

109TH CONGRESS  
2D SESSION

# S. 2747

To enhance energy efficiency and conserve oil and natural gas, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 4, 2006

Mr. BINGAMAN (for himself, Mr. BAYH, Mr. COLEMAN, Mr. LIEBERMAN, Mr. CHAFEE, Ms. CANTWELL, Ms. COLLINS, Mr. SALAZAR, Mr. KERRY, Mrs. CLINTON, and Mr. NELSON of Florida) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To enhance energy efficiency and conserve oil and natural gas, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Enhanced Energy Security Act of 2006”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.  
Sec. 2. Definition of Secretary.

TITLE I—NATIONAL OIL SAVINGS PLAN AND REQUIREMENTS

- Sec. 101. Oil savings target and action plan.
- Sec. 102. Standards and requirements.
- Sec. 103. Initial evaluation.
- Sec. 104. Review and update of action plan.
- Sec. 105. Baseline and analysis requirements.

#### TITLE II—FEDERAL PROGRAMS FOR THE CONSERVATION OF OIL

- Sec. 201. Federal fleet conservation requirements.
- Sec. 202. Assistance for State programs to retire fuel-inefficient motor vehicles.
- Sec. 203. Assistance to States to reduce school bus idling.
- Sec. 204. Near-term vehicle technology program.
- Sec. 205. Lightweight materials research and development.
- Sec. 206. Loan guarantees for fuel-efficient automobile manufacturer and suppliers.
- Sec. 207. Funding for alternative infrastructure for the distribution of transportation fuels.
- Sec. 208. Deployment of new technologies to reduce oil use in transportation.
- Sec. 209. Production incentives for cellulosic biofuels.

#### TITLE III—FEDERAL PROGRAMS FOR THE CONSERVATION OF NATURAL GAS

- Sec. 301. Renewable portfolio standard.
- Sec. 302. Federal requirement to purchase electricity generated by renewable energy.

#### TITLE IV—GENERAL ENERGY EFFICIENCY PROGRAMS

- Sec. 401. Energy savings performance contracts.
- Sec. 402. Deployment of new technologies for high-efficiency consumer products.
- Sec. 403. National media campaign to decrease oil and natural gas consumption.
- Sec. 404. Energy efficiency resource programs.

#### TITLE V—ASSISTANCE TO ENERGY CONSUMERS

- Sec. 501. Energy emergency disaster relief loans to small business and agricultural producers.
- Sec. 502. Efficient and safe equipment replacement program for weatherization purposes.

### 1 **SEC. 2. DEFINITION OF SECRETARY.**

2       In this Act, the term “Secretary” means the Sec-  
3       retary of Energy.

1 **TITLE I—NATIONAL OIL SAVINGS**  
2 **PLAN AND REQUIREMENTS**

3 **SEC. 101. OIL SAVINGS TARGET AND ACTION PLAN.**

4 Not later than 270 days after the date of enactment  
5 of this Act, the Director of the Office of Management and  
6 Budget (referred to in this title as the “Director”) shall  
7 publish in the Federal Register an action plan consisting  
8 of—

9 (1) a list of requirements proposed or to be pro-  
10 posed pursuant to section 102 that are authorized to  
11 be issued under law in effect on the date of enact-  
12 ment of this Act, and this Act, that will be suffi-  
13 cient, when taken together, to save from the baseline  
14 determined under section 105—

15 (A) 2,500,000 barrels of oil per day on av-  
16 erage during calendar year 2016;

17 (B) 7,000,000 barrels of oil per day on av-  
18 erage during calendar year 2026; and

19 (C) 10,000,000 barrels per day on average  
20 during calendar year 2031; and

21 (2) a Federal Government-wide analysis of—

22 (A) the expected oil savings from the base-  
23 line to be accomplished by each requirement;  
24 and

1 (B) whether all such requirements, taken  
2 together, will achieve the oil savings specified in  
3 this section.

4 **SEC. 102. STANDARDS AND REQUIREMENTS.**

5 (a) IN GENERAL.—On or before the date of publica-  
6 tion of the action plan under section 101, the Secretary  
7 of Energy, the Secretary of Transportation, the Secretary  
8 of Defense, the Secretary of Agriculture, the Adminis-  
9 trator of the Environmental Protection Agency, and the  
10 head of any other agency the President determines appro-  
11 priate shall each propose, or issue a notice of intent to  
12 propose, regulations establishing each standard or other  
13 requirement listed in the action plan that is under the ju-  
14 risdiction of the respective agency using authorities de-  
15 scribed in subsection (b).

16 (b) AUTHORITIES.—The head of each agency de-  
17 scribed in subsection (a) shall use to carry out this sec-  
18 tion—

19 (1) any authority in existence on the date of en-  
20 actment of this Act (including regulations); and

21 (2) any new authority provided under this Act  
22 (including an amendment made by this Act).

23 (c) FINAL REGULATIONS.—Not later than 18 months  
24 after the date of enactment of this Act, the head of each

1 agency described in subsection (a) shall promulgate final  
2 versions of the regulations required under this section.

3 (d) AGENCY ANALYSES.—Each proposed and final  
4 regulation promulgated under this section shall—

5 (1) be designed to achieve at least the oil sav-  
6 ings resulting from the regulation under the action  
7 plan published under section 101; and

8 (2) be accompanied by an analysis by the appli-  
9 cable agency describing the manner in which the  
10 regulation will promote the achievement of the oil  
11 savings from the baseline determined under section  
12 105.

13 **SEC. 103. INITIAL EVALUATION.**

14 (a) IN GENERAL.—Not later than 2 years after the  
15 date of enactment of this Act, the Director shall publish  
16 in the Federal Register a Federal Government-wide anal-  
17 ysis of the oil savings achieved from the baseline estab-  
18 lished under section 105.

19 (b) INADEQUATE OIL SAVINGS.—If the oil savings  
20 are less than the targets established under section 101,  
21 simultaneously with the analysis required under sub-  
22 section (a)—

23 (1) the Director shall publish a revised action  
24 plan that is adequate to achieve the targets; and

1           (2) the Secretary of Energy, the Secretary of  
2           Transportation, and the Administrator shall propose  
3           new or revised regulations under subsections (a),  
4           (b), and (c), respectively, of section 102.

5           (c) FINAL REGULATIONS.—Not later than 180 days  
6           after the date on which regulations are proposed under  
7           subsection (b)(2), the Secretary of Energy, the Secretary  
8           of Transportation, and the Administrator shall promul-  
9           gate final versions of those regulations.

10 **SEC. 104. REVIEW AND UPDATE OF ACTION PLAN.**

11           (a) REVIEW.—Not later than January 1, 2011, and  
12           every 3 years thereafter, the Director shall submit to Con-  
13           gress, and publish, a report that—

14                   (1) evaluates the progress achieved in imple-  
15                   menting the oil savings targets established under  
16                   section 101;

17                   (2) analyzes the expected oil savings under the  
18                   standards and requirements established under this  
19                   Act and the amendments made by this Act; and

20                   (3)(A) analyzes the potential to achieve oil sav-  
21                   ings that are in addition to the savings required by  
22                   section 101; and

23                   (B) if the President determines that it is in the  
24                   national interest, establishes a higher oil savings tar-

1 get for calendar year 2017 or any subsequent cal-  
2 endar year.

3 (b) INADEQUATE OIL SAVINGS.—If the oil savings  
4 are less than the targets established under section 101,  
5 simultaneously with the report required under subsection  
6 (a)—

7 (1) the Director shall publish a revised action  
8 plan that is adequate to achieve the targets; and

9 (2) the Secretary of Energy, the Secretary of  
10 Transportation, and the Administrator shall propose  
11 new or revised regulations under subsections (a),  
12 (b), and (c), respectively, of section 102.

13 (c) FINAL REGULATIONS.—Not later than 180 days  
14 after the date on which regulations are proposed under  
15 subsection (b)(2), the Secretary of Energy, the Secretary  
16 of Transportation, and the Administrator shall promul-  
17 gate final versions of those regulations.

18 **SEC. 105. BASELINE AND ANALYSIS REQUIREMENTS.**

19 In performing the analyses and promulgating pro-  
20 posed or final regulations to establish standards and other  
21 requirements necessary to achieve the oil savings required  
22 by this title, the Secretary of Energy, the Secretary of  
23 Transportation, the Secretary of Defense, the Secretary  
24 of Agriculture, the Administrator of the Environmental

1 Protection Agency, and the head of any other agency the  
2 President determines to be appropriate shall—

3 (1) determine oil savings as the projected re-  
4 duction in oil consumption from the baseline estab-  
5 lished by the reference case contained in the report  
6 of the Energy Information Administration entitled  
7 “Annual Energy Outlook 2005”;

8 (2) determine the oil savings projections re-  
9 quired on an annual basis for each of calendar years  
10 2009 through 2026; and

11 (3) account for any overlap among the stand-  
12 ards and other requirements to ensure that the pro-  
13 jected oil savings from all the promulgated stand-  
14 ards and requirements, taken together, are as accu-  
15 rate as practicable.

16 **TITLE II—FEDERAL PROGRAMS**  
17 **FOR THE CONSERVATION OF OIL**

18 **SEC. 201. FEDERAL FLEET CONSERVATION REQUIRE-**  
19 **MENTS.**

20 (a) IN GENERAL.—Part J of title IV of the Energy  
21 Policy and Conservation Act (42 U.S.C. 6374 et seq.) is  
22 amended by adding at the end the following:

1 **“SEC. 400FF. FEDERAL FLEET CONSERVATION REQUIRE-**  
2 **MENTS.**

3 “(a) MANDATORY REDUCTION IN PETROLEUM CON-  
4 SUMPTION.—

5 “(1) IN GENERAL.—The Secretary shall issue  
6 regulations for Federal fleets subject to section  
7 400AA requiring that not later than October 1,  
8 2009, each Federal agency achieve at least a 20 per-  
9 cent reduction in petroleum consumption, as cal-  
10 culated from the baseline established by the Sec-  
11 retary for fiscal year 1999.

12 “(2) PLAN.—

13 “(A) REQUIREMENT.—The regulations  
14 shall require each Federal agency to develop a  
15 plan to meet the required petroleum reduction  
16 level.

17 “(B) MEASURES.—The plan may allow an  
18 agency to meet the required petroleum reduc-  
19 tion level through—

20 “(i) the use of alternative fuels;

21 “(ii) the acquisition of vehicles with  
22 higher fuel economy, including hybrid vehi-  
23 cles;

24 “(iii) the substitution of cars for light  
25 trucks;

1                   “(iv) an increase in vehicle load fac-  
2                   tors;

3                   “(v) a decrease in vehicle miles trav-  
4                   eled;

5                   “(vi) a decrease in fleet size; and

6                   “(vii) other measures.

