

New Energy Law Includes Block Grant Program

by Carolyn Berndt

On Dec. 19, President Bush signed into law a historic comprehensive energy bill aimed at moving the United States toward greater energy independence and security. The Energy Independence and Security Act (H.R. 6) passed the Senate on Dec. 13 and passed the House on Dec. 18.

Among the provisions important to cities and towns is a new \$10 billion Energy Efficiency and Conservation Block Grant program. Modeled after the Community Development Block Grant program, the Energy Efficiency and Conservation Block Grant program would provide grants to cities, counties and

states for innovative practices to achieve greater energy efficiency and lower energy usage.

These grants would fund local initiatives, including building and home energy conservation programs, energy audits, fuel conservation programs, building retrofits to increase energy efficiency, "smart growth" planning and zoning, and alternative energy programs.

As outlined in the bill, cities with a population of at least 35,000 or one of the 10 most populous cities in the state would be eligible for the block grant. H.R. 6 authorizes appropriation of \$2 billion for each fiscal year 2008 through 2012. Of the appropriated amount, 68 percent would be designated for local governments

(cities and counties), 28 percent for states, 2 percent for Indian tribes and 2 percent for competitive grants to local governments that were not eligible based on population or to a consortia of local governments.

House Speaker Nancy Pelosi (D-Calif.), who made energy policy a priority of her "New Direction Congress," said the measure was "ground-breaking in terms of what it will do in savings to the consumer, protecting the environment and providing a new direction."

Bowing to opposition from the White House and some Republicans, Senate leaders stripped the energy bill of a \$21.8 billion package of tax incentives to encourage development of

alternative energy sources, a mandate that utilities produce 15 percent of their electricity from alternative sources by 2020 and a Davis-Bacon wage requirement. President Bush had threatened to veto the bill over these provisions.

Senate Majority Leader Harry Reid (D-Nev.) indicated that the tax package and renewable electricity mandate would be revisited next session.

The tax package fell one vote short of the necessary 60 votes needed to keep the provision in the bill. Congress will face some urgency in considering the package again, as many of the tax incentives for solar, wind and other renewable energy projects will soon expire under the

Energy Policy Act of 2005.

The bill, which caps the Democratic-controlled Congress's yearlong effort to pass energy legislation in the face of rising oil and gas prices, would require cars, light trucks and SUVs sold in the United States to achieve a fleetwide average of at least 35 miles per gallon by 2020, an increase from the current levels of 27.5 mpg for cars and 22.2 mpg for light trucks and sport utility vehicles. Congress has not increased the Corporate Average Fuel Economy, or CAFE, standard since 1975.

That provision, along with language requiring 36 billion gallons of ethanol and other biofuels to be blended with gasoline by 2022, enjoyed bipartisan support.