

## Summary of Legislation

### **Security and Fuel Efficiency Energy Act of 2007 – SAFE Energy Act**

**Sponsors – Senators Dorgan and Craig**

The goal of the SAFE Energy Act of 2007 is to improve the energy security of the U.S. through a 50% reduction in the oil intensity of the economy by 2030. The SAFE Energy Act has four cornerstone principles – 1) achievable, stepped increases in fuel efficiency of the transportation fleet; 2) increased availability of alternative fuel sources and infrastructure; 3) expanded production and enhanced exploration of domestic and other secure oil and natural gas resources; and 4) improved management of alliances to better secure global energy supplies.

#### **Title I -- Increased Fuel Efficiency of the Transportation Sector**

This title reforms and strengthens fuel efficiency standards by establishing an annual 4% increase in the fuel economy of the entire new vehicle fleet, including automobiles, medium trucks, and heavy trucks from 2012-2030. NHTSA will have discretion to invoke “off-ramps” if it is determined that the increase is not technologically achievable, creates material safety concerns, or is not cost effective. This title further:

- eliminates supplemental fuel economy credits for producing dual-fueled automobiles and repeals the “two-fleet rule”;
- expands the availability of consumer tax credits and authorizes investment tax credits for manufacturer/supplier retooling for highly efficient automobiles and trucks; and,
- authorizes DOT to increase freight efficiency by raising the maximum allowable gross weight for highway vehicles from 80,000 to 97,000 pounds, so long as road safety is not compromised.

#### **Title II -- Increased Use of Alternative Fuels and Infrastructure**

This title calls for a total renewable fuels standard of 30 billion gallons by 2020, with the condition that the 2020 mandate must include 15 billion gallons that are not just conventional corn-starch based, but will include cellulosic and other feedstocks. Other provisions expand the supply and demand of biofuels creating the appropriate incentives and obligations for infrastructure, including the installation of blender pumps that can deliver ethanol blends up to E-85, strengthening the demand side of the biofuels market while protecting business owners from potential financial hardship. Five years after enactment, the title requires an assessment of the effectiveness of the incentives and a determination whether additional measures are needed to ensure market penetration of biofuels. The title further:

- requires increasing the production of flexible-fuel vehicles (FFVs);
- provides incentives for cellulosic ethanol and other emerging biofuels, including direct grants, tax credits, direct loans and/or loan guarantees, to be awarded on a least-cost-per-gallon basis;
- requires a study of research and development needs to achieve a 5% market share for biodiesel;
- authorizes a 10-year, \$150 million research and development program to develop and deploy carbon dioxide capture and sequestration technologies for facilities that produce liquid fuels from coal and oil shale; and,
- conducts a study of the U.S. renewable fuels industry and markets to review the impacts of tax incentives related to future market expectations in the renewable fuels sector.

#### **Title III – Development and Inventory of Certain Outer Continental Shelf Resources**

This title will increase access to oil and gas reserves on the Outer Continental Shelf in the Eastern Gulf of Mexico while strengthening environmental protections. It allows U.S. oil and natural gas companies to have access to the Eastern Gulf up to 45 miles from the U.S. coastline in U.S. and Cuban waters. This distance remains beyond the line of sight from the shore. This new access levels the playing field by allowing U.S. to compete for resources that are currently available only to Cuba and countries other than the U.S. It also

authorizes an enhanced inventory of oil and natural gas resources along the Southeastern Seaboard of the U.S. using the best available technologies, provided that affected governor of the state petition the Secretary of the Interior to undertake the inventory. In addition, Title III provides support for the development of enhanced oil recovery techniques, ensuring that priority is given to projects conducting field demonstrations in geologically challenging fields.

#### **Title IV – Management of Energy Risks**

The Congress recognizes the leading role that the Executive Branch plays in maintaining and enhancing partnerships and diplomatic ties around the world in relation to energy security. At the same time, the provisions of this title complement that effort by establishing a Bureau of International Energy Policy within the National Security Council. Further, the title allows the Secretary of Energy to develop a Strategic Energy Infrastructure Equipment Reserve.