National Conservation, Environment and Energy Independence Act

Summary

Title I- Offshore and Onshore Leasing and Other Energy Provisions:

- Repeals all federal prohibitions (moratoria) and Presidential withdrawals against the expenditure of appropriated funds to conduct leasing and preleasing activities on federal lands.
- Repeals the 125 mile moratorium on gas and oil production in the Eastern Gulf of Mexico and the Appropriations’ prohibitions on the development of oil shale.
- Allows the use of woody biomass from federal lands for the production of renewable energy.
- Repeals prohibitions preventing federal agencies from entering into contracts for procurement of an alternative or synthetic fuel.
- Repeals the limitation on the number of new qualified hybrid and advanced lean burn technology vehicles eligible for the alternative vehicle tax credit.

Moratoria and State Approval: Prohibits leasing and leasing activities within 25 miles of the coastline of a State and allows coastal states to opt-out of production from 25 to 50 miles offshore within one year of passage of the act.

Military Operations: Requires the Secretary of the Interior to coordinate leasing activities with the Secretary of Defense and requires any unresolved issues to be referred in a timely manner to the President for immediate resolution.

Revenue Distribution of Royalties and Other Revenues Received (estimated value $2.6 Trillion) from Leasing of Offshore Lands Opened by the Act:

- 30% to the General Fund of the U.S. Treasury ($780 billion).
- 30% to Producing States ($780 billion).
- 8% for the Conservation Reserve ($208 billion).
- 10% to the Environment Restoration Reserve ($260 billion).
• 15% to the Renewable Energy Reserve ($390 billion).
• 5% to the Carbon Capture/Sequestration and Nuclear Waste Reserve ($130 billion).
• 2% to the Low Income Home Energy Assistance (LIHEAP) Program ($52 Billion).

The Conservation Reserve offsets the cost of legislation enacted after the date of the enactment of the National Conservation, Environment and Energy Independence Act for conservation programs, such as weatherization, and conservation tax credits and deductions for energy efficiency in the residential, commercial, industrial and public sectors to include Conservation Districts.

The Environment Restoration Reserve offsets the cost of legislation enacted after the date of the enactment of the National Conservation, Environment and Energy Independence Act to conduct restoration activities to improve the overall health of the ecosystems primarily or entirely within our wildlife refuges, national parks, lakes, bays, rivers and streams with emphases on the Great Lakes, the Chesapeake, Delaware and San Francisco Bay/Sacramento San-Joaquin Bay Delta, the Florida Everglades, New York Harbor, Colorado River Basin and Intercoastal Waterways and adjoining inlets.

The Renewable Energy Reserve offsets the cost of legislation enacted after the date of the enactment of the National Conservation, Environment and Independence Act to accelerate the use of cleaner domestic energy resources and alternative fuels; to promote the utilization of energy-efficient products and practices; and to increase research, development, job training programs and deployment of clean renewable energy and efficiency technologies.

The Carbon Capture and Sequestration Reserve offsets the cost of legislation enacted after the date of the enactment of the National Conservation, Environment and Energy Independence Act to promote research and development projects associated with carbon capture and storage in the production of liquid transportation fuels, electricity, synthetic natural gas and chemical feedstock and for the disposition and recycling/reprocessing of nuclear waste from nuclear power plants.
**Buying and Building American**: Expresses the intent of Congress that the Act will result in a healthy and growing American industrial, manufacturing, transportation and service sector employing American workers.

**Title II- Cleaner Energy Production and energy Conservation Incentives:**

Amends the Internal Revenue Code of 1986 to provide tax extensions and tax deductions of 5 years or greater for the production of renewable energy and energy conservation including facilities, alternative fuel vehicles and vehicle refueling property, energy efficient appliances, nonbusiness energy property, residential energy efficient property, new energy efficient home credit, energy efficient commercial buildings, solar energy/fuel cell and microturbine properties, clean renewable energy bonds, biodiesel and renewable diesel and plug in hybrid cars.

**Title III- Strategic Petroleum Reserve (SPR) Modification and Dedication of Revenues to existing Conservation and Energy Research Programs:**

Modifies the Strategic Petroleum Reserve to today’s refining capabilities by exchanging 10% (70 million barrels) of the reserve’s content and dedicates funds received from the exchange of supply and existing SPR funds ($1.4 billion estimated) to existing conservation, energy research/development and energy assistance programs. Specifically ($1.28 billion):

- Advanced Research Projects- $100,000,000
- Wind Energy research- $15,000,000
- Solar Energy Research- $30,000,000
- Low Income Weatherization- $100,000,000
- Low Income Home Energy Assistance Program (LIHEAP)- $100,000,000
- Marine and Hydrokinetic Renewable Energy- $30,000,000
- Advanced Research Vehicles Development- $40,000,000
- Industrial Energy Efficiency R&D- $110,000,00
- Building/Lighting Energy Efficiency R&D- $70,000,000
- Geothermal Energy Development- $30,000,000
- Smart Grid Technology Development- $30,000,000.
• Carbon Capture and Storage- $385,000,000
• Nonconventional Natural Gas Production and Environmental Research- $65,000,000
• Hydrogen Research and Development- $5,000,000
• Energy Storage for Transportation and Electric Power- $170,000,000
Declaring America’s Energy Independence

Nobody has to tell Minnesotans there’s an energy crisis. $4.00 a gallon for regular unleaded sends a pretty clear message. The question is: What do we do about it?