7                   “(C) REPLACEMENT TIRES.—The regula-  
8                   tions shall include a requirement that each Fed-  
9                   eral agency purchase energy-efficient replace-  
10                  ment tires for the respective fleet vehicles of the  
11                  agency.

12                  “(b) FEDERAL EMPLOYEE INCENTIVE PROGRAMS  
13                  FOR REDUCING PETROLEUM CONSUMPTION.—

14                  “(1) IN GENERAL.—Each Federal agency shall  
15                  actively promote incentive programs that encourage  
16                  Federal employees and contractors to reduce petro-  
17                  leum through the use of practices such as—

18                         “(A) telecommuting;

19                         “(B) public transit;

20                         “(C) carpooling; and

21                         “(D) bicycling.

22                  “(2) MONITORING AND SUPPORT FOR INCEN-  
23                  TIVE PROGRAMS.—The Administrator of the General  
24                  Services Administration, the Director of the Office  
25                  of Personnel Management, and the Secretary of the

1 Department of Energy shall monitor and provide ap-  
 2 propriate support to agency programs described in  
 3 paragraph (1).”.

4 (b) TABLE OF CONTENTS AMENDMENT.—The table  
 5 of contents of the Energy Policy and Conservation Act (42  
 6 U.S.C. prec. 6201) is amended by adding at the end of  
 7 the items relating to part J of title III the following:

“Sec. 400FF. Federal fleet conservation requirements.”.

8 **SEC. 202. ASSISTANCE FOR STATE PROGRAMS TO RETIRE**  
 9 **FUEL-INEFFICIENT MOTOR VEHICLES.**

10 (a) DEFINITIONS.—In this section:

11 (1) FUEL-EFFICIENT AUTOMOBILE.—The term  
 12 “fuel-efficient automobile” means a passenger auto-  
 13 mobile or a light-duty truck that has a fuel economy  
 14 rating that is 40 percent greater than the average  
 15 fuel economy standard prescribed pursuant to sec-  
 16 tion 32902 of title 49, United States Code, or other  
 17 law, applicable to the passenger automobile or light-  
 18 duty truck.

19 (2) FUEL-INEFFICIENT AUTOMOBILES.—The  
 20 term “fuel-inefficient automobile” means a pas-  
 21 senger automobile or a light-duty truck manufac-  
 22 tured in a model year more than 15 years before the  
 23 fiscal year in which appropriations are made under  
 24 subsection (f) that, at the time of manufacture, had

1 a fuel economy rating that was equal to or less than  
2 20 miles per gallon.

3 (3) LIGHT-DUTY TRUCK.—

4 (A) IN GENERAL.—The term “light-duty  
5 truck” means an automobile that is not a pas-  
6 senger automobile.

7 (B) INCLUSIONS.—The term “light-duty  
8 truck” includes a pickup truck, a van, or a  
9 four-wheel-drive general utility vehicle, as those  
10 terms are defined in section 600.002–85 of title  
11 40, Code of Federal Regulations.

12 (4) STATE.—The term “State” means any of  
13 the several States and the District of Columbia.

14 (b) ESTABLISHMENT.—The Secretary shall establish  
15 a program, to be known as the “National Motor Vehicle  
16 Efficiency Improvement Program,” under which the Sec-  
17 retary shall provide grants to States to operate voluntary  
18 programs to offer owners of fuel inefficient automobiles  
19 financial incentives to replace the automobiles with fuel  
20 efficient automobiles.

21 (c) ELIGIBILITY CRITERIA.—The Secretary shall ap-  
22 prove a State plan and provide the funds made available  
23 under subsection (f), if the State plan—

24 (1) except as provided in paragraph (8), re-  
25 quires that all passenger automobiles and light-duty

1 trucks turned in be scrapped, after allowing a period  
2 of time for the recovery of spare parts;

3 (2) requires that all passenger automobiles and  
4 light-duty trucks turned in be registered in the State  
5 in order to be eligible;

6 (3) requires that all passenger automobiles and  
7 light-duty trucks turned in be operational at the  
8 time that the passenger automobiles and light-duty  
9 trucks are turned in;

10 (4) restricts automobile owners (except not-for-  
11 profit organizations) from turning in more than 1  
12 passenger automobile and 1 light-duty truck during  
13 a 1-year period;

14 (5) provides an appropriate payment to the per-  
15 son recycling the scrapped passenger automobile or  
16 light-duty truck for each turned-in passenger auto-  
17 mobile or light-duty truck;

18 (6) subject to subsection (d)(2), provides a min-  
19 imum payment to the automobile owner for each  
20 passenger automobile and light-duty truck turned in;  
21 and

22 (7) provides appropriate exceptions to the  
23 scrappage requirement for vehicles that qualify as  
24 antique cars under State law.

25 (d) STATE PLAN.—

1           (1) IN GENERAL.—To be eligible to receive  
2 funds under the program, the Governor of a State  
3 shall submit to the Secretary a plan to carry out a  
4 program under this section in that State.

5           (2) ADDITIONAL STATE CREDIT.—In addition  
6 to the payment under subsection (c)(6), the State  
7 plan may provide a credit that may be redeemed by  
8 the owner of the replaced fuel-inefficient automobile  
9 at the time of purchase of the new fuel-efficient  
10 automobile.

11          (e) ALLOCATION FORMULA.—The amounts appro-  
12 priated pursuant to subsection (f) shall be allocated among  
13 the States on the basis of the number of registered motor  
14 vehicles in each State at the time that the Secretary needs  
15 to compute shares under this subsection.

16          (f) AUTHORIZATION OF APPROPRIATIONS.—There  
17 are authorized to be appropriated to the Secretary such  
18 sums as are necessary to carry out this section, to remain  
19 available until expended.

20 **SEC. 203. ASSISTANCE TO STATES TO REDUCE SCHOOL BUS**  
21 **IDLING.**

22          (a) STATEMENT OF POLICY.—Congress encourages  
23 each local educational agency (as defined in section  
24 9101(26) of the Elementary and Secondary Education Act  
25 of 1965 (20 U.S.C. 7801(26))) that receives Federal funds

1 under the Elementary and Secondary Education Act of  
2 1965 (20 U.S.C. 6301 et seq.) to develop a policy to re-  
3 duce the incidence of school bus idling at schools while  
4 picking up and unloading students.

5 (b) AUTHORIZATION OF APPROPRIATIONS.—There  
6 are authorized to be appropriated to the Secretary of En-  
7 ergy, working in coordination with the Secretary of Edu-  
8 cation, \$5,000,000 for each of fiscal years 2007 through  
9 2012 for use in educating States and local education agen-  
10 cies about—

- 11 (1) benefits of reducing school bus idling; and  
12 (2) ways in which school bus idling may be re-  
13 duced.

14 **SEC. 204. NEAR-TERM VEHICLE TECHNOLOGY PROGRAM.**

15 (a) PURPOSES.—The purposes of this section are—

16 (1) to enable and promote, in partnership with  
17 industry, comprehensive development, demonstra-  
18 tion, and commercialization of a wide range of elec-  
19 tric drive components, systems, and vehicles using  
20 diverse electric drive transportation technologies;

21 (2) to make critical public investments to help  
22 private industry, institutions of higher education,  
23 National Laboratories, and research institutions to  
24 expand innovation, industrial growth, and jobs in the  
25 United States;

1           (3) to expand the availability of the existing  
2 electric infrastructure for fueling light duty trans-  
3 portation and other on-road and nonroad vehicles  
4 that are using petroleum and are mobile sources of  
5 emissions—

6           (A) including the more than 3,000,000 re-  
7 ported units (such as electric forklifts, golf  
8 carts, and similar nonroad vehicles) in use on  
9 the date of enactment of this Act; and

10           (B) with the goal of enhancing the energy  
11 security of the United States, reduce depend-  
12 ence on imported oil, and reduce emissions  
13 through the expansion of grid supported mobil-  
14 ity;

15           (4) to accelerate the widespread commercializa-  
16 tion of all types of electric drive vehicle technology  
17 into all sizes and applications of vehicles, including  
18 commercialization of plug-in hybrid electric vehicles  
19 and plug-in hybrid fuel cell vehicles; and

20           (5) to improve the energy efficiency of and re-  
21 duce the petroleum use in transportation.

22 (b) DEFINITIONS.—In this section:

23           (1) BATTERY.—The term “battery” means an  
24 energy storage device used in an on-road or nonroad

1 vehicle powered in whole or in part using an off-  
2 board or on-board source of electricity.

3 (2) ELECTRIC DRIVE TRANSPORTATION TECH-  
4 NOLOGY.—The term “electric drive transportation  
5 technology” means—

6 (A) vehicles that use an electric motor for  
7 all or part of their motive power and that may  
8 or may not use off-board electricity, including  
9 battery electric vehicles, fuel cell vehicles, en-  
10 gine dominant hybrid electric vehicles, plug-in  
11 hybrid electric vehicles, plug-in hybrid fuel cell  
12 vehicles, and electric rail; or

13 (B) equipment relating to transportation  
14 or mobile sources of air pollution that use an  
15 electric motor to replace an internal combustion  
16 engine for all or part of the work of the equip-  
17 ment, including corded electric equipment  
18 linked to transportation or mobile sources of air  
19 pollution.

20 (3) ENGINE DOMINANT HYBRID ELECTRIC VE-  
21 HICLE.—The term “engine dominant hybrid electric  
22 vehicle” means an on-road or nonroad vehicle that—

23 (A) is propelled by an internal combustion  
24 engine or heat engine using—

25 (i) any combustible fuel;

1 (ii) an on-board, rechargeable storage  
2 device; and

3 (B) has no means of using an off-board  
4 source of electricity.

5 (4) FUEL CELL VEHICLE.—The term “fuel cell  
6 vehicle” means an on-road or nonroad vehicle that  
7 uses a fuel cell (as defined in section 3 of the Spark  
8 M. Matsunaga Hydrogen Research, Development,  
9 and Demonstration Act of 1990).

10 (5) NONROAD VEHICLE.—The term “nonroad  
11 vehicle” has the meaning given the term in section  
12 216 of the Clean Air Act (42 U.S.C. 7550).

13 (6) PLUG-IN HYBRID ELECTRIC VEHICLE.—The  
14 term “plug-in hybrid electric vehicle” means an on-  
15 road or nonroad vehicle that is propelled by an inter-  
16 nal combustion engine or heat engine using—

17 (A) any combustible fuel;

18 (B) an on-board, rechargeable storage de-  
19 vice; and

20 (C) a means of using an off-board source  
21 of electricity.

