

1 COMMITTEE: Agriculture and Energy
2 POLICY: National Energy Policy
3 TYPE OF POLICY: Draft Policy Directive
4

5 The National Conference of State Legislatures urges the federal government to **continue**
6 **working cooperatively with state, local, and tribal governments to** develop, implement
7 and maintain an expansive, integrated, environmentally-sensitive and cost-effective national
8 energy policy. ~~NCSL commends Congress and the Administration on the continued attention~~
9 ~~to these pressing issues which are a priority to the success of the United States. It is~~
10 ~~imperative that federal, state, local, and tribal governments continue to work cooperatively as~~
11 ~~our country moves forward.~~

12
13 ~~The primary goals of a national energy policy should be to develop a comprehensive energy~~
14 ~~conservation strategy, provide for the most efficient use of energy, to promote reliable~~
15 ~~sources of domestic energy supplies and to develop and promote the use of alternative,~~
16 ~~renewable energy sources. A national energy policy should **both** ensure adequate supplies~~
17 ~~of affordably priced energy **and** . A national energy policy should ensure the use of energy in~~
18 ~~an efficient and environmentally-sound manner so that the needs of our citizens, economy~~
19 ~~and national security interests are met. Energy independence must be a goal of the United~~
20 ~~States. **through** Aa balanced mix of energy sources **in order to ensure** is essential to the~~
21 ~~security and the future economic growth of the United States. It is also imperative that a~~
22 ~~national energy policy must utilize a cost-benefit analysis to determine the effect of each fuel~~
23 ~~source on the environment.~~

24 25 **Principles**

26
27 ~~Those principles which~~ NCSL believes the follow principles should ~~ought to~~ guide the
28 development and implementation of a national energy policy ~~include:~~

- 29
30 • Promotion of the most efficient and economical use of all energy resources.
31

- 32
- Promotion of energy conservation and efficiency and the development and use of
33 alternative and renewable energy supplies.
- 34
- Promotion and provision of incentives for the development and optimal use of all
35 energy resources and new facility infrastructure.
- 36
- Assurance that various domestic energy sources are continually developed,
37 maintained and stored to prevent supply emergencies and to promote energy
38 independence.
- 39
- Consideration and assessment of environmental costs and benefits for all energy
40 resources, fuels and technologies in rendering legislative, regulatory and market
41 decisions regarding energy production and use.
- 42
- Provision of an affordable and reliable energy supply for all citizens.
- 43
- Examine the feasibility of, and where feasible, promote state-wide or regional
44 minimum storage level requirements for heating oil for states dependent on this fuel.
- 45
- Specification and balancing of clear lines of local, state and federal regulatory
46 authority.
- 47
- Development of both short and long-term strategies to provide adequate energy
48 supplies, efficient utilization of those supplies and optimum cost effectiveness.
- 49
- Promotion of the education of school-age children regarding energy resources,
50 consumption, conservation, and production and regarding environmental protection,
51 safety and risks in energy production.
- 52
- Assurance of expanded energy research and development and broadening of the
53 citizenry's access to energy-related information.
- 54
- 55
- 56
- 57
- 58
- 59
- 60
- 61
- 62
- 63

- 64 • Assurance of participation of state and local officials in the development and
65 implementation of a national energy plan and strategy.
- 66
- 67 • Avoidance of mandates, particularly unfunded mandates, upon state and local
68 governments **as well as avoidance of pre-emptive federal laws** in developing a
69 national energy policy.

70

71 • ~~Avoidance of pre-emptive federal laws.~~

72

73 • ~~Transmission.~~

74

75 **Implementation**

76

77 NCSL believes development of a national energy strategy should ~~have~~ **contain** at a
78 **minimum** ~~least~~ these ~~seven~~ components:

79

80 • **A**an assessment and forecast of our nation's energy future and its impacts;

81

82 • **A**an evaluation and ranking of short and long-term energy options available to the
83 nation;

84

85 • **A**an evaluation of possible energy futures which provide greater benefits to our
86 citizens;

87

88 • **The** development of recommendations for energy options and energy futures that the
89 nation should pursue, with the establishment of national targets or goals;

90

91 • **A**an evaluation and recommendation of implementation mechanisms including, but not
92 limited to, incentives, technical assistance, educational programs, regulatory standards
93 or guidelines to achieve the targets or goals;

94

95 • ~~**The** coordination of federal and state components, responsibilities, and authority; and~~

96

97

- ~~• A cost-benefit analysis to determine the most efficient use of each fuel source.~~

