



## **Fact Sheet: The Energy Policy Modernization Act of 2015 (S. 2012)**

S. 2012, the Energy Policy Modernization Act of 2015, coauthored by Chairman Lisa Murkowski (R-AK) and Ranking Member Maria Cantwell (D-WA) was reported out of the Senate Energy and Natural Resources Committee September 9, 2015 by a vote of 18 - 4. The Energy Policy Modernization Act of 2015 contains the following key provisions

**S. 2012 seeks to improve energy efficiency in the residential, commercial, and industrial sectors as well as the Federal Government. Most of the energy efficiency provisions in S. 2012 are from the Shaheen-Portman energy efficiency bill that the Senate has considered twice in previous Congresses when Democrats were in the Majority. An updated Shaheen-Portman energy efficiency bill was reported out of committee last year (S. 720).**

- *Federal government:* Title I directs the head of each federal agency to undertake a number of measures, including reducing their building energy intensity by 2.5 percent per year through fiscal year 2025 and working with the Office of Management and Budget (OMB) to develop a procurement and implementation strategy for energy-efficient and energy-saving information technologies. Title I further encourages the federal agencies to enter into energy savings performance contracts and utility energy service contracts. [[Senate Report 114-138 for S. 2012](#)]
- *Buildings:* Title I includes a number of programs designed to use energy more efficiently in buildings, by requiring the Secretary of Energy to establish revised federal building energy efficiency performance standards; promoting energy efficiency in federal data centers, and providing for greater energy efficiency in model building codes. Title I also reauthorizes the weatherization and state energy programs that assist in state and local-level development of energy efficiency policies and programs. [[Senate Report 114-138 for S. 2012](#)]
- *Appliances:* Title I includes provisions to address federal furnace standards after an advisory group completes an analysis of a furnace efficiency standard; extend the product system rebate program; and establish a rebate program for the replacement of qualified energy inefficient transformers. [[Senate Report 114-138 for S. 2012](#)]
- *Manufacturing:* Title I includes provisions designed to assist small and medium manufacturers with energy efficiency measures, such as leveraging both existing federal agency programs and the research and development work on manufacturing infrastructure conducted by the national labs. [[Senate Report 114-138 for S. 2012](#)]

- *Vehicles*: Title I includes provisions aimed at addressing fuel efficiency in vehicles, with a focus on the Advanced Technology Vehicles Manufacturing (ATVM) program established in the Energy Independence and Security (EISA) of 2007. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 permanently reauthorizes the Land and Water Conservation Fund and creates a new fund to address the maintenance backlog at national parks:** S. 2012 permanently reauthorizes the Land and Water Conservation Fund (LWCF). S. 2012 also clarifies the way in which funds may be allocated; adding two new set-asides: one for hunting, fishing or other recreational purposes and another for recreation and conservation programs important to states. The bill further establishes a National Park Service Critical Maintenance and Revitalization Conservation Fund to address high-priority deferred maintenance needs of the National Park Service, and permanently reauthorizes the Historic Preservation Fund. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 establishes a timeline regarding decisions on applications to export liquefied natural gas (LNG):** S. 2201(a) of S.2012 requires the Secretary of Energy to issue a final decision, approving or disapproving, any application to export natural gas to countries that *do not* have free trade agreements with the United State no later than 45 days after the FERC or Maritime Administration has concluded the review required by the National Environmental Policy Act of 1969 (NEPA). Section 2201 (c)(1) also grants to the U.S. Court of Appeals for the District of Columbia or the circuit in which the LNG export facility will be located, original and exclusive jurisdiction over any review of civil action brought regarding the Secretary of Energy's decision on export applications or lack thereof. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 includes a number of provisions aimed at modernizing electric grid infrastructure, with a focus on investing in research and development on energy storage and reforming transmission infrastructure permitting:** Title II, Subtitle D of S. 2012 proposes a \$500 million, 10-year applied Research Development & Demonstration (RD&D) program in grid-scale storage—more than triple recent levels of federal investment – as an attempt to address the ongoing challenges of the high costs of materials and production, reliability and safety, and the lack of industry acceptance of these technologies. Subtitle D also authorizes an integrated 10-year, \$2 billion program for advanced grid technologies that provides for: Technology demonstration grants, microgrid deployment, the development of system performance metrics and Technical assistance for state and regional planning. Subtitle D also codifies the Interagency Rapid Response Team for Transmission to improve the efficiency of electric transmission infrastructure permitting and establishes the position of transmission ombudsman to resolve delays and complaints related to the electric transmission infrastructure permitting process. Section 2310 requires transmission organizations to report to FERC every six months on barriers to distributed energy resources and micro grid systems. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 includes provisions that increase investment in federal energy research at the DOE's Office of Science and the Advanced Research Projects Agency (ARPA-E):** S. 2012 increases authorizations for DOE's Office of Science and the ARPA-E by 4 percent each year for 5 years. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 includes various provisions designed to modernize the Strategic Petroleum Reserve (SPR), including restrictions on how funds drawn from sale of oil from the SPR are used:** Building on provisions contained in the transportation bill, Title II,