22 (7) PLUG-IN HYBRID FUEL CELL VEHICLE.—  
23 The term “plug-in hybrid fuel cell vehicle” means a  
24 fuel cell vehicle with a battery powered by an off-  
25 board source of electricity.

1 (c) PROGRAM.—The Secretary shall conduct a pro-  
2 gram of research, development, demonstration, and com-  
3 mercial application for electric drive transportation tech-  
4 nology, including—

5 (1) high capacity, high efficiency batteries;

6 (2) high efficiency on-board and off-board  
7 charging components;

8 (3) high power drive train systems for pas-  
9 senger and commercial vehicles and for nonroad  
10 equipment;

11 (4) control system development and power train  
12 development and integration for plug-in hybrid elec-  
13 tric vehicles, plug-in hybrid fuel cell vehicles, and en-  
14 gine dominant hybrid electric vehicles, including—

15 (A) development of efficient cooling sys-  
16 tems;

17 (B) analysis and development of control  
18 systems that minimize the emissions profile  
19 when clean diesel engines are part of a plug-in  
20 hybrid drive system; and

21 (C) development of different control sys-  
22 tems that optimize for different goals, includ-  
23 ing—

24 (i) battery life;

1 (ii) reduction of petroleum consump-  
2 tion; and

3 (iii) green house gas reduction;

4 (5) nanomaterial technology applied to both  
5 battery and fuel cell systems;

6 (6) large-scale demonstrations, testing, and  
7 evaluation of plug-in hybrid electric vehicles in dif-  
8 ferent applications with different batteries and con-  
9 trol systems, including—

10 (A) military applications;

11 (B) mass market passenger and light-duty  
12 truck applications;

13 (C) private fleet applications; and

14 (D) medium- and heavy-duty applications;

15 (7) a nationwide education strategy for electric  
16 drive transportation technologies providing sec-  
17 ondary and high school teaching materials and sup-  
18 port for university education focused on electric  
19 drive system and component engineering;

20 (8) development, in consultation with the Ad-  
21 ministrator of the Environmental Protection Agency,  
22 of procedures for testing and certification of criteria  
23 pollutants, fuel economy, and petroleum use for  
24 light-, medium-, and heavy-duty vehicle applications,  
25 including consideration of—

1 (A) the vehicle and fuel as a system, not  
2 just an engine; and

3 (B) nightly off-board charging; and

4 (9) advancement of battery and corded electric  
5 transportation technologies in mobile source applica-  
6 tions by—

7 (A) improvement in battery, drive train,  
8 and control system technologies; and

9 (B) working with industry and the Admin-  
10 istrator of the Environmental Protection Agen-  
11 cy to—

12 (i) understand and inventory markets;

13 and

14 (ii) identify and implement methods of  
15 removing barriers for existing and emerg-  
16 ing applications.

17 (d) GOALS.—The goals of the electric drive transpor-  
18 tation technology program established under subsection  
19 (c) shall be to develop, in partnership with industry and  
20 institutions of higher education, projects that focus on—

21 (1) innovative electric drive technology devel-  
22 oped in the United States;

23 (2) growth of employment in the United States  
24 in electric drive design and manufacturing;

1           (3) validation of the plug-in hybrid potential  
2 through fleet demonstrations; and

3           (4) acceleration of fuel cell commercialization  
4 through comprehensive development and commer-  
5 cialization of the electric drive technology systems  
6 that are the foundational technology of the fuel cell  
7 vehicle system.

8           (e) AUTHORIZATION OF APPROPRIATIONS.—There is  
9 authorized to be appropriated to carry out this section  
10 \$300,000,000 for each of fiscal years 2007 through 2012.

11 **SEC. 205. LIGHTWEIGHT MATERIALS RESEARCH AND DE-**  
12 **VELOPMENT.**

13           (a) IN GENERAL.—As soon as practicable after the  
14 date of enactment of this Act, the Secretary shall establish  
15 a research and development program to determine ways  
16 in which—

17           (1) the weight of vehicles may be reduced to im-  
18 prove fuel efficiency without compromising pas-  
19 senger safety; and

20           (2) the cost of lightweight materials (such as  
21 steel alloys and carbon fibers) required for the con-  
22 struction of lighter-weight vehicles may be reduced.

23           (b) AUTHORIZATION OF APPROPRIATIONS.—There is  
24 authorized to be appropriated to carry out this section  
25 \$60,000,000 for each of fiscal years 2007 through 2012.

1 **SEC. 206. LOAN GUARANTEES FOR FUEL-EFFICIENT AUTO-**  
2 **MOBILE MANUFACTURER AND SUPPLIERS.**

3 (a) IN GENERAL.—Section 712(a) of the Energy Pol-  
4 icy Act of 2005 (42 U.S.C. 16062(a)) is amended in the  
5 second sentence by striking “grants to automobile manu-  
6 facturers” and inserting “grants and loan guarantees  
7 under section 1703 to automobile manufacturers and sup-  
8 pliers”.

9 (b) CONFORMING AMENDMENT.—Section 1703(b) of  
10 the Energy Policy Act of 2005 (42 U.S.C. 16513(b)) is  
11 amended by striking paragraph (8) and inserting the fol-  
12 lowing:

13 “(8) Production facilities for the manufacture  
14 of fuel-efficient vehicles or parts of such vehicles, in-  
15 cluding hybrid and advanced diesel vehicles.”.

16 **SEC. 207. FUNDING FOR ALTERNATIVE INFRASTRUCTURE**  
17 **FOR THE DISTRIBUTION OF TRANSPOR-**  
18 **TATION FUELS.**

19 (a) IN GENERAL.—There is established in the Treas-  
20 ury of the United States a trust fund, to be known as  
21 the “Alternative Fueling Infrastructure Trust Fund” (re-  
22 ferred to in this section as the “Trust Fund”), consisting  
23 of such amounts as are deposited into the Trust Fund  
24 under subsection (b) and any interest earned on invest-  
25 ment of amounts in the Trust Fund.

1 (b) PENALTIES.—The Secretary of Transportation  
2 shall remit 90 percent of the amount collected in civil pen-  
3 alties under section 32912 of title 49, United States Code,  
4 to the Trust Fund.

5 (c) GRANT PROGRAM.—

6 (1) IN GENERAL.—The Secretary of Energy  
7 shall obligate such sums as are available in the  
8 Trust Fund to establish a grant program to increase  
9 the number of locations at which consumers may  
10 purchase alternative transportation fuels.

11 (2) ADMINISTRATION.—

12 (A) IN GENERAL.—The Secretary may  
13 award grants under this subsection to—

14 (i) individual fueling stations; and  
15 (ii) corporations (including nonprofit  
16 corporations) with demonstrated experience  
17 in the administration of grant funding for  
18 the purpose of alternative fueling infra-  
19 structure.

20 (B) MAXIMUM AMOUNT OF GRANTS.—A  
21 grant provided under this subsection may not  
22 exceed—

23 (i) \$150,000 for each site of an indi-  
24 vidual fueling station; and

1 (ii) \$500,000 for each corporation (in-  
2 cluding a nonprofit corporation).

3 (C) PRIORITIZATION.—The Secretary shall  
4 prioritize the provision of grants under this  
5 subsection to recognized nonprofit corporations  
6 that have proven experience and demonstrated  
7 technical expertise in the establishment of alter-  
8 native fueling infrastructure, as determined by  
9 the Secretary.

10 (D) ADMINISTRATIVE EXPENSES.—Not  
11 more than 10 percent of the funds provided in  
12 any grant may be used by the recipient of the  
13 grant to pay administrative expenses.

14 (E) NUMBER OF VEHICLES.—In providing  
15 grants under this subsection, the Secretary  
16 shall consider the number of vehicles in service  
17 capable of using a specific type of alternative  
18 fuel.

19 (F) MATCH.—Grant recipients shall pro-  
20 vide a non-Federal match of not less than \$1  
21 for every \$3 of grant funds received under this  
22 subsection.

23 (G) LOCATIONS.—Each grant recipient  
24 shall select the locations for each alternative  
25 fuel station to be constructed with grant funds

1 received under this subsection on a formal,  
2 open, and competitive basis.

3 (H) USE OF INFORMATION IN SELECTION  
4 OF RECIPIENTS.—In selecting grant recipients  
5 under this subsection, the Secretary may con-  
6 sider—

7 (i) public demand for each alternative  
8 fuel in a particular county based on State  
9 registration records indicating the number  
10 of vehicles that may be operated using al-  
11 ternative fuel; and

12 (ii) the opportunity to create or ex-  
13 pand corridors of alternative fuel stations  
14 along interstates or highways.

15 (3) USE OF GRANT FUNDS.—Grant funds re-  
16 ceived under this subsection may be used to—

17 (A) construct new facilities to dispense al-  
18 ternative fuels;

19 (B) purchase equipment to upgrade, ex-  
20 pand, or otherwise improve existing alternative  
21 fuel facilities; or

22 (C) purchase equipment or pay for specific  
23 turnkey fueling services by alternative fuel pro-  
24 viders.

1           (4) FACILITIES.—Facilities constructed or up-  
2           graded with grant funds under this subsection  
3           shall—

4                   (A) provide alternative fuel available to the  
5                   public for a period not less than 4 years;

6                   (B) establish a marketing plan to advance  
7                   the sale and use of alternative fuels;

8                   (C) prominently display the price of alter-  
9                   native fuel on the marquee and in the station;

10                  (D) provide point of sale materials on al-  
11                  ternative fuel;

12                  (E) clearly label the dispenser with con-  
13                  sistent materials;

14                  (F) price the alternative fuel at the same  
15                  margin that is received for unleaded gasoline;  
16                  and

17                  (G) support and use all available tax incen-  
18                  tives to reduce the cost of the alternative fuel  
19                  to the lowest practicable retail price.

20           (5) OPENING OF STATIONS.—

21                   (A) IN GENERAL.—Not later than the date  
22                   on which each alternative fuel station begins to  
23                   offer alternative fuel to the public, the grant re-  
24                   cipient that used grant funds to construct the

1 station shall notify the Secretary of the open-  
2 ing.

3 (B) WEBSITE.—The Secretary shall add  
4 each new alternative fuel station to the alter-  
5 native fuel station locator on the website of the  
6 Department of Energy when the Secretary re-  
7 ceives notification under this subsection.