98

99

- ~~NCSL believes that a national energy policy should~~ **Considers** energy sources based **on the** ~~on the following criteria first:~~ lowest cost, cost benefit analysis, revenue loss, cost to consumers, reliability, and environmental or other impacts. **Additionally,** ~~E~~energy policy alternatives that would improve our energy security without imposing significant new costs, while balancing the need for environmental protection, should be implemented. NCSL strongly supports a

100

101

102

103

104

105

106

- A** coordinated effort between state and federal government in **the development of** producing a national energy policy **where**. **Specifically,** In the development of a national energy policy, the federal government ~~should~~ **consults** closely with state legislatures, devise**ing** mechanisms to bring state legislatures into the energy decision-making process as full participants on a continuing basis, ~~and ensure~~**ing** the inclusion of representatives of the legislative branch of state government in all state-federal working groups dealing with energy policy.

107

108

109

110

111

112

113

114

Conservation and Energy Efficiency

115

116

~~Increased energy efficiency can decrease U.S. reliance on imported oil, reduce the environmental impacts of fossil fuels, reduce the long-term operating costs of U.S. industries thus improving their competitiveness, slow the depletion of our finite fossil fuels, and extend the time we have to make the transition to new and innovative energy technologies.~~

117

118

119

120

121

~~NCSL supports a national energy policy that promotes energy efficiency in a variety of ways including both setting and strengthening policies as technologies improve while recognizing the significance of economic costs on various segments of the population including rural areas.~~ **NCSL supports the use of:**

122

123

124

125

- Corporate Average Fuel Economy Standards for automobiles and light duty trucks, including sport utility vehicles and minivans;

126

127

128

129 • Energy efficiency provisions in model building codes (including lighting efficiency
130 standards and weatherization);

131

132 • "Whole-building" and life cycle costing approaches to construction and retrofitting that
133 integrate energy efficiency technologies and practices;

134 • home appliance and heating and cooling unit efficiency standards;

135

136 • Waste recycling and reduction standards for industrial manufacturing;

137

138 • Standards for conservation in electrical production and supply including cogeneration;

139

140 • Use of alternative energy; and

141

142 • A national transportation policy that emphasizes various modes of transportation,
143 including passenger rail and transit, **as well as** and promoting energy efficiency.

144

145 **New Source Review Program (NSR)**

146

147 **NCSL urges the Environmental Protection Agency (EPA) to reform the NSR program to**
148 **achieve improvements that enhance the environment and increase production**
149 **capacity, while encouraging efficiency, fuel diversity and the use of resources without**
150 **weakening the requirements intended to reduce emissions from new or modified**
151 **sources of air pollution. Routine maintenance, repair or replacement activities which**
152 **are not major modifications should not trigger NSR requirements.** *(Lines 147-152 are*
153 *incorporated from existing New Source Review Program Policy, Lines 6-11)*

154

155 **Government Support for Renewable Energy and Energy Efficient Products and** 156 **Industries**

157

158 **NCSL believes that** federal and state governments' leadership role in the purchase and use
159 of new energy efficient **and renewable energy** technologies and products should be

160 expanded ~~and~~ NCSL supports incentives for consumers to purchase energy efficient
161 products. The federal government should continue to establish incentives for energy efficient
162 fleet procurement industries and manufacturers of energy efficient products. ~~The federal~~
163 ~~government should~~ **as well as** continue to encourage the use of innovative financing
164 technologies to increase energy efficiency in buildings such as performance contracting and
165 long-term leasing and purchase agreements for energy efficient products. ~~a~~**All** government-
166 owned buildings should make use of economical energy conservation programs,
167 demonstrating state of the art efficiencies whenever possible.

168

169 **Government's Participatory Role**

170

171 ~~Federal and state governments' leadership role in the purchase and use of new energy~~
172 ~~efficient technologies and products should be expanded, and all government-owned buildings~~
173 ~~should make use of economical energy conservation programs, demonstrating state of the art~~
174 ~~efficiencies whenever possible.~~

175

176 **Renewable Energy**

177

178 ~~Renewable energy sources include, but are not limited to, geothermal, hydropower, biomass,~~
179 ~~wind, photovoltaics and solar. NCSL believes that~~ **in** recognizing **a** this spectrum of
180 **renewable energy** resources **including, but not limited to geothermal, hydropower,**
181 **biomass, wind, photovoltaics and solar**, the federal government should institute a long-
182 range, stable Renewable Energy Development Program which identifies and supports
183 development of renewable energy sources from research and development through
184 demonstration projects and commercialization in a cooperative effort among industry, higher
185 education, and national laboratories.

