



# Energy & 111<sup>th</sup> Congress

Michigan Agri-Energy  
Conference  
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# Energy & 111<sup>th</sup> Congress

- Overview of Congress
- Overview of the Obama Administration
- Current Legislation
- Future Legislation

## 111<sup>th</sup> Congress: Breaking it down

- **House:** (swing of 20 from “R” to “D”)
  - Republicans - 178
  - Democrats - 256
  - Vacant – Rahm Emmanuel's seat is vacant until a special election can be held.
- **Senate:** (swing of 8 from “R” to “D”)
  - Republicans - 41
  - Democrats - 56
  - Independents - 2
  - Vacant – MN Coleman & Franken election undecided

Secretary of Agriculture  
Tom Vilsack



## Secretary of Interior Ken Salazar



## EPA Administrator Lisa Jackson

- Former Chief of Staff to New Jersey Gov. Jon Corzine.
- Former Commissioner of the New Jersey Department of Environmental Protection.



## Carol Browner: Asst. to the Pres. for Energy and Climate Change

- EPA Administrator during the Clinton Administration for 8 years.
- Legislative Director for Senator Al Gore for 3 years.
- Influenced Food Quality and Protection Act



## Secretary of Energy: Steven Chu



- Prior to his appointment, Dr. Chu was director of DOE's Lawrence Berkeley National Lab, and professor of Physics and Molecular and Cell Biology at the University of California.

## Election of 2008

- High energy costs:
  - Gasoline all time record high
  - Agricultural inputs rise dramatically
- Climate Change Fever
- Economic Turmoil

## The First 100 Days

- |                               |                            |
|-------------------------------|----------------------------|
| S 1: Stimulus Package         | S7: Education              |
| S2: "Middle class tax relief" | S8: Bush Regulatory Review |
| S3: Homeowners                | S9: Immigration            |
| S4: Health Care Overhaul      | S10: Fiscal Discipline     |
| S5: Climate Change            |                            |
| S6: National Security         |                            |

## American Recovery and Reinvestment Act of 2009

### Provisions that may be of interest:

- Three-year extension of the production tax credit (PTC) for electricity derived from wind (through 2012) and for electricity derived from biomass, hydropower and other sources (through 2013).
- Clean renewable energy bonds (CREBs) for State and local governments.
- Increased tax incentive for alternative refueling (E-85) stations.

## Energy & Climate Change Legislation

- Major provisions of the 2007 Energy Bill not included in the final version.
- Dingell rough draft Cap & Trade, October 2008
- Waxman selected Chair November 2008.

## U.S. House Energy and Commerce Committee

- ...the entire nation...urgently need[s] comprehensive energy legislation that provides a pathway to private sector energy investments, energy independence, and a safe climate.
  - Letter to Pres. Obama: Friday, March 27, 2009

## Climate Change: How did we get here?

- 1988 Intergovernmental Panel on Climate Change
  - Reports 1990, 1995, 2001, 2007
- 1997 Kyoto Protocol
- 1999: Task Force on National Greenhouse Gas Inventories
- 2003: Chicago Climate Exchange
- 2007: Nobel Peace Prize
  - Intergovernmental Panel on Climate Change and Al Gore
- 2007: Massachusetts vs. US EPA
  - Clean Air Act authorizes greenhouse gas regulation
- 2008: Climate Security Act

## Climate Change: Previous Legislation

Legislation	Emission Reduction	Agricultural Impact
Global Warming Pollution Reduction Act, S. 309 Senators Boxer (D-CA) and Sanders (I-VT)	US emission reductions to 1990 levels by 2020 and 80% below 1990 by 2050	National renewable energy quotas and energy efficiency goals with credit trading programs. Ag can be 5% of solution
America's Climate Security Act of 2007, S. 2191 Lieberman (I-CT) and Warner (R-VA)	Requires 15% reductions in 2005 emissions by 2020 Requires 70% reductions in 2005 emissions by 2050	Complex cap-and-trade system may allow farmers to sell carbon credits, but may require livestock operations to report GHG emissions.
Low Carbon Economy Act of 2007, S. 1766 Bingaman (D-NM)	Reduce emissions to 2006 levels by 2020  Reduce emissions to 1990 levels by 2030	Safety valve allows for allowances (carbon credits) to be purchased at \$12 per metric ton initially.

- ## Energy Legislation 2007
- Several new energy incentives for renewable fuels.
  - Increased CAFE (mpg) standards
  - A new Ethanol Mandate
    - Ethanol 36 billion gallons
    - Second generation ethanol a major component of the 36 billion.

## Energy Legislation: Ethanol

### **Total Ethanol Production by 2022: 36 billion gallons**

- Total Ethanol from corn: 15 billion gallons
- Total Advanced: 21 billion gallons
  - Not all cellulosic???
- Total ethanol use in 2009 11.1 billion gallons (minimum)
- Blend rate increase? Request up to 15%

## Energy and Climate Change Legislation in 2009

- Copenhagen in December 2009
- Energy legislation in early 2009.
- Climate Change legislation in late '09 or early '10.
- Why not combine them?

## Energy & Climate Change Legislation 2009

- U.S. House of Representatives has scheduled to mark legislation by Memorial Day.
- The Senate would debate the legislation during the summer, before Labor Day.

## Energy & Climate Change Legislation 2009

### Energy Title

- Renewable Portfolio Standard
  - 15% electrical production from renewable energy
  - At least 10% from actual renewable, 5% from efficiencies.
- Research
- Incentives: Tax credits and Grants
- Yet to be determined?

## Energy & Climate Change Legislation 2009

**Wall Street Journal: March 24, 2009**

- Energy Secretary Steven Chu on Tuesday advocated adjusting trade duties as a "weapon" to protect U.S. manufacturing, just a day after one of China's top climate envoys warned of a trade war if developed countries impose tariffs on carbon-intensive imports.
- Mr. Chu, speaking before a House science panel, said establishing a carbon tariff would help "level the playing field"

## The CAP in cap and trade?

EPA Reporting Proposal

- On Tuesday, March 10, the Environmental Protection Agency (EPA) proposed a rule that would require facilities that emit more than 25,000 tons of greenhouse gas equivalents per year to report emissions annually.
- For agriculture, the only facilities required to report are manure management systems that emit more than 25,000 tons of carbon equivalents per year. The emissions from farm vehicles or other mobile sources are covered. The proposed rule would also cover any stationary combustion source that emits more than 25,000 tons per year.

## EPA Reporting Requirements

- The proposal would require EPA to begin collecting data on January 1, 2010, with the first report due on March 31, 2011.
- The proposed rule and more information on it can be found at <http://www.epa.gov/climatechange/emissions/ghgrulemaking.html>.

## USDA & Carbon Credits

### Office of Ecosystems Management

- “Assist the Secretary of Agriculture in the development of new technical guidelines and science-based methods to assess environmental service benefits which will in turn promote markets for ecosystem services including carbon trading to mitigate climate change.”

## USDA & Carbon Credits

### Office of Ecosystems Management

- Director: Sally Collins
- The office will attempt to put a value on the “good” things farmers do.
- The role of agriculture in Cap & Trade?

## Energy and Climate Change Legislation 2009

- What does agriculture need to watch?
- Energy:
  - Ethanol Changes
  - Incentives (energy efficiency grants/tax credits)
  - Methane Digesters, Wind mills, etc
- Climate Change:
  - Cap – who needs to report? Will Reductions be required?
  - Trade – Opportunities for agriculture?