# Section-by-Section

## Security and Fuel Efficiency (SAFE) Energy Act of 2007

**Senators Dorgan and Craig**

**To improve the energy security of the United States by reducing our oil dependence as it relates to economic output, or oil intensity, by 2030.**

**TITLE I – INCREASED FUEL EFFICIENCY OF THE TRANSPORTATION SECTOR**

**Sec. 101—Definition of "automobile":** Amends the current definition of "automobile" to include vehicles over 26,000 lbs (class 7 & 8) with other classes 3-6 for model year 2012.

**Sec. 102 – Annual Increase in CAFE standards:** This section establishes a 4% annual increase in the fuel economy of the entire new vehicle fleet (comprising classes 1-8) beginning in model year 2012 and ending in 2030.

- **a.** "Off-ramps" - NHTSA is given discretion to invoke "off-ramps" to protect consumers and manufacturers from adverse impacts by allowing a lower percentage increase if it is determined that a 4% increase is technologically not achievable, creates material safety concerns, or is not cost effective.
- **b.** NHTSA would be responsible to set fuel economy standards for each class of automobile.
- **c.** "Two Fleet Rule" - The title repeals the two fleet rule which sets separate but identical CAFE standards for foreign and domestically produced passenger automobiles.

**Sec. 103 – Tax Credits for alternative and fuel efficient motor vehicles**:

- **a.** Removes the per manufacturer cap on the amount of tax credits for consumers to purchase a range of advanced passenger cars and light duty trucks.
- **b.** Extends the current hybrid tax credit for trucks over 8,500 lbs until 2012.
- **c.** After 2012, the tax credit is available for 5 years to all classes of vehicle able to exceed current fuel economy standards.

**Sec. 104 – Manufacturer's Tax Credit**: A tax credit is given to manufacturers and suppliers for 35% of qualified investment for incremental costs incurred to retool, expand, or establish a manufacturing facility to produce advanced technology vehicles including advanced diesels and hybrids, or eligible components, or any associated engineering costs. The credit for each year shall not exceed $75 million.

**Sec. 105 – Increase in gross weight for highway vehicles**: To allow for increased freight efficiency, the Secretary of Transportation will also be authorized to raise the maximum allowable gross weight for highway vehicles from 80,000 to 97,000 lbs provided that basic truck architecture is not altered, thereby maintaining safety. (Canada currently allows 138,000 lbs vehicles and Europe 110,000 lb vehicles on their roads, respectively.)

**TITLE II – INCREASED USE OF ALTERNATIVE FUELS AND INFRASTRUCTURE**

**Sec. 201 – Renewable Fuels Standard:** 30 billion gallons of the nation's fuel supply will contain ethanol by 2020. Fifteen billion of those gallons must be derived from cellulosic and other not conventional corn starch-based feedstock. After 2012, the bill calls for dramatic increases of cellulosic ethanol production so it becomes a major component of the RFS.
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**Sec. 202 - E-85 or blender pump infrastructure tax incentives:**

> **a.** A 35% investment tax credit for the installation of E-85 infrastructure by fueling station owners and a 40% investment tax credit for installation of blender pumps because of their increased capital costs.
> **b.** Defines a "blender pump" as service station infrastructure that blends fuels at a minimum of E-20 up to E-85.

**Sec. 203 – E-85 or blender pump infrastructure:** After five years, the Secretary of Energy shall make an assessment regarding the installation of adequate infrastructure. If the assessment determines that adequate progress is not being made, then the Secretary of Energy shall promulgate regulations to ensure, to the maximum extent practicable, a stronger mandate exists that puts in place necessary biofuels infrastructure.

**Sec. 204 – 10% annual increased production of dual fueled vehicles:** For model years 2012 – 2022, manufacturers are required to increase the production of Flexible Fuel vehicles by 10% each model year over the previous model year.

**Sec. 205 –Emerging biofuels:** Authorizes $500 million for the Secretary of Energy to provide direct grants, tax credits, direct loans and/or loan guarantees to commercialize emerging biofuels to no less than six biorefineries located in different regions of the U.S.

**Sec. 206 -- Biodiesel:** Secretary must submit a report to Congress on any efforts to displace 5% diesel with biodiesel.

**Sec. 207 –Unconventional fossil fuel:** Authorizes $150 million to carry out a 10-year R&D program to develop and commercialize CO2 capture and sequestration technologies that can minimize CO2 emissions associated with the recovery of liquid fuels from oil shale and coal.

**Sec. 208–Study the impact of variable subsidies for renewable fuels:** The Secretary of Agriculture, in consultation with the Secretary of Treasury, Secretary of the Energy, the Administrator of the Environmental Protection Agency, representatives of the biofuels and oil industries and other interested parties, shall conduct a study of the U.S. renewable fuels industry and markets. The study will consider the costs to produce corn-based and cellulosic-based ethanol and other emerging biofuels, the factors affecting the future market prices for these biofuels, and the level of tax incentives necessary to sustain and grow the U.S. biofuels industry from 2011 until 2020.

**TITLE III – DEVELOPMENT AND INVENTORY OF CERTAIN OCS RESOURCES**

**Sec. 301 – Definition -** Defines a U.S. company as at least one legal U.S. citizen owning at least 51 percent equity interest.

**Sec. 302 – Cuba exploration –** In the interest of national security and environmental concerns, permits U.S. companies to explore for oil and natural gas in Cuban waters located as close as 45 miles from U.S. shores where other national oil companies have currently been granted access by Cuba.

**Sec. 303 – Authorized travel for exploration -** Authorizes travel necessary for full time employees, executives, agents, consultants of oil and gas producers, distributors and shippers to Cuba for work related to exploration and extraction.

**Sec. 304 – Eastern Gulf of Mexico –**Opens additional areas for domestic production in the Eastern Gulf of Mexico by lifting the federal moratoria boundary from 125 miles to within 45 miles of the coast. This is still beyond the line of sight along the coast in the Eastern Gulf of Mexico. At the same time, the bill maintains stringent environmental protections and liability on the lease holder.

**Sec. 305–Oil and Natural Gas Inventory of the South Atlantic Planning Region**–Allow for the surveying of oil and natural gas resources off the southeastern seaboard of the United States using best available assessment technologies; Provided, that governors of affected states (Virginia, North Carolina, South Carolina and Georgia) petition the Secretary of the Interior to lift any existing Federal legislative or administrative prohibitions for such assessments.

**Sec. 307– Enhanced Oil Recovery–**In carrying out the demonstration program for projects to inject carbon dioxide for the purpose of enhancing recovery of oil or natural gas authorized by Section 354 of the Energy Policy Act of 2005, the Secretary of Energy shall ensure that priority is given to projects conducting field demonstrations in geologically challenging fields.

**TITLE IV – MANAGEMENT OF ENERGY RISKS**

**Sec. 401 – Bureau of International Energy Policy.** This title establishes a Bureau of International Energy Policy within the National Security Council. The bureau will work in conjunction with the secretaries of Defense, State, and Energy to prepare and present to Congress an annual energy security report.

**Sec. 402 – Energy Infrastructure Inventory –** The Secretary of Energy will be authorized to develop a Strategic Energy Infrastructure Equipment Reserve.