8 (6) REPORTS.—Not later than 180 days after  
9 the receipt of a grant award under this subsection,  
10 and every 180 days thereafter, each grant recipient  
11 shall submit a report to the Secretary that de-  
12 scribes—

13 (A) the status of each alternative fuel sta-  
14 tion constructed with grant funds received  
15 under this subsection;

16 (B) the quantity of alternative fuel dis-  
17 pensed at each station during the preceding  
18 180-day period; and

19 (C) the average price per gallon of the al-  
20 ternative fuel sold at each station during the  
21 preceding 180-day period.

22 **SEC. 208. DEPLOYMENT OF NEW TECHNOLOGIES TO RE-**  
23 **DUCE OIL USE IN TRANSPORTATION.**

24 (a) FUEL FROM CELLULOSIC BIOMASS.—

1           (1) IN GENERAL.—The Secretary shall provide  
2 deployment incentives under this subsection to en-  
3 courage a variety of projects to produce transpor-  
4 tation fuel from cellulosic biomass, relying on dif-  
5 ferent feedstocks in different regions of the United  
6 States.

7           (2) PROJECT ELIGIBILITY.—Incentives under  
8 this subsection shall be provided on a competitive  
9 basis to projects that produce fuel that—

10                   (A) meet United States fuel and emission  
11 specifications;

12                   (B) help diversify domestic transportation  
13 energy supplies; and

14                   (C) improve or maintain air, water, soil,  
15 and habitat quality.

16           (3) INCENTIVES.—Incentives under this sub-  
17 section may consist of—

18                   (A) loan guarantees under section 1510 of  
19 the Energy Policy Act of 2005 (42 U.S.C.  
20 16501), subject to section 1702 of that Act (22  
21 U.S.C. 16512), for the construction of produc-  
22 tion facilities and supporting infrastructure; or

23                   (B) production payments through a reverse  
24 auction in accordance with paragraph (4).

25           (4) REVERSE AUCTION.—

1 (A) IN GENERAL.—In providing incentives  
2 under this subsection, the Secretary shall—

3 (i) issue regulations under which pro-  
4 ducers of fuel from cellulosic biomass may  
5 bid for production payments under para-  
6 graph (3)(B); and

7 (ii) solicit bids from producers of dif-  
8 ferent classes of transportation fuel, as the  
9 Secretary determines to be appropriate.

10 (B) REQUIREMENT.—The rules under sub-  
11 paragraph (A) shall require that incentives be  
12 provided to the producers that submit the low-  
13 est bid (in terms of cents per gallon) for each  
14 class of transportation fuel from which the Sec-  
15 retary solicits a bid.

16 (b) ADVANCED TECHNOLOGY VEHICLES MANUFAC-  
17 TURING INCENTIVE PROGRAM.—

18 (1) DEFINITIONS.—In this subsection:

19 (A) ADJUSTED FUEL ECONOMY.—The  
20 term “adjusted fuel economy” means the aver-  
21 age fuel economy of a manufacturer for all light  
22 duty motor vehicles produced by the manufac-  
23 turer, adjusted such that the fuel economy of  
24 each vehicle that qualifies for a credit shall be  
25 considered to be equal to the average fuel econ-

1 omy for the weight class of the vehicle for  
2 model year 2002.

3 (B) ADVANCED LEAN BURN TECHNOLOGY  
4 MOTOR VEHICLE.—The term “advanced lean  
5 burn technology motor vehicle” means a pas-  
6 senger automobile or a light truck with an in-  
7 ternal combustion engine that—

8 (i) is designed to operate primarily  
9 using more air than is necessary for com-  
10 plete combustion of the fuel;

11 (ii) incorporates direct injection; and

12 (iii) achieves at least 125 percent of  
13 the city fuel economy of vehicles in the  
14 same size class as the vehicle for model  
15 year 2002.

16 (C) ADVANCED TECHNOLOGY VEHICLE.—  
17 The term “advanced technology vehicle” means  
18 a light duty motor vehicle that—

19 (i) is a hybrid motor vehicle or an ad-  
20 vanced lean burn technology motor vehicle;  
21 and

22 (ii) meets—

23 (I) the Bin 5 Tier II emission  
24 standard established in regulations  
25 issued by the Administrator of the

1 Environmental Protection Agency  
2 under section 202(i) of the Clean Air  
3 Act (42 U.S.C. 7521(i)), or a lower-  
4 numbered Bin emission standard;

5 (II) any new emission standard  
6 for fine particulate matter prescribed  
7 by the Administrator under that Act  
8 (42 U.S.C. 7401 et seq.); and

9 (III) at least 125 percent of the  
10 base year city fuel economy for the  
11 weight class of the vehicle.

12 (D) ENGINEERING INTEGRATION COSTS.—  
13 The term “engineering integration costs” in-  
14 cludes the cost of engineering tasks relating  
15 to—

16 (i) incorporating qualifying compo-  
17 nents into the design of advanced tech-  
18 nology vehicles; and

19 (ii) designing new tooling and equip-  
20 ment for production facilities that produce  
21 qualifying components or advanced tech-  
22 nology vehicles.

23 (E) HYBRID MOTOR VEHICLE.—The term  
24 “hybrid motor vehicle” means a motor vehicle

1 that draws propulsion energy from onboard  
2 sources of stored energy that are—

3 (i) an internal combustion or heat en-  
4 gine using combustible fuel; and

5 (ii) a rechargeable energy storage sys-  
6 tem.

7 (F) QUALIFYING COMPONENTS.—The term  
8 “qualifying components” means components  
9 that the Secretary determines to be—

10 (i) specially designed for advanced  
11 technology vehicles; and

12 (ii) installed for the purpose of meet-  
13 ing the performance requirements of ad-  
14 vanced technology vehicles.

15 (2) MANUFACTURER FACILITY CONVERSION  
16 AWARDS.—The Secretary shall provide facility con-  
17 version funding awards under this subsection to  
18 automobile manufacturers and component suppliers  
19 to pay not more than 30 percent of the cost of—

20 (A) reequipping or expanding an existing  
21 manufacturing facility in the United States to  
22 produce—

23 (i) qualifying advanced technology ve-  
24 hicles; or

25 (ii) qualifying components; and

1 (B) engineering integration performed in  
2 the United States of qualifying vehicles and  
3 qualifying components.

4 (3) PERIOD OF AVAILABILITY.—An award  
5 under paragraph (2) shall apply to—

6 (A) facilities and equipment placed in serv-  
7 ice before December 30, 2017; and

8 (B) engineering integration costs incurred  
9 during the period beginning on the date of en-  
10 actment of this Act and ending on December  
11 30, 2017.

12 (4) IMPROVEMENT.—The Secretary shall issue  
13 regulations that require that, in order for an auto-  
14 mobile manufacturer to be eligible for an award  
15 under this subsection during a particular year, the  
16 adjusted average fuel economy of the manufacturer  
17 for light duty vehicles produced by the manufacturer  
18 during the most recent year for which data are  
19 available shall be not less than the average fuel  
20 economy for all light duty motor vehicles of the man-  
21 ufacturer for model year 2002.

22 **SEC. 209. PRODUCTION INCENTIVES FOR CELLULOSIC**  
23 **BIOFUELS.**

24 Section 942(f) of the Energy Policy Act of 2005 (42  
25 U.S.C. 16251(f)) is amended by striking “\$250,000,000”

1 and inserting “\$200,000,000 for each of fiscal years 2007  
2 through 2011”.

3 **TITLE III—FEDERAL PROGRAMS**  
4 **FOR THE CONSERVATION OF**  
5 **NATURAL GAS**

6 **SEC. 301. RENEWABLE PORTFOLIO STANDARD.**

7 (a) IN GENERAL.—Title VI of the Public Utility Reg-  
8 ulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is  
9 amended by adding at the end the following:

10 **“SEC. 610. FEDERAL RENEWABLE PORTFOLIO STANDARD.**

11 “(a) RENEWABLE ENERGY REQUIREMENT.—

12 “(1) IN GENERAL.—Each electric utility that  
13 sells electricity to electric consumers shall obtain a  
14 percentage of the base amount of electricity it sells  
15 to electric consumers in any calendar year from new  
16 renewable energy or existing renewable energy. The  
17 percentage obtained in a calendar year shall not be  
18 less than the amount specified in the following table:

<b>“Calendar year:</b>	<b>Minimum annual percentage:</b>
2008 through 2011 .....	2.55
2012 through 2015 .....	5.05
2016 through 2019 .....	7.55
2020 through 2030 .....	10.0

19 “(2) MEANS OF COMPLIANCE.—An electric util-  
20 ity shall meet the requirements of paragraph (1)  
21 by—

1           “(A) generating electric energy using new  
2           renewable energy or existing renewable energy;

3           “(B) purchasing electric energy generated  
4           by new renewable energy or existing renewable  
5           energy;

6           “(C) purchasing renewable energy credits  
7           issued under subsection (b); or

8           “(D) a combination of the foregoing.

9           “(b) RENEWABLE ENERGY CREDIT TRADING PRO-  
10          GRAM.—

11           “(1) IN GENERAL.—Not later than January 1,  
12           2007, the Secretary shall establish a renewable en-  
13           ergy credit trading program to permit an electric  
14           utility that does not generate or purchase enough  
15           electric energy from renewable energy to meet its ob-  
16           ligations under subsection (a)(1) to satisfy such re-  
17           quirements by purchasing sufficient renewable en-  
18           ergy credits.

19           “(2) ADMINISTRATION.—As part of the pro-  
20           gram, the Secretary shall—

21           “(A) issue renewable energy credits to gen-  
22           erators of electric energy from new renewable  
23           energy;

24           “(B) sell renewable energy credits to elec-  
25           tric utilities at the rate of 1.5 cents per kilo-

1 watt-hour (as adjusted for inflation under sub-  
2 section (g));

3 “(C) ensure that a kilowatt hour, including  
4 the associated renewable energy credit, shall be  
5 used only once for purposes of compliance with  
6 this section; and

7 “(D) allow double credits for generation  
8 from facilities on Indian land, and triple credits  
9 for generation from small renewable distributed  
10 generators (meaning those no larger than 1  
11 megawatt).

12 “(3) DURATION.—Credits under paragraph  
13 (2)(A) may only be used for compliance with this  
14 section for 3 years from the date issued.

15 “(4) TRANSFERS.—An electric utility that holds  
16 credits in excess of the amount needed to comply  
17 with subsection (a) may transfer such credits to an-  
18 other electric utility in the same utility holding com-  
19 pany system.

