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**U.S. House of Representatives**  
**Committee on Energy and Commerce**  
**Washington, DC 20515-6115**

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June 1, 2007

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**M E M O R A N D U M**

**TO:** Subcommittee on Energy and Air Quality

**FROM:** Rick Boucher, Chairman   
Subcommittee on Energy and Air Quality

**SUBJECT:** Discussion Draft of Energy Legislation

Attached is a Discussion Draft on Alternative Fuels, Infrastructure, and Vehicles, along with a summary explanation of the draft. This Discussion Draft will be the subject of the legislative hearing to be held by the Subcommittee on Energy and Air Quality on Thursday, June 7, 2007. It will also be considered for inclusion in energy legislation scheduled for markup during June by both the Subcommittee and the full Committee. As always, I welcome your views and suggestions before, during, and following this legislative hearing.

This draft is meant to stimulate discussion on several critical issues affecting U.S. energy security: the production of alternative fuels and the infrastructure required to deliver them; the impact of motor vehicle use on energy consumption and supply; and the need to recognize the interdependent relationship between fuels and vehicles by treating them as a system.

The Discussion Draft takes initial steps to address greenhouse gas emissions from the transportation sector, and moves towards an eventual economy-wide greenhouse gas control program. It contains a Low Carbon Fuels Standard, which treats fuels in a manner similar to the way that CAFE treats vehicles. It would also require EPA to establish methodologies that require motor vehicle manufacturers to project and report greenhouse gas emissions.

The Discussion Draft includes language that would:

**Increase the Production of Alternative and Renewable Fuels:** The Discussion Draft includes an Alternative Fuels Standard (AFS) that would build on the successful Renewable Fuels Standard (RFS) enacted as part of the Energy Policy Act of 2005. The AFS would begin in 2013 and mandate the use of 35 billion gallons of alternative fuel by 2025. In addition to corn-

based and cellulosic ethanol, the AFS would encourage the development of additional fuels such as natural gas, coal to liquids, and electricity.

**Reduce the Carbon Content of Motor Vehicle Fuels:** The Discussion Draft also includes a Low Carbon Fuel Standard (LCFS) which would reduce the average life cycle greenhouse gas emissions from motor vehicle fuels. Rather than imposing a per-gallon carbon restriction, it would allow fuel providers to supply a variety of fuels as long as the average carbon content is reduced over time in accordance with the standard.

**Promote the Availability of Alternative Fuels:** The Discussion Draft seeks to increase the availability of alternative fuels by creating a grant program to assist retailers in the installation or conversion of fuels infrastructure to alternative fuels use. It also prohibits franchise agreement discrimination against retailers who wish to install alternative fuel tanks and dispensers. Finally the draft requires the installation of alternative fuels dispensers and tanks when the market penetration of flexible fuel-vehicles reaches a certain level.

**Increase Motor Vehicle Efficiency:** The Discussion Draft requires the Secretary of Transportation to set fuel economy standards for all motor vehicles at the maximum feasible level for each model year in perpetuity. Fuel economy standards cannot be less than 36 miles per gallon after model year 2021 for passenger cars and 30 miles per gallon after 2024 for light trucks. In addition to expressing standards in terms of miles per gallon, it requires the Secretary to express standards in average grams per mile of carbon dioxide emissions. It requires automobile manufacturers to produce flexible fueled vehicles and includes provisions to encourage the domestic development and production of advanced technology vehicles. Lastly, it creates new consumer education programs to facilitate the use of alternative fuels, encourage consumers to use motor vehicles more efficiently, and inform consumers about the fuel economy implications of replacement tires.

This Discussion Draft raises challenging policy questions involving complicated issues, and I anticipate a vigorous debate. I welcome comments and suggestions from all members and look forward to continuing to work with you to address our Nation's critical energy needs.

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If you have any questions, please contact Bruce Harris, Lorie Schmidt, Jonathan Cordone, or Laura Vaught with the Committee on Energy and Commerce staff at ext. 5-2927.