Subtitle B reaffirms the importance of the Strategic Petroleum Reserve and amends section 167(b) of the Energy Policy and Conservation Act (EPCA) to require funds raised from future drawdowns to purposes directly related to either the operation of the reserve or projects that enhance U.S. energy security. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 includes provisions aimed at improving cyber security in the energy sector:**

Title II of S. 2012 codifies the Department of Energy's role as the "Sector-Specific Agency" for coordinating cyber response for the energy sector. This would provide the Secretary of Energy with the authority to order actions determined to be necessary to protect the grid system from cyber related threats in emergency situations. Title II also proposes several programs that would double the DOE's recent investment in cyber-related R&D, supply chain security and public-private partnerships for information-sharing. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 includes various provisions to support research, development and demonstration for renewable energy resources such as geothermal, marine hydrokinetic and biomass.**

Title III, Subtitle A of the bill authorizes a number of programs that fund research and development aimed at boosting the use of geothermal, marine hydrokinetic, and biomass as sources of energy for the electric grid or industrial operations. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 includes various provisions regarding permitting oil and natural gas development and reducing pollution from coal:**

Section 3103 designates FERC as the lead agency for all federal authorizations and NEPA compliance related to natural gas transportation and directs FERC to establish an interagency schedule and to refer all interagency disputes to the CEQ for prompt resolution. Section 3402 establishes a new coal technology program at DOE, which includes programs for research and development, large-scale pilot projects, and demonstration projects. The program objectives are reliable power, conversion efficiencies, carbon capture and storage, reduction of emissions, and water discharge management. The amendment authorizes \$610 million annually from 2017-2020, and \$560 million for 2021. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 includes various provisions related to energy workforce development aimed at training new professionals to work in the energy industry:**

Section 3601 makes investments in establishes a 21st Century Energy Workforce Advisory Board at DOE to develop a strategy to support the development of a skilled energy workforce to meet future needs of the sector, including addressing the issue of underrepresented populations. Section 3602 establishes a competitive workforce grant program to provide job training through a community college or registered apprenticeship program to provide students with industry-recognized credentials, authorized at \$20 million each year from 2017-2020. [[Senate Report 114-138 for S. 2012](#)]

**S. 2012 makes various reforms to the DOE's loan programs – the "Section 1703" loan guarantee program and the ATVM loan program:**

Title IV of S. 2012 reforms Section 1703 loan programs to require a minimum percentage of credit subsidies to be paid by borrowers and increases transparency and disclosure requirements. Clarifies that state financing entities (clean energy funds, emerging technology funds, green banks, or state economic development authorities) can participate in the DOE loan program, which currently retains \$24 billion in lending capacity. The bill also amends the fee authority for the ATVM program and creates a pathway for marine vessel projects to be eligible under it. [[Senate Report 114-138 for S. 2012](#)]