



NEWS RELEASE

GOVERNOR'S COMMUNICATIONS OFFICE

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BREDESEN, LAWMAKERS UNVEIL CLEAN ENERGY FUTURE ACT *BIPARTISAN LEGISLATION STEMS FROM YEAR-LONG TASK FORCE EFFORT*

NASHVILLE — Governor Phil Bredesen and a bipartisan group of legislators, joined by members of the Governor's Task Force on Energy Policy, today unveiled sweeping new legislation designed to make the Volunteer State a national leader in energy efficiency and clean energy technology.

The Tennessee Clean Energy Future Act of 2009 — sponsored by Senators Jim Kyle, Randy McNally, Andy Berke and Ken Yager, and Representatives Les Winningham, Joe McCord, Jim Hackworth and Phillip Johnson — is a wide-ranging bill tackling several major recommendations by the Governor's energy task force, created in March 2008. Last summer and fall, Bredesen traveled the state with the 16-member panel to craft a comprehensive new energy policy for Tennessee. The group's extensive work can be viewed at www.tn.gov/energy.

"Today's bill is the result of countless hours of public meetings involving dozens of experts and hundreds of stakeholders from across Tennessee," Bredesen said. "It promotes energy savings for state government and consumers across Tennessee, it encourages the development of clean energy technology jobs, and it happens to be the right thing to do for energy and the environment."

He added: "It's a bold, bipartisan step toward ensuring the Volunteer State's clean energy future."

Key components of the legislation — set to be filed this week as an amendment rewriting Senate Bill 2300 and House Bill 2318 — include:

- Requiring state government to "lead by example" with improved energy management of its buildings and passenger motor vehicle fleet;
- Encouraging job creation in the clean energy technology sector by making qualified businesses eligible for Tennessee's existing emerging industry tax credit; and
- Promoting energy efficiency in newly constructed homes with a limited statewide residential building code and expanding eligibility for federal funds used to "weatherize" existing homes in low-income areas.

In addition to the Clean Energy Future Act, Bredesen in February proposed a new solar research institute at the University of Tennessee and Oak Ridge National Laboratory to complement major solar-industry investments in the state.

Funding for the solar institute — and related items including clean energy workforce development initiatives, electric vehicle infrastructure, and public energy-efficiency awareness programs — will be included in an amendment to the proposed 2009-10 state budget. Those measures are expected to be funded using existing state dollars that are restricted to energy-related purposes or new federal funds included in President Obama's American Recovery and Reinvestment Act of 2009.

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"Together, these legislative and budget measures represent a comprehensive series of clean energy improvements and investments," Bredesen said. "As a state known for its energy innovation and blessed with an abundance of natural resources, Tennessee can and should be a leader in setting the national clean energy agenda."

He added: "I look forward to working with the General Assembly to move ahead with this common-sense set of proposals."

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BRIEFING

GOVERNOR'S COMMUNICATIONS OFFICE

TENNESSEE CLEAN ENERGY FUTURE ACT: AT-A-GLANCE

The Tennessee Clean Energy Future Act of 2009 (Senate Bill 2300 and House Bill 2318) focuses on three areas:

1. Requiring state government to “lead by example” with improved energy management in its buildings and vehicle fleet;
2. Encouraging job creation in the clean-energy technology with key incentives; and
3. Promoting greater energy efficiency in Tennessee’s residential sector.