20 “(5) EASTERN INTERCONNECT.—In the case of  
21 a retail electric supplier that is a member of a power  
22 pool located in the Eastern Interconnect and that is  
23 subject to a State renewable portfolio standard pro-  
24 gram that provides for compliance primarily through  
25 the acquisition of certificates or credits in lieu of the

1 direct acquisition of renewable power, the Secretary  
2 shall issue renewable energy credits in an amount  
3 that corresponds to the kilowatt-hour obligation rep-  
4 resented by the State certificates and credits issued  
5 pursuant to the State program to the extent the  
6 State certificates and credits are associated with re-  
7 newable resources eligible under this section.

8 “(c) ENFORCEMENT.—

9 “(1) CIVIL PENALTIES.—Any electric utility  
10 that fails to meet the renewable energy requirements  
11 of subsection (a) shall be subject to a civil penalty.

12 “(2) AMOUNT OF PENALTY.—The amount of  
13 the civil penalty shall be determined by multiplying  
14 the number of kilowatt-hours of electric energy sold  
15 to electric consumers in violation of subsection (a)  
16 by the greater of 1.5 cents (adjusted for inflation  
17 under subsection (g)) or 200 percent of the average  
18 market value of renewable energy credits during the  
19 year in which the violation occurred.

20 “(3) MITIGATION OR WAIVER.—The Secretary  
21 may mitigate or waive a civil penalty under this sub-  
22 section if the electric utility was unable to comply  
23 with subsection (a) for reasons outside of the rea-  
24 sonable control of the utility. The Secretary shall re-  
25 duce the amount of any penalty determined under

1 paragraph (2) by an amount paid by the electric  
2 utility to a State for failure to comply with the re-  
3 quirement of a State renewable energy program if  
4 the State requirement is greater than the applicable  
5 requirement of subsection (a).

6 “(4) PROCEDURE FOR ASSESSING PENALTY.—  
7 The Secretary shall assess a civil penalty under this  
8 subsection in accordance with the procedures pre-  
9 scribed by section 333(d) of the Energy Policy and  
10 Conservation Act of 1954 (42 U.S.C. 6303).

11 “(d) STATE RENEWABLE ENERGY ACCOUNT PRO-  
12 GRAM.—

13 “(1) IN GENERAL.—The Secretary shall estab-  
14 lish, not later than December 31, 2008, a State re-  
15 newable energy account program.

16 “(2) DEPOSITS.—All money collected by the  
17 Secretary from the sale of renewable energy credits  
18 and the assessment of civil penalties under this sec-  
19 tion shall be deposited into the renewable energy ac-  
20 count established pursuant to this subsection. The  
21 State renewable energy account shall be held by the  
22 Secretary and shall not be transferred to the Treas-  
23 ury Department.

24 “(3) USE.—Proceeds deposited in the State re-  
25 newable energy account shall be used by the Sec-

1       retary, subject to appropriations, for a program to  
2       provide grants to the State agency responsible for  
3       developing State energy conservation plans under  
4       section 362 of the Energy Policy and Conservation  
5       Act (42 U.S.C. 6322) for the purposes of promoting  
6       renewable energy production, including programs  
7       that promote technologies that reduce the use of  
8       electricity at customer sites such as solar water  
9       heating.

10           “(4) ADMINISTRATION.—The Secretary may  
11       issue guidelines and criteria for grants awarded  
12       under this subsection. State energy offices receiving  
13       grants under this section shall maintain such  
14       records and evidence of compliance as the Secretary  
15       may require.

16           “(5) PREFERENCE.—In allocating funds under  
17       this program, the Secretary shall give preference—

18           “(A) to States in regions which have a dis-  
19       proportionately small share of economically sus-  
20       tainable renewable energy generation capacity;  
21       and

22           “(B) to State programs to stimulate or en-  
23       hance innovative renewable energy technologies.

1       “(e) RULES.—The Secretary shall issue rules imple-  
2       menting this section not later than 1 year after the date  
3       of enactment of this section.

4       “(f) EXEMPTIONS.—This section shall not apply in  
5       any calendar year to an electric utility—

6               “(1) that sold less than 4,000,000 megawatt-  
7       hours of electric energy to electric consumers during  
8       the preceding calendar year; or

9               “(2) in Hawaii.

10       “(g) INFLATION ADJUSTMENT.—Not later than De-  
11       cember 31 of each year beginning in 2008, the Secretary  
12       shall adjust for inflation the price of a renewable energy  
13       credit under subsection (b)(2)(B) and the amount of the  
14       civil penalty per kilowatt-hour under subsection (c)(2).

15       “(h) STATE PROGRAMS.—Nothing in this section  
16       shall diminish any authority of a State or political subdivi-  
17       sion thereof to adopt or enforce any law or regulation re-  
18       specting renewable energy, but, except as provided in sub-  
19       section (e)(3), no such law or regulation shall relieve any  
20       person of any requirement otherwise applicable under this  
21       section. The Secretary, in consultation with States having  
22       such renewable energy programs, shall, to the maximum  
23       extent practicable, facilitate coordination between the Fed-  
24       eral program and State programs.

25       “(i) RECOVERY OF COSTS.—

1           “(1) IN GENERAL.—The Commission shall issue  
2 and enforce such regulations as are necessary to en-  
3 sure that an electric utility recovers all prudently in-  
4 curred costs associated with compliance with this  
5 section.

6           “(2) APPLICABLE LAW.—A regulation under  
7 paragraph (1) shall be enforceable in accordance  
8 with the provisions of law applicable to enforcement  
9 of regulations under the Federal Power Act (16  
10 U.S.C. 791a et seq.).

11          “(j) DEFINITIONS.—In this section:

12           “(1) BASE AMOUNT OF ELECTRICITY.—The  
13 term ‘base amount of electricity’ means the total  
14 amount of electricity sold by an electric utility to  
15 electric consumers in a calendar year, excluding—

16           “(A) electricity generated by a hydro-  
17 electric facility (including a pumped storage fa-  
18 cility but excluding incremental hydropower);  
19 and

20           “(B) electricity generated through the in-  
21 cineration of municipal solid waste.

22           “(2) DISTRIBUTED GENERATION FACILITY.—  
23 The term ‘distributed generation facility’ means a  
24 facility at a customer site.

1           “(3) EXISTING RENEWABLE ENERGY.—The  
2 term ‘existing renewable energy’ means, except as  
3 provided in paragraph (7)(B), electric energy gen-  
4 erated at a facility (including a distributed genera-  
5 tion facility) placed in service prior to January 1,  
6 2003, from solar, wind, or geothermal energy, ocean  
7 energy, biomass (as defined in section 203(a) of the  
8 Energy Policy Act of 2005), or landfill gas.

9           “(4) GEOTHERMAL ENERGY.—The term ‘geo-  
10 thermal energy’ means energy derived from a geo-  
11 thermal deposit (within the meaning of section  
12 613(e)(2) of the Internal Revenue Code of 1986).

13           “(5) INCREMENTAL GEOTHERMAL PRODUC-  
14 TION.—

15           “(A) IN GENERAL.—The term ‘incremental  
16 geothermal production’ means for any year the  
17 excess of—

18           “(i) the total kilowatt hours of elec-  
19 tricity produced from a facility (including a  
20 distributed generation facility) using geo-  
21 thermal energy; over

22           “(ii) the average annual kilowatt  
23 hours produced at such facility for 5 of the  
24 previous 7 calendar years before the date  
25 of enactment of this section after elimi-

1 nating the highest and the lowest kilowatt  
2 hour production years in such 7-year pe-  
3 riod.

4 “(B) SPECIAL RULE.—A facility described  
5 in subparagraph (A) that was placed in service  
6 at least 7 years before the date of enactment of  
7 this section shall commencing with the year in  
8 which such date of enactment occurs, reduce  
9 the amount calculated under subparagraph  
10 (A)(ii) each year, on a cumulative basis, by the  
11 average percentage decrease in the annual kilo-  
12 watt hour production for the 7-year period de-  
13 scribed in subparagraph (A)(ii) with such cu-  
14 mulative sum not to exceed 30 percent.

15 “(6) INCREMENTAL HYDROPOWER.—The term  
16 ‘incremental hydropower’ means additional energy  
17 generated as a result of efficiency improvements or  
18 capacity additions made on or after the date of en-  
19 actment of this section or the effective date of an ex-  
20 isting applicable State renewable portfolio standard  
21 program at a hydroelectric facility that was placed  
22 in service before that date. The term does not in-  
23 clude additional energy generated as a result of  
24 operational changes not directly associated with effi-  
25 ciency improvements or capacity additions. Effi-

1       ciency improvements and capacity additions shall be  
2       measured on the basis of the same water flow infor-  
3       mation used to determine a historic average annual  
4       generation baseline for the hydroelectric facility and  
5       certified by the Secretary or the Federal Energy  
6       Regulatory Commission.

7               “(7) NEW RENEWABLE ENERGY.—The term  
8       ‘new renewable energy’ means—

9               “(A) electric energy generated at a facility  
10              (including a distributed generation facility)  
11              placed in service on or after January 1, 2003,  
12              from—

13                      “(i) solar, wind, or geothermal energy  
14                      or ocean energy;

15                      “(ii) biomass (as defined in section  
16                      203(b) of the Energy Policy Act of 2005  
17                      (42 U.S.C. 15852(b));

18                      “(iii) landfill gas; or

19                      “(iv) incremental hydropower; and

20               “(B) for electric energy generated at a fa-  
21              cility (including a distributed generation facil-  
22              ity) placed in service prior to the date of enact-  
23              ment of this section—

24                      “(i) the additional energy above the  
25                      average generation in the 3 years pre-

1 ceding the date of enactment of this sec-  
 2 tion at the facility from—

3 “(I) solar or wind energy or  
 4 ocean energy;

5 “(II) biomass (as defined in sec-  
 6 tion 203(b) of the Energy Policy Act  
 7 of 2005 (42 U.S.C. 15852(b));

8 “(III) landfill gas; or

9 “(IV) incremental hydropower.

10 “(ii) incremental geothermal produc-  
 11 tion.

12 “(8) OCEAN ENERGY.—The term ‘ocean energy’  
 13 includes current, wave, tidal, and thermal energy.

14 “(k) SUNSET.—This section expires on December 31,  
 15 2030.”.

16 (b) TABLE OF CONTENTS AMENDMENT.—The table  
 17 of contents of the Public Utility Regulatory Policies Act  
 18 of 1978 (16 U.S.C. prec. 2601) is amended by adding at  
 19 the end of the items relating to title VI the following:

“Sec. 610. Federal renewable portfolio standard.”.