186

187 **NCSL encourages the Federal government to consult with the States with regards to**
188 **the development of a national renewable portfolio standard as over half of the States**
189 **already have in place a version of a renewable standard, and many of these standards**
190 **have been active for numerous years. In addition, NCSL urges that any national policy**
191 **that may be adopted build on the existing structure of state standards and regional**

192 ~~trading markets and not undermine them. If a national policy regarding renewable~~
193 ~~portfolio standards is adopted, it should be developed in consultation with state~~
194 ~~elected officials and their national representative organizations, and it should~~
195 ~~recognize that each state has different characteristics, resources, abilities and~~
196 ~~constraints. Renewable energy should not be approached as a one-size-fits-all policy,~~
197 ~~and NCSL urges the federal government to not pre-empt the work of the States, and to~~
198 ~~not restrict the progress States can make.~~

199

200 **NCSL recommends that:**

201

- 202 • **Federal action should be flexible, allowing for a range of complementary**
203 **strategies at the state and federal level maintaining a strong role for state**
204 **government in any federal action.**

- 205
- 206 • **Federal legislation should provide states the authority and flexibility to work**
207 **within a overall framework that affords states the ability to chose from a range of**
208 **options & apply the law effectively in the most cost effective, timely and efficient**
209 **manner for each state.**

- 210
- 211 • **Federal legislation should not preempt state governments from enacting stricter**
212 **or stronger measures within their jurisdiction.**

- 213
- 214 • **Congress must authorize and appropriate sufficient funds for state and federal**
215 **governments to implement any federal legislation. These funds should be newly**
216 **authorized appropriations, not reprogrammed resources.** (Lines 200-216 are
217 incorporated from existing Renewable energy Standard policy, Lines 13-40)
- 218

219

219 **Energy Emergency Preparedness**

220

221 **NCSL believes that t**The federal government should support and enhance energy
222 emergency preparedness in order to reduce the potential impact of petroleum supply
223 disruptions. Initial efforts should focus on strategies to reduce the nation's dependence on

224 ~~foreign oil to avoid future emergencies. Such programs must give consideration to existing~~
225 ~~state laws and programs, and state and local officials should be included in the federal~~
226 ~~planning process.~~

227

228 **A** ~~The national energy emergency preparedness program shall~~ **should** include the following
229 principles:

- 230 • **Initial efforts should focus on strategies to reduce the nation's dependence on**
231 **foreign oil to avoid future emergencies.**
- 232 • **V**oluntary conservation, is preferrenced to mandatory measures, wherever possible;
- 233 • **When** any mandatory responses **are required, they** should be phased in, beginning
234 with the least stringent measures, with gasoline rationing reserved for only the most
235 severe shortage; ~~and to~~
- 236 • **M**inimize undue hardships on states and regions heavily dependent on motor vehicle
237 transportation with rationing allotments and allocation plans **being** ~~should be~~ based on
238 state and regional needs and strategies rather than on national averages.
- 239 • Priority shall be given to home heating needs including home heating oil and propane,
240 provided homes are adequately insulated.

241

242 ~~To ensure that the country has sufficient, affordable supplies of energy, NCSL believes~~
243 ~~changes need to be made at the national level~~ **to ensure that the country has sufficient,**
244 **affordable supplies of energy,** ~~to~~ by encouraginge the more efficient use of energy to
245 reduce U.S. reliance on foreign oil. ~~Federal investments in energy efficiency research and~~
246 ~~technology have and will continue to ensure that less energy is consumed without a loss in~~
247 ~~comfort or productivity. Also, federal investments in new energy technologies such as fuel~~
248 ~~cells and hybrid generators can create technology and manufacturing jobs.~~ **As such, federal**
249 **investments in B**both energy efficiency and research in developing **new and** alternative
250 energy technologies should figure significantly in a national energy policy.

