



Summary of H.R. 8

NORTH AMERICAN ENERGY SECURITY AND INFRASTRUCTURE ACT OF 2015

Committee on Energy and Commerce, Democratic Staff

H.R. 8, the North American Energy Security Act of 2015, is a compilation of outdated energy policies, repackaged as the Republican Party's vision for the future. This flawed bill would double down on benefits to the fossil fuel industry at a time when the country's focus should be on developing a comprehensive energy policy that drives the development of new technologies and advances clean and renewable energy sources. The Obama Administration's common-sense energy policies have started us on that road and Congress must follow suit so that the United States remains an energy leader in the 21st century.

However H.R. 8 takes us in the opposite direction. This ill-conceived bill includes multiple provisions that would alter or undermine existing laws designed to promote efficiency, and protect the environment, public health, and welfare.

Moreover, the version of H.R. 8 being brought to the floor strips a whole title primarily authored by Energy Subcommittee Ranking Member Bobby Rush to create a new program at DOE to help minorities, women and veterans find work and build careers in the energy industry. This was something that Republicans praised throughout the Committee process and its deletion speaks volumes about the Majority's commitment to minorities, women and veterans.

Natural Gas Pipeline Siting

H.R. 8 makes dangerous and unnecessary changes to the FERC natural gas pipeline siting process. The siting of such pipelines already requires detailed regulatory scrutiny by FERC, but this section would require the Commission to decide on pipeline applications within 90 days, regardless of the complexity of the application.

The bill would also require the Commission to consider environmental data from aerial or remote surveys instead of onsite inspections, giving companies the ability to bypass property owners' rights when surveying land for the construction of a natural gas pipeline.

And, even worse, the version being taken up on the floor will now include the text of H.R. 2295, the Republicans' bill to make it easier for industry to site natural gas pipelines through our nation's most treasured national parks such as Yosemite and Yellowstone.

Electricity Regulation – Inefficiency over Innovation

The electric energy regulation provisions of H.R. 8 represent an anti-consumer approach that rewards inefficiency and penalizes innovation. Republicans claimed that these provisions would enhance grid reliability, but no evidence was provided to show that any of these sections would result in an improvement.

H.R. 8 amends section 111 of the Public Utility Regulatory Policies Act (PURPA) to require states to consider a proposed new federal standard effectively favoring uneconomic coal and nuclear power in electricity generation. Additional changes to PURPA sec. 111 would require states to consider the impacts of subsidizing customer-side technology, in an effort to tip the scales against distributed generation and other clean energy innovations.

The bill also amends the Federal Power Act to interfere with the competitive wholesale process established in the Energy Policy Act of 2005 (EPA 2005) to benefit uneconomic generating facilities that would otherwise be rejected by the market in favor of lower cost natural gas and renewable options. The provision is bad for consumers and the environment as it props up expensive nuclear and coal facilities, while serving to exclude

less costly, cleaner, and equally reliable generation sources such as wind and solar power. This provision is unnecessary because FERC already has authority to address reliability and is doing so.¹

Additionally, H.R. 8 would impose an unprecedented requirement for FERC to complete a “reliability analysis” of covered rules that cost over \$1 billion. This section undercuts critical environmental rules and standards, like the Clean Power Plan, in the name of ensuring reliability. This completely unnecessary provision is just another attempt by the Republican majority to block actions of the Obama Administration to address the threat of climate change.

Energy Efficiency – More Consumption than Conservation

If enacted, the energy efficiency provisions in H.R. 8 would actually result in a net increase in consumption and greenhouse gas emissions compared to current law. The American Council for an Energy-Efficient Economy (ACEEE) estimates that the title would result in a \$20 billion net cost to consumers, an additional 10 quads of energy use, and increased emissions of around 500 million metric tons of CO₂.²