The solution lies in changing the way we produce and use energy and changing our “fuel mix” so alternative fuels and renewable sources—such as solar, wind, biomass, geothermal and wave energy—can power a lot more of our daily lives: fuel for cars, trucks, aircraft and boats; cooling and heating for homes, schools and offices; and generating electricity. The more we use these fuels, the less oil and gasoline we’ll need. That’s our real energy future.

The problem is these alternative energies won’t be ready to meet a substantial share of our needs for a number of years. And we can’t just stop the whole U.S. economy and wait. So, what do we do in the meantime?

Step 1: We need to start producing our own energy
Right now, we’re importing about 70% of our oil and gas from countries like Saudi Arabia, Mexico, Venezuela, Nigeria, Iraq, Angola, Algeria, Brazil and Kuwait. Our way of life depends on the willingness of other countries to sell us oil.

We’re spending $700-billion a year to buy imported fuel — the largest transfer of wealth in history. Although we don’t have as much oil and natural gas in the U.S. as they have in Saudi Arabia or Venezuela, we have a lot. Official estimates of proven reserves off our Atlantic and Pacific Coasts and in the Gulf of Mexico are 115.4 billion barrels of oil and 663.3 trillion cubic feet of natural gas. If we want to keep more of our money at home, support the U.S. economy and provide American jobs, we have to produce more of our own oil and gas. The more we produce, the less we have to buy overseas.

Step 2: We need a dedicated source of money to invest in alternative energy and conservation
When petroleum companies explore and produce oil and natural gas on federal lands and in U.S. waters, they pay lease fees and royalties to the U.S. government. Official estimates are that the proven oil and gas reserves along our Atlantic and Pacific Coasts and in the Gulf of Mexico could generate $2.6 trillion in royalties over ten years. $2.6 trillion; that’s our share.

What if we invested a significant percentage of those royalties in developing alternative fuel, renewable energy technologies and energy conservation? We talk about them a lot, but they’re currently funded piecemeal, in dribs and drabs. That needs to change—we need a major commitment to funding alternative sources of energy. We can use royalty income from oil and gas production to create a dedicated source of funding for our alternative energy future.

Step 3: We need oil and natural gas exploration off our coasts to be as environmentally safe and unobtrusive as it can be
Any new drilling on the Outer Continental Shelf along the Atlantic, Pacific coasts and in the Gulf of Mexico would have to be at least 25 miles out — over the horizon from the shoreline. And, if the adjacent state wanted, they could make it a 50-mile buffer zone.
The technology of oil and natural gas exploration has evolved several times over the last few decades. That’s why there hasn’t been an oil well spill in the U.S. for nearly 40 years. That’s why Hurricanes Katrina and Rita passed right over some of the busiest producing oil fields in the Gulf of Mexico and created very little problem around the platforms in federal waters.

**We need a common-sense bi-partisan approach: The National Conservation, Environment and Energy Independence Act**

As urgently as we need to act to get the country further down this road to an independent, sustainable and more environmentally sensible energy future, both political parties have been locked into hard political positions in this Presidential election year and show little interest in trying to reach agreement on solving problems.

This summer, Rep. John Peterson (R-PA) and Rep. Neil Abercrombie (D-HI) tried a different approach: to see if a group of Democrats and Republicans could work together to craft a legislative solution. During July, Congressman Walz worked with a group of 27 other House members to put together a package of legislative steps that didn’t give either side everything they wanted, but was something both sides could accept. It’s called compromise, and in the legislative process, it’s how you get things done.

The result of that bipartisan process is The National Conservation, Environment and Energy Independence Act, and it was introduced in the House on July 31st, 2008 and was quickly endorsed by more than 100 Members of Congress, both Republicans and Democrats.

- Our legislation increases the U.S. supply of oil in the short term by mandating release of 70- million barrels of oil from the Strategic Petroleum Reserve;
- Reduces the $700-billion per year we export to other countries to buy foreign oil;
- Takes a major step toward U.S. energy independence by opening the Outer Continental Shelf to “Over the Horizon” oil and natural gas production for domestic use only, as oil and gas produced on the OCS cannot be put into the world market by law, meaning this domestic source of energy will benefit Americans;
- Promotes energy conservation and our Alternative Energy Future by extending tax incentives for the development and production of alternative fuels and hybrid vehicles;
- Puts our money where our mouth is to fund the development of alternative fuel sources and renewable energy technologies by providing the first stable, designated funding source for the development of alternative fuels, renewable energy, and for environmental restoration, by allocating the royalties from oil and gas production in the Outer Continental Shelf as follows:
  - 30% to the U.S. Treasury
  - 30% to the adjacent State
  - 8% to the Conservation Reserve created by this Act;
  - 10% to an Environment Restoration Reserve Fund;
  - 15 % to a Renewable Energy Reserve Fund;
  - 5% to the Carbon Capture/Sequestration and Nuclear Waste Reserve Fund;
  - 2% to the Lower Income Home Energy Assistance Program (LIHEAP).
will achieve the desired benefits.

The control logic is tailored to allow for the efficient integration of the hybrid system with the electricity grid, minimizing energy consumption and costs. The system is optimized for the specific conditions of the site, allowing for maximum efficiency and flexibility.

**Goals**

- Developing an intelligent, globally optimized dual control system.
- Enhancing the system's environmental impact through energy optimization.
- Implementing a comprehensive understanding of renewable energy power plants.

**Motivation**

The system is designed to optimize the use of available energy sources, ensuring efficiency and reliability in the generation and distribution of power.