**Energy Efficiency and Jobs Creation Act of 2008**

1. *2-4 sentence summary explaining what is needed and why*

A new $10 billion program for energy efficient building retrofits in all sectors of the economy, run through existing state programs. It would require monitored and verified savings and would utilize existing deployment networks. The first half of the money would got out 30 days after enactment from DOE. The second half of the money would go out one year later, based upon performance. According to the U.S. Department of Energy, building operations directly account for 40% (100 quads) of primary energy use in the U.S., and 72% of all electricity use. U.S. buildings account for 2,325 million metric tons in 2008, or 39% of total U.S. carbon emissions—accounting for 8% of total world carbon emissions. Potential cost effective savings from efficiency are on the order 25% and more.

2. *Specific legislative language or appropriations direction effecting the change*

Please see attached.

3. *Current authorization status*

None authorized, but please see attached legislative language.

4. *Sense of when the funding/change would have material effect on the economy*

Almost immediate as funds can move through existing channels and projects are labor and equipment intensive. Faster than anything else in energy, except perhaps Weatherization Programs and the State Energy Programs.

5. *Guesstimates on job creation and how soon*

Using the CAP estimate of 2 million jobs for $100 billion, results in this proposal generating 200,000 jobs, and quickly. On the low end, other estimates show at least 100,000 jobs for $10B investment. Also note that efficiency also generates many more "spin off "jobs. A study of the employment effects of energy efficiency energy programs in California over the past 30 years concludes that, "Energy efficiency measures have enabled California households to redirect their expenditures toward other goods and services, creating about 1.5 million FTE jobs with a total payroll of $45 billion, driven by well-documented household energy savings of $56 billion from 1972-2006." The study further concludes that for every job lost in the energy supply chain, 50 new jobs were created.[i] See attached NAESCO report for more information.

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[i] "Energy Efficiency, Innovation, and Job Creation in California," David Roland-Holst, October 2008, CENTER FOR ENERGY, RESOURCES, AND ECONOMIC SUSTAINABILITY (CERES), University of California at Berkeley, available at: http://are.berkeley.edu/~dwrh/CERES_Web/index.html

In addition to the above item we would also like to suggest the following three priorities:

(1) Renewable Energy Federal Loan Guarantee Program through expanding other programs and making sure the federal loans do not reduce the tax credits
(2) Making the Renewable Tax Credits Refundable and/or expanding the Tax Investor Pool to Individuals, and
(3) Federal Development of renewable energy projects through establishing a Standard for Longterm Federal Power Purchase Agreements.

This was created with limited review. We will be providing you additional information on Tuesday.

As you know, the current economic environment is causing many renewable projects to either slow or end, threatening jobs and the growth of the renewable energy industry. In the current environment, projects are not being financed and renewables tax incentives are not functioning well because too few investment players have sufficient tax appetite. The stimulus steps below could have rapid impact because project developers can react quickly to changes in economic viability of projects in the pipeline.

**Renewable Energy Federal Loan Guarantee Program:** Creating a loan guarantee program for long-term (up to 20 years) bundled distributed commercial projects and large scale centralized projects, would greatly alleviate this problem. The program would offer loan guarantees for construction and long-term lending to renewable energy projects. To have an immediate impact, these loan guarantees must be readily and quickly made available to applicants. This could be accomplished by:

· Expanding existing programs such as the USDA Business & Industry (B&I) Guaranteed Loan Program by increasing the cap of $25 million, temporarily allow non-rural renewable energy project applications, and relax collateral requirements. Other examples are Small Business Administration (SBA) loans or the Export-Import Bank.

· Making sure below market federal loans does not reduce the tax credits by delineating these loans to not be deemed to be "federal financing". This would be similar to the recent Chairman Barney Frank's "technical corrections act" for LIHTC affordable housing projects.

**ENCOURAGING CAPITAL INVESTMENT by Making the Renewable Tax Credits Refundable and/or expanding the Tax Investor Pool to Individuals** In order to increase the pool of tax equity available to fund renewable energy development, we recommend making the investment tax credit refundable or opening up tax equity to individual investors. Currently only large financial institutions and companies typically provide tax equity, limiting the pool of investors. The repeal of passive loss and at-risk limitations would significantly expand the tax equity pool to include high net worth individuals and others. This is currently permitted for "working interest in oil and gas property". This solution helps address the liquidity issue and

financing access and helps spark more new project investment and job creation.
Below are additional ideas:
- Make Section 48 tax credits transferable if your tax status changes during the year, so investors can sell credits to other tax payers.
- Allow 90 day placed-in-service grace period for ITC under partnerships, as leases receive. Allows project owners to demonstrate system operations before raising capital, lowering risk and therefore cost.
- Allow safe harbor for partnership flips (Rev. Proc. 2007-65) to apply to Section 48 tax credits, not just for wind. Provides certainty on tax partnership flip structures and certainty on economic substance.

**Federal Development of renewable energy projects through establishing a Standard for Longterm Federal Power Purchase Agreements:** * Establish a standard PPA for federal government facilities, going beyond the current 10 year limit on contracts, and setting a standard agreement template that does not have to be fully renegotiated for each facility. As you know, this is how the US Hydro power system was built. The PPA agreement period should be well over the 10 year range, perhaps out to the 30 year range or even 50 year range as appropriate. (A 50 year PPA structure was what was done for hydro power decades ago). This could spark activity quickly and is best established under Stimulus legislation since scoring rules make it difficult for normal legislation.

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