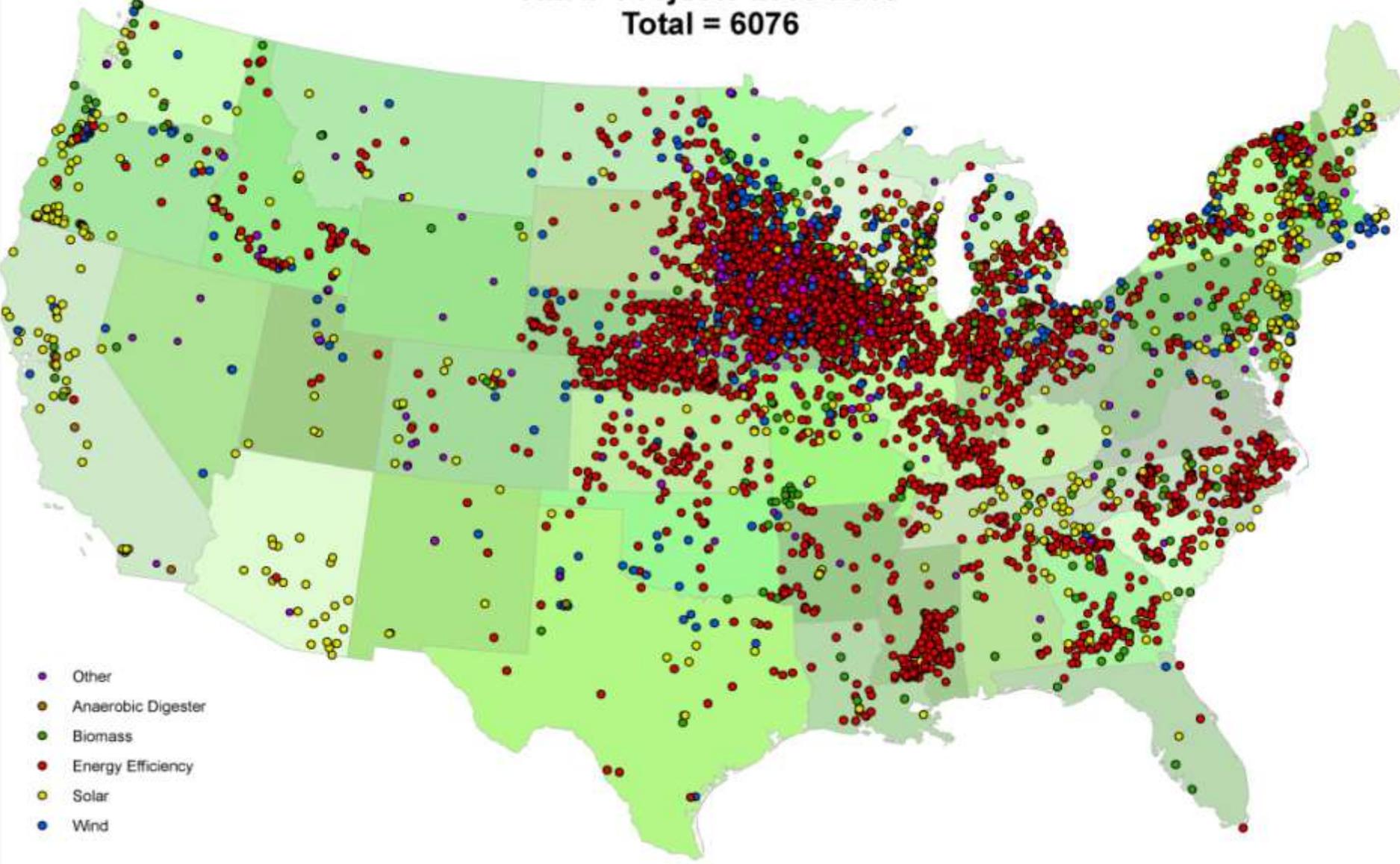
- REAP is a popular program, sparking new activity every year.
- Less funding will slow growth of new income, business opportunities and jobs.