251

252 **Coal**

253

254 ~~Coal is America's leading fossil fuel in reserve. Coal holds the promise of long-term energy~~
255 ~~security for this nation. Resources of coal can be properly utilized only if we develop~~

Drafted May 8, 2012

256 ~~technologies to burn coal more cleanly, and efficiently. Because coal consumption produces~~
257 ~~carbon dioxide, mercury and other emissions, energy conservation and energy efficiency~~
258 ~~must be emphasized.~~

259

260 **NCSL believes that** it should be the goal of the **federal government** ~~United States~~ to:

261

- 262 • Provide continued support for the Clean Coal Technology Program, in partnership with
263 the private sector. **Such support, through additional** research and technology
264 development in clean coal usage, should include work in pre-combustion, combustion,
265 post-combustion, and coal conversion areas with desulfurization efforts a top priority.
- 266 • ~~The United States should~~ Jointly address transboundary environmental problems with
267 Canada and Mexico.
- 268 • **Continue to** ~~NCSL~~ supports the acid rain program of the Clean Air Act of 1990 that
269 phases - in reductions in emissions from coal burning power plants.
- 270 • **Seriously consider coal gasification as an alternative to the use of coal in a**
271 **conventional manner.**

272

273 ~~Since gas generated from coal can be distributed through existing pipeline systems, and~~
274 ~~since the delivery of coal in a conventional form will require extensive capital investment in~~
275 ~~plant conversion and rail transportation, coal gasification should be seriously considered as~~
276 ~~an alternative to the use of coal in a conventional manner.~~

- 277 • **Concurrently reclaim and restore mined lands** ~~Mined lands should be reclaimed~~
278 ~~concurrently and restored~~ to an environmentally appropriate condition.
- 279 • **Consider** the effects on local infrastructure needs and the costs of prime farmland
280 protection and land reclamation ~~should be considered~~ in the development of a national
281 coal program.
- 282 • **Accelerate the** financing of activities under the abandoned mine reclamation fund
283 ~~should be accelerated,~~ and a federal commitment to reclamation should be
284 strengthened.
- 285 • **Avoid adopting** ~~No federal policy~~ **that has** ~~having~~ implications for land development
286 or management ~~should be adopted~~ without accommodating the laws and policies of
287 affected states.

Drafted May 8, 2012

288

289 **Crude Oil**

290

291 ~~The federal government should promote the environmentally sound production of domestic~~
292 ~~energy resources in coordination with the conservation and efficient use of energy resources,~~
293 ~~and the management of energy imports.~~

294

295 **NCSL believes** the federal government should promote and encourage domestic production
296 of crude oil in an **efficient and** environmentally sound manner **in order to both** to supply
297 United States consumers with a secure source of petroleum **as well as** and provide a
298 stabilizing influence to the world price of crude oil. ~~Since domestic production is declining~~
299 ~~rapidly, the efficient use and conservation of these resources must be encouraged. Also~~**As**
300 **such**, the extraction and transportation of crude oil must be done only with full safeguards for
301 the protection of the environment. ~~In this regard,~~ The federal government should consider
302 incentives for domestic exploration, maintenance of stripper wells, but excluding other
303 extractions, and technological research for methods of enhanced oil and gas recovery that
304 are environmentally safe and in accordance with state policy **as well as an increase**
305 **research and development in the area of new energy generating technologies**
306 **including but not limited to biofuels, electric cars, fuel cells, hybrid engines, and**
307 **alternative fuels particularly for transportation.**

308

309 ~~The federal government should ensure that energy resources are utilized in a manner that~~
310 ~~recovers the most energy value possible while assuring full protection of the environment.~~
311 ~~Similarly, it should be the strategy of the United States to alleviate oil dependency by funding~~
312 ~~research and development to perfect alternative fuels, particularly for transportation. The~~
313 ~~federal government should also increase research and development in the area of new~~
314 ~~energy generating technologies like biofuels, electric cars, fuel cells and hybrid engines.~~
315 ~~Enhanced oil and gas recovery from known reserves should be promoted in an~~
316 ~~environmentally sound manner.~~

317

318 The federal government should manage United States imports by diversifying import
319 suppliers, pursuing a Pan American Energy Alliance with Western Hemisphere producing

320 nations, and expanding a dialogue with suppliers worldwide.