20 **SEC. 302. FEDERAL REQUIREMENT TO PURCHASE ELEC-**  
 21 **TRICITY GENERATED BY RENEWABLE EN-**  
 22 **ERGY.**

23 Section 203 of the Energy Policy Act of 2005 (42  
 24 U.S.C. 15852) is amended by striking subsection (a) and  
 25 inserting the following:

1       “(a) REQUIREMENT.—The President, acting through  
2 the Secretary, shall ensure that, of the total quantity of  
3 electric energy the Federal Government consumes during  
4 any fiscal year, the following amounts shall be renewable  
5 energy:

6               “(1) Not less than 5 percent in each of fiscal  
7 years 2008 and 2009.

8               “(2) Not less than 7.5 percent in each of fiscal  
9 years 2010 through 2012.

10              “(3) Not less than 10 percent in fiscal years  
11 2013 and each fiscal year thereafter.”.

12       **TITLE IV—GENERAL ENERGY**  
13       **EFFICIENCY PROGRAMS**

14       **SEC. 401. ENERGY SAVINGS PERFORMANCE CONTRACTS.**

15       (a) RETENTION OF SAVINGS.—Section 546(c) of the  
16 National Energy Conservation Policy Act (42 U.S.C.  
17 8256(c)) is amended by striking paragraph (5).

18       (b) FINANCING FLEXIBILITY.—Section 801(a)(2) of  
19 the National Energy Conservation Policy Act (42 U.S.C.  
20 8287(a)(2)) is amended by adding at the end the fol-  
21 lowing:

22               “(E) SEPARATE CONTRACTS.—In carrying  
23 out a contract under this title, a Federal agency  
24 may—

1                   “(i) enter into a separate contract for  
2                   energy services and conservation measures  
3                   under the contract; and

4                   “(ii) provide all or part of the financ-  
5                   ing necessary to carry out the contract.”.

6           (c) DEFINITION OF ENERGY SAVINGS.—Section  
7 804(2) of the National Energy Conservation Policy Act  
8 (42 U.S.C. 8287c(2)) is amended—

9           (1) by redesignating subparagraphs (A), (B),  
10           and (C) as clauses (i), (ii), and (iii), respectively,  
11           and indenting appropriately;

12           (2) by striking “means a reduction” and insert-  
13           ing “means—

14                   “(A) a reduction”;

15           (3) by striking the period at the end and insert-  
16           ing a semicolon; and

17           (4) by adding at the end the following:

18                   “(B) the increased efficient use of an exist-  
19                   ing energy source by cogeneration or heat re-  
20                   covery, and installation of renewable energy sys-  
21                   tems;

22                   “(C) the sale or transfer of electrical or  
23                   thermal energy generated on-site, but in excess  
24                   of Federal needs, to utilities or non-Federal en-  
25                   ergy users; and

1           “(D) the increased efficient use of existing  
2           water sources in interior or exterior applica-  
3           tions.”.

4           (d) ENERGY AND COST SAVINGS IN NONBUILDING  
5 APPLICATIONS.—

6           (1) DEFINITIONS.—In this subsection:

7           (A) NONBUILDING APPLICATION.—The  
8           term “nonbuilding application” means—

9           (i) any class of vehicles, devices, or  
10           equipment that is transportable under the  
11           power of the applicable vehicle, device, or  
12           equipment by land, sea, or air and that  
13           consumes energy from any fuel source for  
14           the purpose of—

15                       (I) that transportation; or

16                       (II) maintaining a controlled en-  
17           vironment within the vehicle, device,  
18           or equipment; and

19           (ii) any federally-owned equipment  
20           used to generate electricity or transport  
21           water.

22           (B) SECONDARY SAVINGS.—

23           (i) IN GENERAL.—The term “sec-  
24           ondary savings” means additional energy  
25           or cost savings that are a direct con-

1 sequence of the energy savings that result  
2 from the energy efficiency improvements  
3 that were financed and implemented pur-  
4 suant to an energy savings performance  
5 contract.

6 (ii) INCLUSIONS.—The term “sec-  
7 ondary savings” includes—

8 (I) energy and cost savings that  
9 result from a reduction in the need  
10 for fuel delivery and logistical support;

11 (II) personnel cost savings and  
12 environmental benefits; and

13 (III) in the case of electric gen-  
14 eration equipment, the benefits of in-  
15 creased efficiency in the production of  
16 electricity, including revenues received  
17 by the Federal Government from the  
18 sale of electricity so produced.

19 (2) STUDY.—

20 (A) IN GENERAL.—As soon as practicable  
21 after the date of enactment of this Act, the Sec-  
22 retary and the Secretary of Defense shall joint-  
23 ly conduct, and submit to Congress and the  
24 President a report of, a study of the potential  
25 for the use of energy savings performance con-

1           tracts to reduce energy consumption and pro-  
2           vide energy and cost savings in nonbuilding ap-  
3           plications.

4                   (B) REQUIREMENTS.—The study under  
5           this subsection shall include—

6                           (i) an estimate of the potential energy  
7                           and cost savings to the Federal Govern-  
8                           ment, including secondary savings and  
9                           benefits, from increased efficiency in non-  
10                          building applications;

11                           (ii) an assessment of the feasibility of  
12                           extending the use of energy savings per-  
13                           formance contracts to nonbuilding applica-  
14                           tions, including an identification of any  
15                           regulatory or statutory barriers to such  
16                           use; and

17                           (iii) such recommendations as the  
18                           Secretary and Secretary of Defense deter-  
19                           mine to be appropriate.

20 **SEC. 402. DEPLOYMENT OF NEW TECHNOLOGIES FOR**  
21 **HIGH-EFFICIENCY CONSUMER PRODUCTS.**

22           (a) DEFINITIONS.—In this section:

23                   (1) ENERGY SAVINGS.—The term “energy sav-  
24                   ings” means megawatt-hours of electricity or million  
25                   British thermal units of natural gas saved by a

1 product, in comparison to projected energy consump-  
2 tion under the energy efficiency standard applicable  
3 to the product.

4 (2) HIGH-EFFICIENCY CONSUMER PRODUCT.—

5 The term “high-efficiency consumer product” means  
6 a covered product to which an energy conservation  
7 standard applies under section 325 of the Energy  
8 Policy and Conservation Act (42 U.S.C. 6295), if  
9 the energy efficiency of the product exceeds the en-  
10 ergy efficiency required under the standard.

11 (b) FINANCIAL INCENTIVES PROGRAM.—Effective  
12 beginning October 1, 2006, the Secretary shall competi-  
13 tively award financial incentives under this section for the  
14 manufacture of high-efficiency consumer products.

15 (c) REQUIREMENTS.—

16 (1) IN GENERAL.—The Secretary shall make  
17 awards under this section to manufacturers of high-  
18 efficiency consumer products, based on the bid of  
19 each manufacturer in terms of dollars per megawatt-  
20 hour or million British thermal units saved.

21 (2) ACCEPTANCE OF BIDS.—In making awards  
22 under this section, the Secretary shall—

23 (A) solicit bids for reverse auction from  
24 appropriate manufacturers, as determined by  
25 the Secretary; and

1 (B) award financial incentives to the man-  
2 ufacturers that submit the lowest bids that  
3 meet the requirements established by the Sec-  
4 retary.

5 (d) FORMS OF AWARDS.—An award for a high-effi-  
6 ciency consumer product under this section shall be in the  
7 form of a lump sum payment in an amount equal to the  
8 product obtained by multiplying—

9 (1) the amount of the bid by the manufacturer  
10 of the high-efficiency consumer product; and

11 (2) the energy savings during the projected use-  
12 ful life of the high-efficiency consumer product, not  
13 to exceed 10 years, as determined under regulations  
14 issued by the Secretary.

15 **SEC. 403. NATIONAL MEDIA CAMPAIGN TO DECREASE OIL**  
16 **AND NATURAL GAS CONSUMPTION.**

17 (a) IN GENERAL.—The Secretary, acting through the  
18 Assistant Secretary for Energy Efficiency and Renewable  
19 Energy (referred to in this section as the “Secretary”),  
20 shall develop and conduct a national media campaign for  
21 the purpose of decreasing oil and natural gas consumption  
22 in the United States over the next decade.

23 (b) CONTRACT WITH ENTITY.—The Secretary shall  
24 carry out subsection (a) directly or through—

1 (1) competitively bid contracts with 1 or more  
2 nationally recognized media firms for the develop-  
3 ment and distribution of monthly television, radio,  
4 and newspaper public service announcements; or

5 (2) collective agreements with 1 or more nation-  
6 ally recognized institutes, businesses, or nonprofit  
7 organizations for the funding, development, and dis-  
8 tribution of monthly television, radio, and newspaper  
9 public service announcements.

10 (c) USE OF FUNDS.—

11 (1) IN GENERAL.—Amounts made available to  
12 carry out this section shall be used for the following:

13 (A) ADVERTISING COSTS.—

14 (i) The purchase of media time and  
15 space.

16 (ii) Creative and talent costs.

17 (iii) Testing and evaluation of adver-  
18 tising.

19 (iv) Evaluation of the effectiveness of  
20 the media campaign.

21 (v) The negotiated fees for the win-  
22 ning bidder on requests from proposals  
23 issued either by the Secretary for purposes  
24 otherwise authorized in this section.

1 (vi) Entertainment industry outreach,  
2 interactive outreach, media projects and  
3 activities, public information, news media  
4 outreach, and corporate sponsorship and  
5 participation.

6 (B) ADMINISTRATIVE COSTS.—Operational  
7 and management expenses.

8 (2) LIMITATIONS.—In carrying out this section,  
9 the Secretary shall allocate not less than 85 percent  
10 of funds made available under subsection (e) for  
11 each fiscal year for the advertising functions speci-  
12 fied under paragraph (1)(A).

13 (d) REPORTS.—The Secretary shall annually submit  
14 to Congress a report that describes—

15 (1) the strategy of the national media campaign  
16 and whether specific objectives of the campaign were  
17 accomplished, including—

18 (A) determinations concerning the rate of  
19 change of oil and natural gas consumption, in  
20 both absolute and per capita terms; and

21 (B) an evaluation that enables consider-  
22 ation whether the media campaign contributed  
23 to reduction of oil and natural gas consump-  
24 tion;

1           (2) steps taken to ensure that the national  
2 media campaign operates in an effective and effi-  
3 cient manner consistent with the overall strategy  
4 and focus of the campaign;

5           (3) plans to purchase advertising time and  
6 space;

7           (4) policies and practices implemented to ensure  
8 that Federal funds are used responsibly to purchase  
9 advertising time and space and eliminate the poten-  
10 tial for waste, fraud, and abuse; and

11           (5) all contracts or cooperative agreements en-  
12 tered into with a corporation, partnership, or indi-  
13 vidual working on behalf of the national media cam-  
14 paign.