Building Codes – A Shortsighted View of Affordability

The most damaging of the energy efficiency provisions are sections 4151 and 4152 which would prevent Department of Energy from providing any assistance – financial or technical – if a proposed building code does not meet a simple payback period of ten years or less. This sets a dangerous federal precedent of determining an acceptable return on investment and does not reflect the reality of mortgage durations and home ownership. ACEEE estimated that enactment of the building codes language in this bill would result in a net loss in efficiency of 12.53 quads at a cost of \$23 billion to consumers.³

Repeal of Section 433 of the Energy Independence and Security Act – A Step Backwards for Federal Buildings

H.R. 8 repeals a key portion of section 433 of the Energy Independence and Security Act (EISA), signed into law by President George W. Bush, which established energy efficiency performance standards for the design of new federal buildings and those undergoing major renovations. The provision in H.R. 8 strikes language that requires federal buildings to be designed to result in decreased consumption of fossil fuels.

According to the American Institute of Architects section 433’s current targets are achievable and, in fact, some buildings are already meeting the 2030 target of a 100 percent reduction in fossil fuel use now.⁴ Requiring federal buildings to meet aggressive energy efficiency and renewable energy targets reduces taxpayer costs through energy savings, reduces our dependence on foreign oil and leverages the government’s large purchasing power to bring new technologies and materials to the marketplace.

No Warranty for Energy Star – Bailout for Appliances that Fail to Deliver Savings

H.R. 8 would undermine consumers by preventing the creation of an express or implied warranty based on a product’s participation in the Energy Star program –eliminating consumers’ ability to seek restitution when they purchase Energy Star products that do not deliver the associated energy savings.

According to the American Association for Justice (AAJ), who strongly opposes this language, the provision amounts to a bailout for large corporations because both consumers and manufacturers receive certain tax code benefits, including credits and rebates, from purchasing and manufacturing energy saving appliances.⁵

¹ Letter from Chairman Lisa Murkowski, Senate Committee on Energy and Natural Resources; Chairman Fred Upton, House Committee on Energy and Commerce; and Chairman Ed Whitfield, Subcommittee on Energy and Power to Chairman Norman Bay, Federal Energy Regulatory Commission (July 8, 2015).

² American Council for and Energy Efficient Economy, *2015 Federal Energy Efficiency Legislation and Projected Impacts* (Sept. 8, 2015) (online at aceee.org/sites/default/files/eelegislation-9-15-15.pdf).

³ *Id.*

⁴ American Institute of Architects, *Section 433 of the Energy Independence and Security Act of 2007* (Apr. 29, 2015).

⁵ American Association for Justice, *Oppose Sec. 4125 of HR 8 – Energy Star Immunity* (Sept. 2015).

Hydroelectric Provisions – Watering Down Protections and Rights

The hydroelectric licensing provisions of H.R. 8, as reported, would place power generation above all other uses of a river, including drinking water supplies and irrigation during periods of severe drought. These provisions give preferential treatment to electric utilities at the expense of other legitimate parties to licensing proceedings including states, Native American tribes, conservationists, irrigators, ranchers, and sportsmen. The hydropower provisions also create loopholes that would permit hydropower operators to dodge compliance with environmental laws, including the Clean Water Act.

H.R. 8 would give FERC the authority to override conditions placed on licenses by state and federal agencies to protect fish and wildlife from the impacts of hydropower projects, bypassing protections in the Endangered Species Act, the Clean Water Act, and the Federal Power Act. Tribal rights would be similarly shortchanged.

Under the bill's provisions, FERC would set a binding schedule for completing all federal and tribal authorizations associated with a hydropower license. If FERC's deadline is not met or an agency or tribe is not able to convince a court to provide a one-time deadline extension, then FERC and the applicant may continue the proposed action and the authorization is waved. There are no remedies if FERC or the license applicant are responsible for a delay that results in an agency missing a deadline.

H.R. 8 – A Path Backward

H.R. 8 has one central theme binding its titles: an unerring devotion to the energy of the past. It is the Republican Party's 19th century vision for the future of U.S. energy policy in the 21st century. H.R. 8 is fundamentally flawed, and does nothing to help realize the clean and renewable energy policies of the future.