321

322 **Oil Overcharge Settlement Funds**

323

324 ~~Oil overcharge settlement funds have been made available to states from the Department of~~
325 ~~Energy through the settling of claims against the oil industry for the overcharge of petroleum~~
326 ~~products. **NCSL is appreciative of Administrative and congressional action to disburse**~~
327 ~~**authorized unclaimed overcharge monies to the states, via the oil overcharge**~~
328 ~~**settlement funds.**~~

329

330 ~~NCSL believes that the refunded oil overcharge money disbursed to states should be used~~
331 ~~for energy-related purposes. **As e**Emerging federal and state emphasis on conservation and~~
332 ~~energy efficiency programs has created a state need for **additional** funds to develop and~~
333 ~~implement new programs. Existing state grants administered through the Department of~~
334 ~~Energy need additional money to accomplish program goals. some states are unable to meet~~
335 ~~the growing demands of their energy programs with state money alone. Therefore, NCSL~~
336 ~~strongly supports expeditious pass-through of oil overcharge settlement funds by the~~
337 ~~Department of Energy to states only to supplement, and not supplant, energy related~~
338 ~~programs. NCSL opposes efforts to reduce or eliminate or take credit for federal funding of~~
339 ~~existing energy related programs such as the Weatherization Assistance Program, the~~
340 ~~Institutional Conservation Program, the State Energy Conservation Program, and programs~~
341 ~~authorized to be funded by the Energy Policy Act of 1992, based on the receipt of oil~~
342 ~~overcharge settlement monies. NCSL also opposes the diversion of oil overcharge monies~~
343 ~~from their intended energy uses.~~

344

345 **Additionally**, as oil overcharge and settlement funds are depleted, Congress is encouraged
346 **to appropriate replacement or supplemental funds to facilitate continued state involvement in**
347 **worthwhile energy programs. (Lines 326-347 are incorporated from Oil Overcharge**
348 **Settlement Funds Policy, Lines 5-28)**

349

350 **Natural Gas**

351

352 ~~Efficient natural gas turbines can be utilized in many areas with fewer environmental~~
353 ~~concerns. Natural gas can be developed with very low worker mortality compared to other~~
354 ~~energy activities.~~

355

356 **NCSL believes** the United States should encourage domestic production of natural gas in an
357 environmentally sound manner. **Additionally,** ~~Currently, the Office of Pipeline Safety (OPS)~~
358 ~~regulates the inspections of gas pipelines in the U.S.~~ NCSL believes **pipeline** safety is not
359 being maintained sufficiently given recent explosions. The federal government should adopt
360 legislation that funds and authorizes states to assume a more prominent role in the regulation
361 of pipeline safety. ~~In this way, states in~~ **A** partnership with the federal government will
362 enhance the safety of pipelines and the protection of residents by decreasing the risk of
363 pipeline accidents.

364

365 **State Primacy in Regulation of Oil and Gas and Production Wastes**

366

367 **Since oil and gas exploration and production occur in several different states in**
368 **distinct regions, the National Conference of State Legislatures NCSL believes that**
369 **primary responsibility for the regulation of used oil and of oil and gas exploration and**
370 **production wastes is best handled by the affected state to accommodate site-specific**
371 **conditions and environmental considerations should not be preempted by federal**
372 **legislation or regulation. As such, NCSL supports the continuation of exempting used**
373 **oil and waste generated in oil and gas exploration and production from classification**
374 **as hazardous waste under the Resource Conservation and Recovery Act (RCRA).**
375 **(Lines 367-374 are incorporated from State Primacy in the Regulation of Oil and Gas**
376 **Exploration and Production Wastes, Lines 6-26)**

377

378 **Revenues from On-Shore and Outer Continental Shelf Drilling**

379 **On-Shore Drilling**

380

381 ~~Existing federal law authorizes the sharing of revenue from mineral extraction with the state~~
382 ~~in which it occurs. As required under~~ **I**the Federal Oil and Gas Royalty Management Act of

383 1982 (30 U.S.C. 1701 et. seq.), **requires** 50 percent of the revenues from federal on-shore
384 drilling is paid to the state in which the lease is located and .The Act ensures that state
385 legislatures shall direct the use of these funds.

386

387 • NCSL supports the state legislatures' role in the appropriation of these funds.

388

389 • NCSL opposes any effort by Congress or the Administration to reduce the revenue
390 share paid to states in an effort to off-set federal expenditures on a temporary or
391 permanent basis.

392

393 **Off-Shore Drilling**

394

395 ~~Revenue shared from Outer Continental Shelf (OCS) oil and gas development leases (off-~~
396 ~~shore drilling) are shared with states at rates less than those percentage distributions from~~
397 ~~land-based mineral extractions (on-shore drilling).~~

398

399 ~~While this NCSL policy resolution~~ does not support or oppose additional exploration or
400 production on the **Outer Continental Shelf (OCS)**. **However**, to the extent **that** mineral
401 extraction occurs, Congress is urged to;

402

403 • Authorize and appropriate 50 percent of the Outer Continental Shelf (OCS) revenues
404 to the states;

405

406 • Ensure the state legislatures' participation in the appropriation of these funds; and

407

408 • Provide state lawmakers the flexibility to target these funds to their respective state's
409 natural resource priorities.