# REAP Projects 2003

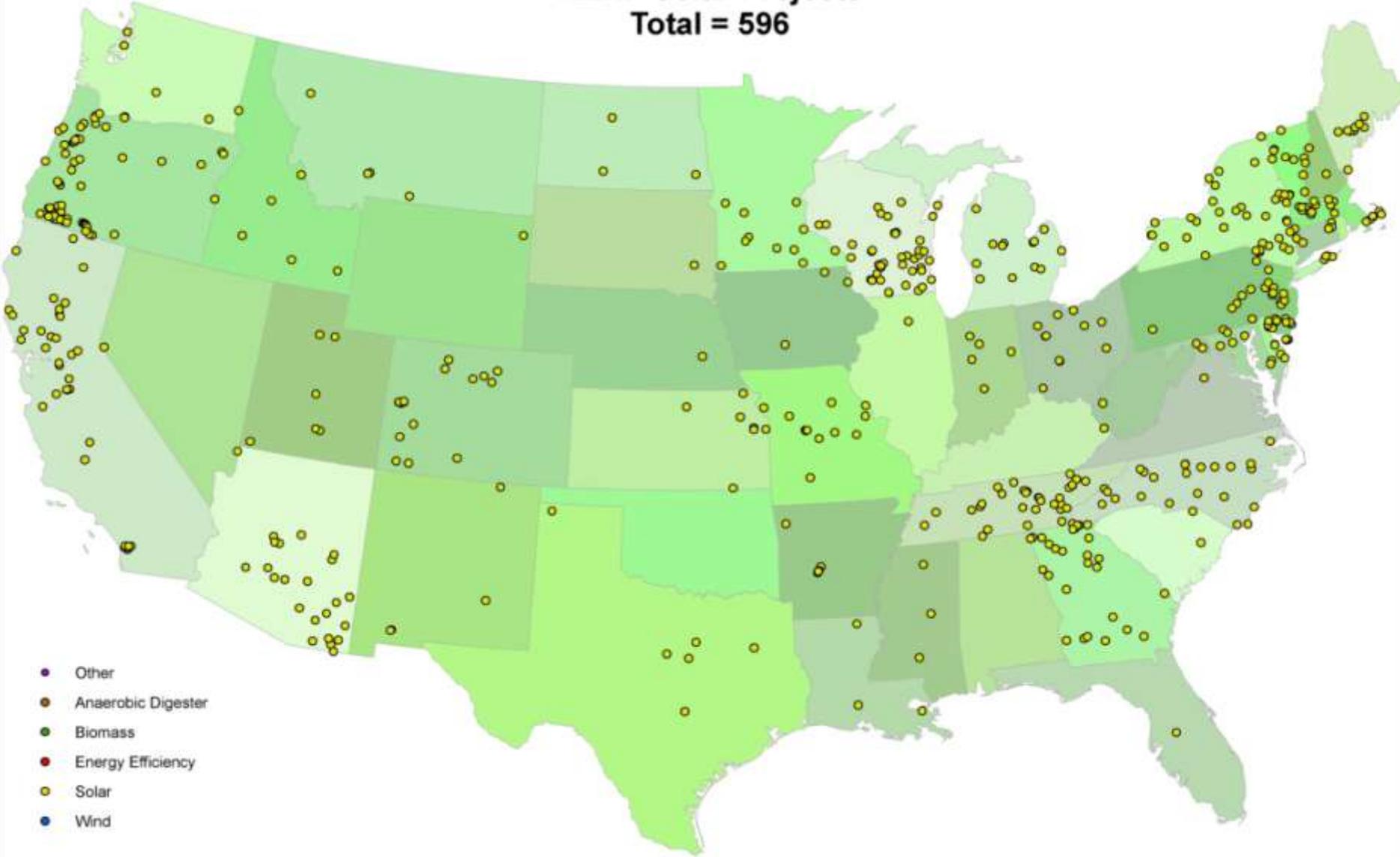
Total = 112



**REAP Projects 2003-2010**  
**Total = 6076**

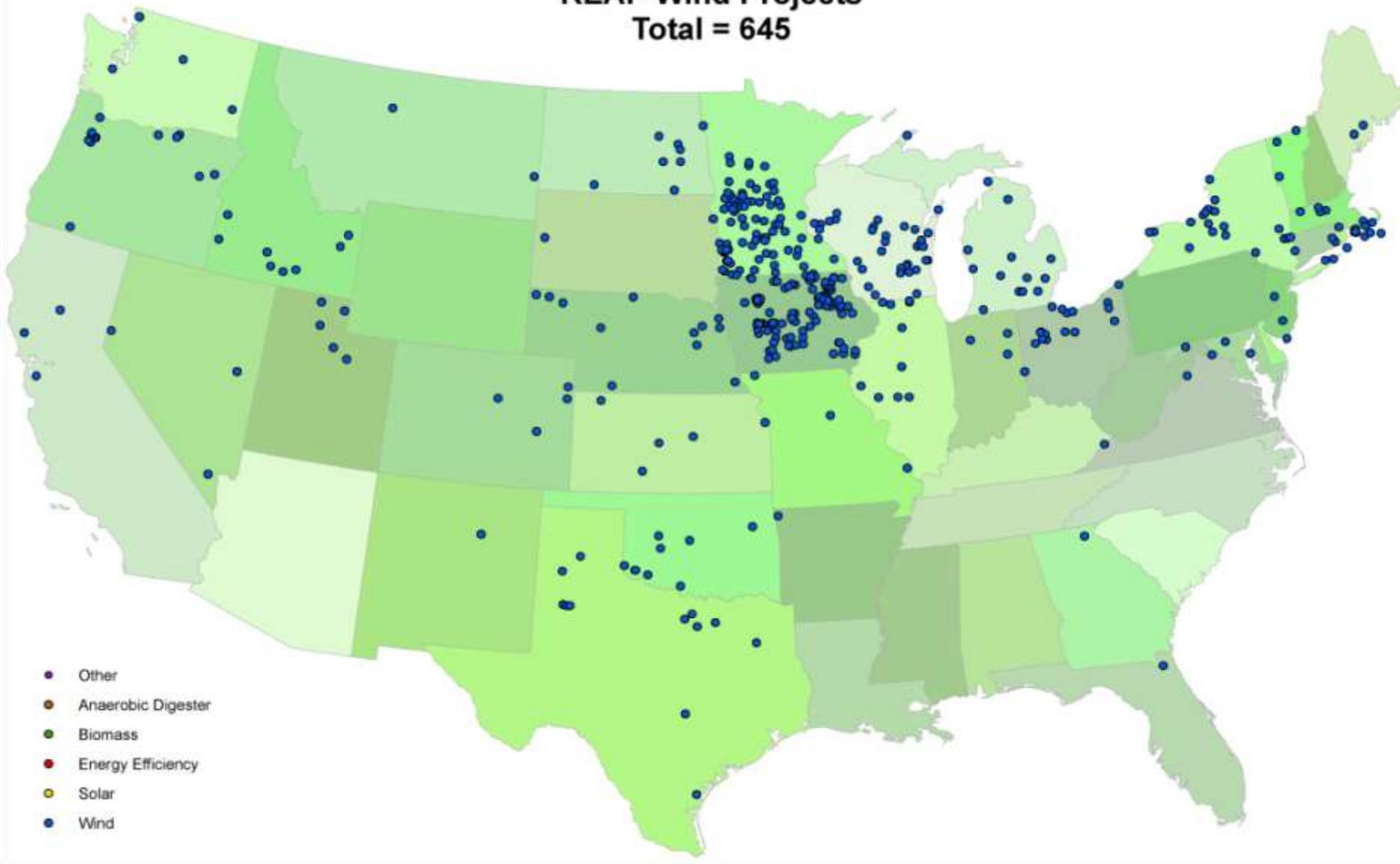


# REAP Solar Projects Total = 596



# REAP Wind Projects

Total = 645



- Other
- Anaerobic Digester
- Biomass
- Energy Efficiency
- Solar
- Wind

# 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



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- **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.**





# Senate Appropriations Agenda

**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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[FarmEnergy.org](http://FarmEnergy.org)

[ELPC.org](http://ELPC.org)



# Questions and Discussion



**Thank you!**



**[www.25x25.org](http://www.25x25.org)**