MAJOR COMPONENTS

- **Launching a five-year accelerated program to improve energy efficiency in state buildings.** Cost-saving improvements may include overhauling mechanical systems or replacing equipment such as lighting and controls with more advanced technology. Accelerating retrofits or repairs across state agencies – which manage approximately 30 million square feet of building space – could cost tens of millions of dollars but will save even more in reduced energy costs. Improvements will be financed using bonds, provided that the resulting energy savings can pay back the bonds.
 - *FACT: While state agencies manage one-third of the total space in state government (higher education controls two-thirds), they account for nearly 50% of total energy costs.* [Source: Governor’s Task Force on Energy Policy]
- **Requiring Energy Star equipment and appliances in state agencies.** Energy Star, a widely accepted labeling program operated by the U.S. Environmental Protection Agency and Department of Energy, promotes energy-efficient products and lower greenhouse gas emissions. Last December, Bredesen signed an executive order launching the move toward Energy Star.
 - *FACT: At least 20 states have adopted Energy Star mandates.* [Source: National Governors Association]
- **Mandating more energy-efficient cars in the state’s passenger motor vehicle fleet.** The target goal for energy-efficient cars in the passenger motor vehicle fleet will be raised to 100%. Most immediately, 25% of newly purchased vehicles must be hybrid electric or compact fuel-efficient cars. Electric vehicles, manufactured by carmakers including Nissan, could be integrated into the state fleet when they become commercially available in 2010, pending a standard procurement process and the deployment of charging infrastructure.

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- **Designating the clean energy technology sector as eligible for Tennessee’s emerging industry tax credit.** Businesses engaged in the clean energy tech sector – including research and development, manufacturing or installation of certain equipment – will be designated eligible for the existing emerging industry tax credit. Firms involved with energy efficiency or producing energy from sources such as solar, wind, and biomass, as well as advanced coal and nuclear, can qualify for moderate rebates on sales and use taxes and expanded eligibility for job-creation tax credits.
 - *FACT: In 2007, global investments in clean energy technology topped \$148 billion.* [Source: U.K.-based research firm New Energy Finance.]
- **Establishing a limited statewide residential building code.** In local areas that do not currently enforce a residential building code, the state Department of Commerce and Insurance will enforce the International Residential Code (IRC), a commonly accepted code that sets minimum standards for new construction of one- and two-family dwellings, as it relates to basic measures like energy efficiency. As a safety matter, the department already provides electrical inspections in areas without a residential code. Lower energy costs are expected to offset additional inspection fees.
 - *FACT: Thirty-eight states have adopted the IRC. Meanwhile, Tennessee, without a statewide code, leads the nation in per capita residential electricity use.* [Source: International Code Council; Battelle]
- **Expanding eligibility for federal funds used to “weatherize” existing homes in low-income areas.** Under the American Recovery and Reinvestment Act of 2009, Tennessee is poised to receive approximately \$99 million through the U.S. Department of Energy’s Weatherization Assistance Program. The program, administered by the state Department of Human Services (DHS), promotes energy efficiency through installing measures such as insulation and weather-stripping in low-income homes. DHS will streamline rules to allow for a rapid and responsible distribution of new dollars – including ensuring that contractors doing the work are qualified. Additionally, eligibility for qualifying homeowners will increase from 125% to 200% of poverty, or \$44,100 for a family of four.

BACKGROUND

The Governor’s Task Force on Energy Policy was formed by executive order in March 2008 with the goal of developing a comprehensive new energy policy for Tennessee. Chaired by Governor Bredesen, the 16-member panel held eight public meetings across the state, focusing its efforts on the three areas now represented in the Tennessee Clean Energy Future Act. Final recommendations were approved in December. The group’s extensive work can be viewed at www.tn.gov/energy.

In addition to representatives of the Tennessee Departments of Economic and Community Development, Environment and Conservation, Finance and Administration, and General Services, task force members included: Miles Burdine, president and CEO of the Kingsport Chamber of Commerce; Phil Chamberlain, vice president and treasurer of the Home Builders Association of Tennessee (HBAT); Dana Christensen, associate director of Oak Ridge National Laboratory; Elizabeth Eason, chair of the East Tennessee Chapter of the U.S. Green Building Council; Lynn Evans, chairman of MLGW; Jack Holder, board member of the Tennessee Valley Industrial Committee; Kalee Kreider, communications director and environmental policy advisor to former Vice President Al Gore; Rosalind Kurita, former state senator; John Noel, president of the Southern Alliance for Clean Energy; Emily Reynolds, senior vice president of the Tennessee Valley Authority; Michael Vandenberg, professor of law and co-director of the Vanderbilt Law School Regulatory Program; and State Rep. Les Winningham.