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Ohio and the American Clean Energy and Security Act

Committee on Energy and Commerce

On June 26, 2009, the U.S. House of Representatives approved H.R. 2454, the American Clean Energy and Security Act (ACES). The legislation would create millions of new clean energy jobs and enhance America's energy independence.

At the national level, government and other experts have documented the job creation, oil savings, and consumer cost savings that would result from the enactment of ACES. A recent economic analysis at New York University concluded: "from almost any perspective and under almost any assumption, H.R. 2454 is a good investment for the United States to make in our own economic future."¹

Estimates from the Congressional Budget Office, the Environmental Protection Agency, and the Energy Information Agency predict that the per-household costs of the bill will be less than 50 cents per day in 2020 (\$74 to \$160 annually).² These estimates do not take into account the benefits of U.S. competitiveness. They also do not take into account the full energy savings resulting from the investments ACES makes in energy efficiency, which the American Council for an Energy Efficient Economy estimates will be \$215 annually per household by 2020.³

This fact sheet provides a brief overview of how the legislation would affect the state of Ohio.

Investments in Clean Energy Programs in Ohio. ACES will invest \$2.54 billion in clean energy programs in Ohio by 2020.⁴ These funds could be used to pay for renewable energy projects, energy efficient building retrofits, home appliance upgrades, and clean and efficient transportation improvements. Over the period 2012 to 2016, ACES will invest \$300 million to \$385 million in Ohio each year. Specifically, ACES would provide:

- **Over \$120 million per year for investments in energy efficiency, renewable energy, and low carbon transportation.** The largest portion of funds provided by ACES can be used by states to transition to a clean energy economy. States will receive carbon allowances worth \$3.1 billion to \$3.9 billion each year to be used for projects that improve energy efficiency, deploy renewable energy and smart grid technologies, or reduce transportation-related emissions. Ohio's share is \$125 to \$155 million annually.
- **Over \$50 million per year for renewable energy manufacturing and deployment.** States will receive carbon allowances worth \$1.3 billion to \$1.6 billion each year to deploy renewable energy generation or to establish facilities that manufacture renewable energy technologies. Ohio's share is \$50 to \$65 million annually.
- **Over \$60 million per year to improve energy efficiency in buildings.** States will receive carbon allowances worth \$1.7 billion to \$2.1 billion each year to improve the energy efficiency of buildings through implementation of building energy codes, building retrofit assistance, and upgrades of

manufactured homes. Funds may also be used for additional clean energy activities in low-income communities. Ohio's share is \$60 to \$75 million annually.

- **Over \$30 million for local governments.** Local governments will receive carbon allowances worth \$800 million to \$1 billion each year to invest in local energy efficiency programs and the deployment of local renewable energy technology. The share for local governments in Ohio is \$30 to \$40 million annually.

National Programs that Benefit Ohio. In addition, ACES makes several national investments that will benefit Ohio. Over the period 2012 through 2025, ACES would provide:

- **\$25 billion to rebuild or retool factories to build fuel efficient vehicles.** These funds will support the construction of plug-in electric vehicles and other advanced technology vehicles, putting autoworkers back to work on new types of vehicles.
- **\$25 billion in additional loan guarantees for the auto industry.** These funds will expand the existing advanced technology vehicle manufacturing program, which provides federal loan guarantees to auto manufacturers and their component suppliers.
- **\$64 billion to develop and deploy carbon capture and storage.** These funds will build the first generation of coal power plants equipped with carbon capture and sequestration.
- **\$22 billion in advanced energy research.** These funds will support eight regional Energy Innovation Hubs where university researchers, private researchers, and industry can cooperate to develop clean energy technologies. The funds can also be used to support innovative energy technologies through the Advanced Research Projects Agency-Energy (ARPA-E).
- **\$1 billion for agricultural and renewable energy incentives.** These funds will be used by the Environmental Protection Agency and the U.S. Department of Agriculture to support supplemental activities in agriculture and to invest in infrastructure to help deploy biofuels and other renewable energy.
- **Up to \$8 billion per year in a domestic offset market.** ACES would also create a national domestic offset market, in which Ohio's farmers and forest owners could participate to generate a new source of income when they cut emissions.

Promoting Domestic Manufacturing. ACES would establish a Clean Energy Manufacturing Revolving Loan Fund Program to award grants to states to establish revolving loan funds for small and medium-sized manufacturers to improve energy efficiency and produce clean energy technology. It would also create partnerships to help manufacturers find new markets, improve competitiveness, and adopt innovative manufacturing technologies.

Promoting Economic Growth in Ohio. ACES will have demonstrable benefits for Ohio's economy. A recent university study concluded that Ohio could gain 35,000 to 61,000 more jobs by 2020 as a result of comprehensive clean energy policy.⁵ It also concluded that Ohio's gross domestic product would be \$1.6 billion to \$3.7 billion higher with clean energy policy than without.

¹ Institute for Policy Integrity, New York University School of Law, *The Other Side of the Coin: The Economic Benefits of Climate Legislation* (September 2009) (online at <http://www.policyintegrity.org/documents/OtherSideoftheCoin.pdf>)

² Environmental Protection Agency, *EPA Analysis of the American Clean Energy and Security Act of 2009, H.R. 2454 in the 111th Congress* (January 29, 2010) (online at http://www.epa.gov/climatechange/economics/pdfs/HR2454_SupplementalAnalysis.pdf), Energy Information Administration, *Energy Market and Economic Impacts of H.R. 2454, the American Clean Energy and Security Act of 2009* (August 4, 2009) (online at <http://www.eia.doe.gov/oiaf/servicert/hr2454/index.html>), and Testimony of Douglas Elmendorf, Congressional Budget Office before the Senate Committee on Energy and Natural Resources (Oct. 14, 2009) (online at <http://www.cbo.gov/doc.cfm?index=10561&type=1>).

³ American Council for an Energy Efficient Economy, *Energy Efficiency in the American Clean Energy and Security Act of 2009: Impacts of Current Provisions and Opportunities to Enhance the Legislation* (online at <http://www.aceee.org/pubs/e096.htm>)

⁴ Estimates are based upon allowance prices from the Congressional Budget Office, adjusted to 2009 dollars. Changes in population, energy consumption, or allowance value will impact actual allowance value.

⁵ College of Natural Resources, University of California - Berkeley, *Clean Energy and Climate Policy for U.S. Growth and Job Creation* (October 2009) (online at: http://are.berkeley.edu/~dwrh/CERES_Web/Docs/ES_DRHFK091025.pdf)