410

411 • OCS revenue sharing with the states should be in addition to and not replace other
412 Federal funding programs.

413

414 **OCS Related Activity**

415

416 ~~In addition, NCSL urges Congress to include the following provision with regards to drilling~~
417 ~~and mining activities on the OCS:~~

418

419 • Preserve state authority to impose moratoriums on or allow for mineral exploration,
420 development and production activities on the OCS.

421

422 • Lift federal fees charged to states for use of sand, gravel and shell resources taken
423 from the OCS for use in beach nourishment and other coastal erosion mitigation
424 activities.

425

426 • Give states full review of development and production of mineral resources on the
427 OCS.

428 **(Lines 382-427 incorporated from Use of Outer Continental Shelf Revenues and On-**
429 **Shore Drilling Revenues, Lines 6-53)**

430

431 **Nuclear**

432

433 **NCSL believes that,**

434 • Assuming concerns regarding plant safety and the transportation, storage and
435 disposal of nuclear waste can be resolved, nuclear power is an integral part of a
436 national energy plan.

437 • A federal government program for the long-term treatment and disposal of high-level
438 radioactive waste, funded by the generators of the waste, should be pursued with the
439 highest priority given to the safe reprocessing or transportation of waste and to the
440 safety and technical suitability of storage or disposal sites. Such a program should be
441 developed in full consultation with all of the affected states.

442 • The nuclear power plant licensing process for future plant construction must be
443 improved to ensure both public input and timely decisions, and federally standardized
444 nuclear power plant designs should be established.

445 • The Nuclear Regulatory Commission (NRC) provide strong, centralized, and
446 consistent administration to improve management of the agency, expedite policy

- 447 formulation, and help bring about needed reforms in licensing and regulation,
448 consistent with the NRC's primary responsibility of ensuring public health and safety.
- 449 • Meaningful and effective state participation is necessary in public safety planning and
450 transportation of commercial nuclear waste.
 - 451 • States must continue to have the right to monitor operating conditions at nuclear
452 power plants, waste storage and disposal facilities, and to exercise regulatory authority
453 where consistent with federal law.
 - 454 • Federal funding should be provided for research in the areas of waste management
455 technologies, nuclear fusion, and plant retrofit and life extension.
 - 456 • The tax treatment of decommissioning funds **should be updated to ensure that**
457 **existing funds are treated in the manner intended by the tax laws and to reflect**
458 **new business conditions.**

459

460 ~~State electric industry restructuring initiatives and the emergence of competition in generation~~
461 ~~supply have two potentially adverse major impacts on decommissioning funds – loss of tax~~
462 ~~deductibility and taxation of the funds transferred in nuclear plant sale transactions. The tax~~
463 ~~code should be updated to ensure that existing funds are treated in the manner intended by~~
464 ~~the tax laws and to reflect new business conditions.~~

465

466 **Electricity**

467

468 **NCSL believes that** the federal government should promote

- 469 • Energy efficiency and conservation to lower the demand for electricity.
- 470 • The development of sources of electric energy that are sufficient to meet national
471 needs, secure from external threat, reliable in availability and delivery, safe relative to
472 people and the environment, and efficient for use in homes, businesses, industries,
473 and as an alternative vehicular fuel., ~~should be pursued in junction with~~
- 474 • **The implementation of** aggressive efficiency and conservation programs are
475 implemented.
- 476 • **Legislation that recognizes the tremendous regional diversity, especially with**
477 **regard to capacity of the electricity sector**

478

479 ~~The electricity sector today is marked by tremendous regional diversity, especially with~~
480 ~~regard to capacity. Fuel usage also varies widely. Implementation of federal legislation~~
481 ~~that fails to recognize this diversity inevitably penalizes one region or another.~~

482

483 **Public Benefits/Environment:**

484

485 **NCSL believes that:**

486

- 487 • States should maintain the authority to require public benefits programs on a
488 nondiscriminatory basis, including those that support reliable and universal service,
489 energy efficiency, renewable technologies, research and development, and low-
490 income assistance. **Additionally,** ~~e~~Existing federally sponsored public benefits
491 programs should be maintained in a restructured market and ~~E~~electric industry
492 restructuring should be consistent with any federal environmental laws, including the
493 Clean Air Act.

