

The Following are Major Provisions of the Bill:

Clean Energy Provisions

Renewable Electricity Standard. The American Clean Energy and Security Act (ACES) requires retail electric suppliers to meet a growing percentage of their load with electricity generated from renewable resources and electricity savings. The combined renewable electricity and electricity savings requirement begins at 6% in 2012 and gradually rises to 20% in 2020.

Investments in Clean Energy. EPA has estimated that the average allowance price in 2005 dollars will be \$16 to \$21 through 2025. At these allowance prices, ACES invests over \$190 billion through 2025 in clean energy and energy efficiency programs, including: \$90 billion in state programs to promote renewable energy and energy efficiency; \$60 billion in carbon capture and sequestration technologies; \$20 billion in electric and other advanced technology vehicles; and \$20 billion in basic research and development into clean energy and energy efficiency. The investments in carbon capture and sequestration include \$10 billion generated through a small “wires charge” on electricity generated through fossil fuels.

Supporting Private Investment in Clean Energy. ACES establishes a self-sustaining Clean Energy Deployment Administration to support private investments in clean energy technologies.

Modernizing the Electricity Grid. ACES includes provisions to promote deployment of smart grid technology and enhanced transmission planning.

Energy Efficiency Provisions

Building Standards. ACES establishes new standards for building efficiency, requiring new buildings to be 30% more efficient in 2012 and 50% more efficient in 2016. States are offered allowances that they can sell to support adoption and enforcement of the new standards.

Appliance Standards. ACES mandates new efficiency standards for lighting products, commercial furnaces, and other appliances.

Vehicle Standards. The ACES discussion draft included provisions to harmonize federal fuel economy standards with EPA carbon emission standards and California’s standards for light-duty vehicles.

Global Warming Provisions

Capping Carbon Emissions from Large Sources. Starting in 2012, ACES establishes annual tonnage limits on emissions of carbon and other global warming pollutants from large U.S. sources like electric utilities and oil refiners. Under these limits, carbon pollution from large sources must be reduced by 17% below 2005 levels by 2020 and 83% below 2005 levels by 2050.

Preventing Tropical Deforestation. ACES directs EPA and the State Department to use 5% of the allowances to secure agreements from developing nations to prevent tropical deforestation. This program will reduce U.S. carbon emissions by an additional 10 percentage points below 2005 levels by 2020.

Emission Offsets. ACES contains multiple provisions to ensure the integrity of offsets, including review by an independent scientific panel. Offsets may not be obtained from sources in a foreign nation until the United States has entered into an agreement with the originating nation establishing the terms of the offset program.

Cost-Containment Measures. ACES contains numerous cost-containment measures recommended by an industry-environmental coalition called the U.S. Climate Action Partnership (USCAP). These include unlimited banking, a two-year compliance period (which allows borrowing one year in advance), and a strategic reserve of allowances that are available for auction if allowance prices exceed 160% of their three-year average. In addition, ACES establishes a minimum floor price for auctioned allowances of \$10 (in 2009 dollars) to provide stability and investment certainty.

Allocations Provisions and Protections

Protection of Consumers. ACES establishes five programs to protect consumers from energy price increases: one for electricity price increases; one for natural gas price increases; one for heating oil price increases; one to protect low- and moderate-income families; and one to provide tax dividends to consumers. The Center for Budget and Policy Priorities estimates that these provisions will fully protect the bottom quintile of families and part of the next quintile from any direct or indirect energy price increases. In combination, these programs substantially reduce the impact of ACES on American consumers. EPA estimated that the global warming provisions in the ACES discussion draft would cost the average household \$98 to \$140 per year, less than a postage stamp per day.

Investments in Clean Energy and Energy Efficiency. States will receive 10% of allowances from 2012 through 2015; 7% of allowances in 2016 and 2017; 6% of allowances from 2018 through 2021; and 5% of allowances thereafter for investments in renewable energy and energy efficiency. Two percent of allowances from 2014 through 2017 and 5% of allowances thereafter will be available to electric utilities to cover the costs of installing and operating carbon capture and sequestration technologies. Three percent of allowances from 2012 through 2017 and 1% of allowances from 2018 through 2025 will be available for investments in electric vehicles and other advanced automobile technology and deployment. One-and-a-half percent of allowances in each year will be allocated to support research and development in advanced clean energy and energy efficiency technologies.

Protection of Trade-Vulnerable and Other Industries. Energy-intensive, trade-exposed industries that make products like iron, steel, cement, and paper will receive allowances to cover their increased costs.

Preventing Tropical Deforestation and International Adaptation. From 2012 through 2025, 5% of allowances will be allocated to prevent tropical deforestation and build capacity to generate international deforestation offsets. From 2012 through 2021, 2% of allowances will be allocated for international adaptation and clean technology transfer.

Worker Assistance and Job Training. From 2012 through 2021, 0.5% of allowances will be allocated for worker assistance and job training. This amount will increase to 1% thereafter.