15       (e) AUTHORIZATION OF APPROPRIATIONS.—There is  
16 authorized to be appropriated to carry out this section  
17 \$5,000,000 for each of fiscal years 2006 through 2010.

18 **SEC. 404. ENERGY EFFICIENCY RESOURCE PROGRAMS.**

19       (a) ELECTRIC UTILITY PROGRAMS.—Section 111 of  
20 the Public Utilities Regulatory Policy Act of 1978 (16  
21 U.S.C. 2621) is amended by adding at the end the fol-  
22 lowing:

23       “(e) ENERGY EFFICIENCY RESOURCE PROGRAMS.—

24           “(1) DEFINITIONS.—In this subsection:

1           “(A) DEMAND BASELINE.—The term ‘de-  
2           mand baseline’ means the baseline determined  
3           by the Secretary for an appropriate period pre-  
4           ceding the implementation of an energy effi-  
5           ciency resource program.

6           “(B) ENERGY EFFICIENCY RESOURCE PRO-  
7           GRAMS.—The term ‘energy efficiency resource  
8           program’ means an energy efficiency or other  
9           demand reduction program that is designed to  
10          reduce annual electricity consumption or peak  
11          demand of consumers served by an electric util-  
12          ity by a percentage of the demand baseline of  
13          the utility that is equal to not less than 0.75  
14          percent of the number of years during which  
15          the program is in effect.

16          “(2) PUBLIC HEARINGS; DETERMINATIONS.—

17                 “(A) PUBLIC HEARING.—As soon as prac-  
18                 ticable after the date of enactment of this sub-  
19                 section, but not later than 3 years after that  
20                 date, each State regulatory authority (with re-  
21                 spect to each electric utility over which the  
22                 State has ratemaking authority) and each non-  
23                 regulated electric utility shall, after notice, con-  
24                 duct a public hearing on the benefits and feasi-

1           bility of carrying out an energy efficiency re-  
2           source program.

3           “(B) ENERGY EFFICIENCY RESOURCE PRO-  
4           GRAM.—A State regulatory authority or non-  
5           regulated utility shall carry out an energy effi-  
6           ciency resource program if, on the basis of a  
7           hearing under subparagraph (A), the State reg-  
8           ulatory authority or nonregulated utility deter-  
9           mines that the program would—

10                   “(i) benefit end-use customers;

11                   “(ii) be cost-effective based on total  
12           resource cost;

13                   “(iii) serve the public welfare; and

14                   “(iv) be feasible to carry out.

15           “(3) IMPLEMENTATION.—

16           “(A) STATE REGULATORY AUTHORITIES.—  
17           If a State regulatory authority makes a deter-  
18           mination under paragraph (2)(B), the State  
19           regulatory authority shall—

20                   “(i) require each electric utility over  
21           which the State has ratemaking authority  
22           to carry out an energy efficiency resource  
23           program; and

24                   “(ii) allow such a utility to recover ex-  
25           penditures incurred by the utility in car-

1           rying out the energy efficiency resource  
2           program.

3           “(B) NONREGULATED ELECTRIC UTILI-  
4           TIES.—If a nonregulated electric utility makes  
5           a determination under paragraph (2)(B), the  
6           utility shall carry out an energy efficiency re-  
7           source program.

8           “(4) UPDATING REGULATIONS.—A State regu-  
9           latory authority or nonregulated utility may update  
10          periodically a determination under paragraph (2)(B)  
11          to determine whether an energy efficiency resource  
12          program should be—

13                 “(A) continued;

14                 “(B) modified; or

15                 “(C) terminated.

16          “(5) EXCEPTION.—Paragraph (2) shall not  
17          apply to a State regulatory authority (or a nonregu-  
18          lated electric utility operating in the State) that  
19          demonstrates to the Secretary that an energy effi-  
20          ciency resource program is in effect in the State.”.

21          (b) GAS UTILITIES.—Section 303 of the Public Utili-  
22          ties Regulatory Policy Act of 1978 (15 U.S.C. 3203) is  
23          amended by adding at the end the following:

24                 “(e) ENERGY EFFICIENCY RESOURCE PROGRAMS.—

25                         “(1) DEFINITIONS.—In this subsection:

1           “(A) DEMAND BASELINE.—The term ‘de-  
2           mand baseline’ means the baseline determined  
3           by the Secretary for an appropriate period pre-  
4           ceding the implementation of an energy effi-  
5           ciency resource program.

6           “(B) ENERGY EFFICIENCY RESOURCE PRO-  
7           GRAMS.—The term ‘energy efficiency resource  
8           program’ means an energy efficiency or other  
9           demand reduction program that is designed to  
10          reduce annual gas consumption or peak demand  
11          of consumers served by a gas utility by a per-  
12          centage of the demand baseline of the utility  
13          that is equal to not less than 0.75 percent of  
14          the number of years during which the program  
15          is in effect.

16          “(2) PUBLIC HEARINGS; DETERMINATIONS.—

17                 “(A) PUBLIC HEARING.—As soon as prac-  
18                 ticable after the date of enactment of this sub-  
19                 section, but not later than 3 years after that  
20                 date, each State regulatory authority (with re-  
21                 spect to each gas utility over which the State  
22                 has ratemaking authority) and each nonregu-  
23                 lated gas utility shall, after notice, conduct a  
24                 public hearing on the benefits and feasibility of

1 carrying out an energy efficiency resource pro-  
 2 gram.

3 “(B) ENERGY EFFICIENCY RESOURCE PRO-  
 4 GRAM.—A State regulatory authority or non-  
 5 regulated utility shall carry out an energy effi-  
 6 ciency resource program if, on the basis of a  
 7 hearing under subparagraph (A), the State reg-  
 8 ulatory authority or nonregulated utility deter-  
 9 mines that the program would—

10 “(i) benefit end-use customers;

11 “(ii) be cost-effective based on total  
 12 resource cost;

13 “(iii) serve the public welfare; and

14 “(iv) be feasible to carry out.

15 “(3) IMPLEMENTATION.—

16 “(A) STATE REGULATORY AUTHORITIES.—  
 17 If a State regulatory authority makes a deter-  
 18 mination under paragraph (2)(B), the State  
 19 regulatory authority shall—

20 “(i) require each gas utility over  
 21 which the State has ratemaking authority  
 22 to carry out an energy efficiency resource  
 23 program; and

24 “(ii) allow such a utility to recover ex-  
 25 penditures incurred by the utility in car-

1           rying out the energy efficiency resource  
2           program.

3           “(B) NONREGULATED GAS UTILITIES.—If  
4           a nonregulated gas utility makes a determina-  
5           tion under paragraph (2)(B), the utility shall  
6           carry out an energy efficiency resource pro-  
7           gram.

8           “(4) UPDATING REGULATIONS.—A State regu-  
9           latory authority or nonregulated utility may update  
10          periodically a determination under paragraph (2)(B)  
11          to determine whether an energy efficiency resource  
12          program should be—

13                 “(A) continued;

14                 “(B) modified; or

15                 “(C) terminated.

16          “(5) EXCEPTION.—Paragraph (2) shall not  
17          apply to a State regulatory authority (or a nonregu-  
18          lated gas utility operating in the State) that dem-  
19          onstrates to the Secretary that an energy efficiency  
20          resource program is in effect in the State.”.

1           **TITLE V—ASSISTANCE TO**  
 2           **ENERGY CONSUMERS**

3   **SEC. 501. ENERGY EMERGENCY DISASTER RELIEF LOANS**  
 4                   **TO SMALL BUSINESS AND AGRICULTURAL**  
 5                   **PRODUCERS.**

6           (a) DEFINITIONS.—In this section—

7                   (1) the term “Administrator” means the Ad-  
 8                   ministrator of the Small Business Administration;  
 9                   and

10                   (2) the term “small business concern” has the  
 11                   meaning given the term in section 3 of the Small  
 12                   Business Act (15 U.S.C. 632).

13           (b) SMALL BUSINESS PRODUCER ENERGY EMER-  
 14           GENCY DISASTER LOAN PROGRAM.—

15                   (1) DISASTER LOAN AUTHORITY.—Section 7(b)  
 16                   of the Small Business Act (15 U.S.C. 636(b)) is  
 17                   amended by inserting immediately after paragraph  
 18                   (3) the following:

19                           “(4) ENERGY DISASTER LOANS.—

20                                   “(A) DEFINITIONS.—In this paragraph—

21   “(i) the term ‘base price index’ means  
 22   the moving average of the closing unit  
 23   price on the New York Mercantile Ex-  
 24   change for heating oil, natural gas, gaso-  
 25   line, or propane for the 10 days that cor-

1 respond to the trading days described in  
2 clause (ii) in each of the most recent 2 pre-  
3 ceding years;

4 “(ii) the term ‘current price index’  
5 means the moving average of the closing  
6 unit price on the New York Mercantile Ex-  
7 change, for the 10 most recent trading  
8 days, for contracts to purchase heating oil,  
9 natural gas, gasoline, or propane during  
10 the subsequent calendar month, commonly  
11 known as the ‘front month’; and

12 “(iii) the term ‘significant increase’  
13 means—

14 “(I) with respect to the price of  
15 heating oil, natural gas, gasoline, or  
16 propane, any time the current price  
17 index exceeds the base price index by  
18 not less than 40 percent; and

19 “(II) with respect to the price of  
20 kerosene, any increase which the Ad-  
21 ministrator, in consultation with the  
22 Secretary of Energy, determines to be  
23 significant.

24 “(B) LOAN AUTHORITY.—The Adminis-  
25 trator may make such loans, either directly or

1 in cooperation with banks or other lending in-  
2 stitutions through agreements to participate on  
3 an immediate or deferred basis, to assist a  
4 small business concern that has suffered or that  
5 is likely to suffer substantial economic injury on  
6 or after January 1, 2005, as the result of a sig-  
7 nificant increase in the price of heating oil, nat-  
8 ural gas, gasoline, propane, or kerosene occur-  
9 ring on or after January 1, 2005.

10 “(C) INTEREST RATE.—Any loan or guar-  
11 antee extended pursuant to this paragraph shall  
12 be made at the same interest rate as economic  
13 injury loans under paragraph (2).