- 494
- 495 • ~~In regards to fuel usage, the electricity sector is characterized by tremendous diversity,~~
496 ~~regionally, and state to state. Factors relating to fuel usage include energy efficiency,~~
497 ~~economic competitiveness, environmental impacts and technological adaptability.~~
498 Implementation of Federal legislation that fails to recognize market mechanisms
499 inevitably penalizes one region or state or another and that ~~M~~mandate programs,
500 ~~which have led to energy market distortions in the past,~~ are counter to the concept of
501 restructuring, which encourages the efficiencies of market competition.

- 502
- 503 • **As s**States are in the best position to evaluate market force considerations.,
504 Congressional legislation should not limit, through the use of mandates or otherwise,
505 state flexibility in addressing market mechanisms in electric restructuring plans.

- 506
- 507 • ~~NCSL believes that~~ **N**on-traditional energy production should be encouraged **and**
508 **that.** ~~T~~he federal government must maintain and increase its commitment to cost
509 effective energy conservation and efficiency while maintaining adequate and reliable
510 energy. **As such,** power providers, equipment and appliance manufacturers, and

511 consumers should be given legislative and regulatory incentives to promote these
512 goals.

513

514 **Consumer Protection and Education:**

515

516 **NCSL believes that:**

517

518 • The safety, reliability, quality, and sustainability of services should be maintained or
519 improved **and that** All consumers should have access to adequate, safe, reliable,
520 and efficient energy services at fair and reasonable prices, as a result of competition.

521

522 • States should retain the authority, with the assistance of the federal government as
523 needed, to protect consumers from anticompetitive behavior, undue discrimination,
524 poor service, market power abuses, and unfair service practices.

525

526 • States should maintain the authority to establish or require comprehensive consumer
527 education and outreach programs to minimize public confusion and provide
528 information so consumers are able to make informed choices and participate
529 effectively in a restructured market.

530

531 **Regulatory Authority**

532

533 ~~State regulatory bodies are close to consumers, utilities, industries, and concerned for state
534 environmental and economic well being. State regulatory bodies are in the best position to
535 evaluate consumer needs, and address questions relative to fuel choice, economic
536 development implications, and system reliability.~~

537

538 NCSL strongly supports and urges the continuation of the state legislative oversight for the
539 approval and siting of all major energy conversion facilities, subject to minimum federal
540 standards established only after the fullest consultation with state governments, both
541 executive and legislative branch. State authority over the siting of energy facilities should not
542 be preempted by federal law.

543

544 NCSL acknowledges the need for a robust national transmission system that can support
545 new technology and allow for additional power production to be brought onto the grid. ~~In the~~
546 ~~2005 Energy Policy Act Congress established federal backstop authority for the Federal~~
547 ~~Energy Regulatory Commission (FERC) over the siting of transmission lines in National~~
548 ~~Interest Energy transmission Corridors. Since the enactment of the new authority, the~~
549 ~~provisions have proven largely unnecessary and court action in the 4th Circuit Court of~~
550 ~~Appeals has upheld that the rejection of a permit application by a state for good cause is not~~
551 ~~grounds for being able to appeal to the FERC to obtain the permit. In addition, the 2005~~
552 ~~Energy Policy Act enacted new preemptions of state authority regarding liquefied natural gas~~
553 ~~terminal siting. NCSL urges Congress to allow these provisions included in the 2005~~
554 ~~Energy Policy Act relating to state authority of liquefied natural gas terminal siting to~~
555 be implemented and studied before any attempt is made to expand the preemption to further
556 limit the state role in siting of these energy infrastructure components. NCSL opposes any
557 such expansion of these provision but urges Congress at a minimum to allow for the
558 complete implementation of the new standards before reopening the issue.

559

560 **Research and Development**

561

562 **NCSL believes that** the cornerstone of a national energy policy should include a broad
563 research and development component. **Specifically,** the federal government ~~has already~~
564 ~~committed substantial research~~ **and development** funds for clean coal, nuclear research,
565 basic science and related efforts. ~~These research and development efforts ought to be~~
566 continued. **However,** these efforts, ~~however,~~ should be supplemented with increased **long-**
567 **term** incentives and federal funding for research and development projects emphasizing
568 emerging technologies, including, but not limited to, renewable resources, energy
569 conservation, efficient use of energy, alternative fuels, oil and gas recovery,
570 superconductivity, and fuel cell technology **and**. ~~This enhanced long-term research and~~
571 ~~development capacity should also~~ be designed to encourage private sector participation with
572 federal and state representatives. NCSL urges Congress to provide explicit recognition in the
573 Internal Revenue Code that sustainable energy (conservation, efficiency and customer sited
574 renewable) is a private activity serving a public good.

575

576 **Renewable Energy R&D Market Support**

577

578 **NCSL encourages** ~~that Part of the renewable energy resource development program, and~~
579 ~~critical to its success,~~ is federal development of alternative technologies that improve
580 renewable energy efficiencies, cut costs, and assist in integrating renewable energy into
581 existing energy systems. Any **The implementation of** federal standards for the deployment
582 of these new technologies should not undermine established programs at the state level to
583 integrate these resources into existing energy systems. **NCSL also believes in the need for**
584 ~~Also needed~~ is a translation and distribution system for international technical and marketing
585 papers on renewable energy **and that** the U.S. should strive for excellence in the use,
586 manufacturing and marketing of renewable energy resources and technologies.

587

588 **Wave and Tidal Energy**

589

590 NCSL strongly believes that the United States should increasingly encourage all forms of
591 renewable energy, including avenues of renewable energy that are not currently in the
592 forefront; specifically wave energy, wave farms, and tidal energy.

593

594 ~~Wave power devices were first introduced in the 18th century, but the only government~~
595 ~~supported research program was terminated 1982 by the British government. As of 2008,~~
596 ~~dozens of new wave energy technologies are being developed around the world, and these~~
597 ~~technologies have the potential of producing enough energy to service upwards of 4,000~~
598 ~~homes per 6 megawatts. The wave energy industry is on the cusp of making breakthroughs~~
599 ~~to become a viable and important part of the nation's energy make-up.~~

600

601 NCSL requests that the federal government demonstrate global leadership and:

602

- 603 • Recognize the importance of wave- and tidal-energy to the future of the United States;

604

- 605 • Support the research and development of advances in wave- and tidal -energy
606 technology, including the ability to tow and set up the equipment in the oceans through
607 loan guarantees, grants and tax incentives;
608
- 609 • Research and create a “Wave Hub,” or similar infrastructure necessary for integrating
610 wave- and tidal-energy production facilities into the national grid; and
611
- 612 • Encourage the demonstration and deployment of wave- and tidal-energy beyond the
613 limited scope of R&D to ensure competitive and equitable access for wave- and tidal-
614 energy projects and provide a fair opportunity to supply the nation with a reliable and
615 renewable energy.
616

617 **Education and Information**

618

619 **NCSL believes that** it is essential that the nation, including its elementary and secondary
620 school-age children, be made fully aware of energy use and costs, production processes,
621 alternative energy resources, **the importance of energy efficiency and conservation** and
622 the impact energy usage has on our environment. NCSL recommends that public and private
623 sector education efforts be initiated, expanded and appropriately funded.
624

625 ~~These efforts should emphasize that significant economic and environmental benefits can be~~
626 ~~achieved through increased efficiency and conservation. Also, The federal government~~
627 ~~should promote both energy conservation education and fund research into conservation~~
628 ~~technologies **while**. Federal funding of energy conservation programs, including grants to~~
629 ~~states, should be enhanced. **Such efforts should emphasize that significant economic**~~
630 ~~**and environmental benefits can be achieved through increased efficiency and**~~
631 ~~**conservation**~~
632

633 ~~The federal government and the states should encourage education in schools about the~~
634 ~~importance of energy efficiency and conservation.~~
635

636 NCSL **also** believes **that** an essential step in formulating a balanced energy policy is to

637 develop the necessary data and employ analytical methods and models to assess the
638 efficiency, productivity costs and risks of the various energy choices available to the nation.
639 **As such**, NCSL recommends the development of this analytic base by the Department of
640 Energy, with assistance from the Departments of Defense, Treasury and State, and the
641 Office of Management and Budget, in conjunction with the states.

642

643 **Transportation**

644

645 **NCSL believes that** national transportation strategies must include public policy initiatives
646 directed at broadening the efficient use of our energy resources. As such, ~~NCSL believes~~
647 ~~these~~ policy initiatives should include, but not necessarily be limited to:

- 648 • Incentives and adequate funding for mass transit, high speed rail, magnetic levitation
649 and other emerging transportation technologies;
- 650 • Fuel economy standards; and other market incentives for improving the energy
651 efficiency of automobiles and light trucks;
- 652 • Federal, state, and local procurement policies favoring efficient vehicles.
- 653 • **The encouragement** of public-private partnerships ~~should be encouraged.~~