14 “(D) MAXIMUM AMOUNT.—No loan may  
15 be made under this paragraph, either directly  
16 or in cooperation with banks or other lending  
17 institutions through agreements to participate  
18 on an immediate or deferred basis, if the total  
19 amount outstanding and committed to the bor-  
20 rower under this subsection would exceed  
21 \$1,500,000, unless such borrower constitutes a  
22 major source of employment in its surrounding  
23 area, as determined by the Administrator, in  
24 which case the Administrator, in the discretion

1 of the Administrator, may waive the \$1,500,000  
2 limitation.

3 “(E) DISASTER DECLARATION.—For pur-  
4 poses of assistance under this paragraph—

5 “(i) a declaration of a disaster area  
6 based on conditions specified in this para-  
7 graph shall be required, and shall be made  
8 by the President or the Administrator; or

9 “(ii) if no declaration has been made  
10 pursuant to clause (i), the Governor of a  
11 State in which a significant increase in the  
12 price of heating oil, natural gas, gasoline,  
13 propane, or kerosene has occurred may  
14 certify to the Administrator that small  
15 business concerns have suffered economic  
16 injury as a result of such increase and are  
17 in need of financial assistance which is not  
18 otherwise available on reasonable terms in  
19 that State, and upon receipt of such cer-  
20 tification, the Administrator may make  
21 such loans as would have been available  
22 under this paragraph if a disaster declara-  
23 tion had been issued.

24 “(F) CONVERSION.—Notwithstanding any  
25 other provision of law, loans made under this

1 paragraph may be used by a small business  
2 concern described in subparagraph (B) to con-  
3 vert from the use of heating oil, natural gas,  
4 gasoline, propane, or kerosene to a renewable or  
5 alternative energy source, including agriculture  
6 and urban waste, geothermal energy, cogenera-  
7 tion, solar energy, wind energy, or fuel cells.”.

8 (2) CONFORMING AMENDMENTS.—Section 3(k)  
9 of the Small Business Act (15 U.S.C. 632(k)) is  
10 amended—

11 (A) by inserting “, a significant increase in  
12 the price of heating oil, natural gas, gasoline,  
13 propane, or kerosene,” after “civil disorders”;  
14 and

15 (B) by inserting “other” before “eco-  
16 nomic”.

17 (c) AGRICULTURAL PRODUCER EMERGENCY  
18 LOANS.—

19 (1) IN GENERAL.—Section 321(a) of the Con-  
20 solidated Farm and Rural Development Act (7  
21 U.S.C. 1961(a)) is amended—

22 (A) in the first sentence—

23 (i) by striking “aquaculture oper-  
24 ations have” and inserting “aquaculture  
25 operations (i) have”; and

1           (ii) by inserting before “: *Provided*,”  
2           the following: “, or (ii)(I) are owned or op-  
3           erated by such an applicant that is also a  
4           small business concern (as defined in sec-  
5           tion 3 of the Small Business Act (15  
6           U.S.C. 632)), and (II) have suffered or are  
7           likely to suffer substantial economic injury  
8           on or after January 1, 2005, as the result  
9           of a significant increase in energy costs or  
10          input costs from energy sources occurring  
11          on or after January 1, 2005, in connection  
12          with an energy emergency declared by the  
13          President or the Secretary”;

14          (B) in the third sentence, by inserting be-  
15          fore the period at the end the following: “or by  
16          an energy emergency declared by the President  
17          or the Secretary”; and

18          (C) in the fourth sentence—

19               (i) by striking “or natural disaster”  
20               each place that term appears and inserting  
21               “, natural disaster, or energy emergency”;  
22               and

23               (ii) by inserting “or declaration” after  
24               “emergency designation”.

1           (2) FUNDING.—Funds available on the date of  
2           enactment of this Act for emergency loans under  
3           subtitle C of the Consolidated Farm and Rural De-  
4           velopment Act (7 U.S.C. 1961 et seq.) shall be avail-  
5           able to carry out the amendments made by para-  
6           graph (1) to meet the needs resulting from natural  
7           disasters.

8           (d) GUIDELINES AND RULEMAKING.—

9           (1) GUIDELINES.—Not later than 30 days after  
10          the date of enactment of this Act, the Administrator  
11          and the Secretary of Agriculture shall each issue  
12          guidelines to carry out subsections (b) and (c), re-  
13          spectively, and the amendments made thereby, which  
14          guidelines shall become effective on the date of their  
15          issuance.

16          (2) RULEMAKING.—Not later than 30 days  
17          after the date of enactment of this Act, the Adminis-  
18          trator, after consultation with the Secretary of En-  
19          ergy, shall promulgate regulations specifying the  
20          method for determining a significant increase in the  
21          price of kerosene under section 7(b)(4)(A)(iii)(II) of  
22          the Small Business Act, as added by this section.

23          (e) REPORTS.—

24          (1) SMALL BUSINESS ADMINISTRATION.—Not  
25          later than 12 months after the date on which the

1 Administrator issues guidelines under subsection  
2 (d)(1), and annually thereafter, until the date that  
3 is 12 months after the end of the effective period of  
4 section 7(b)(4) of the Small Business Act, as added  
5 by this section, the Administrator shall submit to  
6 the Committee on Small Business and Entrepre-  
7 neurship of the Senate and the Committee on Small  
8 Business of the House of Representatives, a report  
9 on the effectiveness of the assistance made available  
10 under section 7(b)(4) of the Small Business Act, as  
11 added by this section, including—

12 (A) the number of small business concerns  
13 that applied for a loan under such section  
14 7(b)(4) and the number of those that received  
15 such loans;

16 (B) the dollar value of those loans;

17 (C) the States in which the small business  
18 concerns that received such loans are located;

19 (D) the type of energy that caused the sig-  
20 nificant increase in the cost for the partici-  
21 pating small business concerns; and

22 (E) recommendations for ways to improve  
23 the assistance provided under such section  
24 7(b)(4), if any.

1           (2) DEPARTMENT OF AGRICULTURE.—Not later  
2 than 12 months after the date on which the Sec-  
3 retary of Agriculture issues guidelines under sub-  
4 section (d)(1), and annually thereafter, until the  
5 date that is 12 months after the end of the effective  
6 period of the amendments made to section 321(a) of  
7 the Consolidated Farm and Rural Development Act  
8 (7 U.S.C. 1961(a)) by this section, the Secretary  
9 shall submit to the Committee on Small Business  
10 and Entrepreneurship and the Committee on Agri-  
11 culture, Nutrition, and Forestry of the Senate and  
12 to the Committee on Small Business and the Com-  
13 mittee on Agriculture of the House of Representa-  
14 tives, a report that—

15           (A) describes the effectiveness of the as-  
16 sistance made available under section 321(a) of  
17 the Consolidated Farm and Rural Development  
18 Act (7 U.S.C. 1961(a)), as amended by this  
19 section; and

20           (B) contains recommendations for ways to  
21 improve the assistance provided under such sec-  
22 tion 321(a).

23 (f) EFFECTIVE DATE.—

24           (1) SMALL BUSINESS.—The amendments made  
25 by subsection (b) shall apply during the 4-year pe-

1       riod beginning on the earlier of the date on which  
2       guidelines are published by the Administrator under  
3       subsection (d)(1) or 30 days after the date of enact-  
4       ment of this Act, with respect to assistance under  
5       section 7(b)(4) of the Small Business Act, as added  
6       by this section.

7               (2) AGRICULTURE.—The amendments made by  
8       subsection (c) shall apply during the 4-year period  
9       beginning on the earlier of the date on which guide-  
10      lines are published by the Secretary of Agriculture  
11      under subsection (d)(1) or 30 days after the date of  
12      enactment of this Act, with respect to assistance  
13      under section 321(a) of the Consolidated Farm and  
14      Rural Development Act (7 U.S.C. 1961(a)), as  
15      amended by this section.

16 **SEC. 502. EFFICIENT AND SAFE EQUIPMENT REPLACEMENT**  
17 **PROGRAM FOR WEATHERIZATION PURPOSES.**

18       (a) IN GENERAL.—Part A of title IV of the Energy  
19 Conservation and Production Act is amended—

20               (1) by redesignating section 422 (42 U.S.C.  
21       6872) as section 423; and

22               (2) by inserting after section 421 (42 U.S.C.  
23       6871) the following:

1 **“SEC. 422. EFFICIENT AND SAFE EQUIPMENT REPLACE-**  
2 **MENT PROGRAM FOR WEATHERIZATION PUR-**  
3 **POSES.**

4 “(a) ESTABLISHMENT OF PROGRAM.—The Secretary  
5 shall establish, within the Weatherization Assistance Pro-  
6 gram, a program to assist in the replacement of unsafe  
7 or highly inefficient heating and cooling units in low-in-  
8 come households.

9 “(b) ADMINISTRATION.—

10 “(1) IN GENERAL.—Except as otherwise pro-  
11 vided in this subsection, the Secretary shall admin-  
12 ister the program established under this section in  
13 accordance with this part.

14 “(2) EXEMPTION FOR HIGH-EFFICIENCY HEAT-  
15 ING AND COOLING EQUIPMENT EXPENDITURES.—  
16 Assistance for high-efficiency heating and cooling  
17 equipment under this section shall be exempt from  
18 the standards established under section 413(b)(3)  
19 and from section 415(c).

20 “(3) IDENTIFICATION OF HEATING AND COOL-  
21 ING SYSTEM UPGRADES.—Assistance for system up-  
22 grades under this section shall be based on a stand-  
23 ard weatherization audit and appropriate diagnostic  
24 procedures in use by the program.

25 “(4) WEATHERIZATION OF HOME RECEIVING  
26 NEW HEATING OR COOLING SYSTEM.—Assistance

1        may be perceived for a home receiving a new heating  
2        or cooling system under this section regardless of  
3        whether the home is fully weatherized in the year  
4        that the home received a new heating system.

5            “(5) FUEL.—The Secretary shall make no rule  
6        prohibiting a grantee from installing high-efficiency  
7        equipment that uses a fuel (including a renewable  
8        fuel) most likely to result in reliable supply and the  
9        lowest practicable energy bills, regardless of the fuel  
10       previously used by the household.

11          “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
12       are authorized to be appropriated to the Secretary to carry  
13       out this section—

14            “(1) \$40,000,000 for fiscal year 2006;

15            “(2) \$50,000,000 for fiscal year 2007; and

16            “(3) \$60,000,000 for fiscal year 2008.”.

17          (b) TABLE OF CONTENTS AMENDMENT.—The table  
18       of contents of the Energy Conservation and Production  
19       Act (42 U.S.C. prec. 6901) is amended—

20            (1) by redesignating the item relating to section  
21       422 as an item relating to section 423; and

22            (2) by inserting after the item relating to sec-  
23       tion 421 the following:

“Sec. 422. Efficient and safe equipment program.”.

