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Final Stimulus Bill Trims Coal Funding, Nixes $50B Energy Loans

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House and Senate conferees split the difference between the two chambers' approaches to fossil fuel project funding and eliminated a controversial loan program for low-carbon energy production in their final draft of a $789 billion economic stimulus package expected to reach the president's desk this weekend, according to summaries of the legislation released Feb. 12.

The stimulus package includes $37.5 billion for spending on energy-related projects—down nearly $12 billion from the first bill proposed in the Senate. That includes $3.4 billion for "fossil energy research and development" that likely will fund carbon capture and sequestration (CCS) projects; the House had initially sought $2.4 billion for this purpose, while the Senate had sought $4.6 billion. The package, which is expected to proceed to a final vote Feb. 13 or 14, no longer includes $50 billion of loan guarantees aimed at nuclear, coal gasification and other "innovative technology" energy projects; loan guarantees aimed strictly at "standard renewable projects such as wind or solar" and electricity transmission have been cut to $6 billion. Also included in the package are $11 billion for smart grid projects, $6.3 billion for energy efficiency and conservation grants and $2.5 billion for energy efficiency and renewable energy research.

Several tax breaks included in the stimulus package aim to ease the efficiency increases and deployment of renewable energy sources that advocates say will be necessary to move to a carbon-constrained economy. The stimulus provides a 30 percent investment tax credit for facilities that manufacture advanced energy property; extends for three years the renewable energy production tax credit; temporarily allows facilities to claim an investment tax credit, instead of the production tax credit; authorizes $1.6 billion in Clean Renewable Energy Bonds, which utilities say will help create green jobs; authorizes $2.4 billion of Qualified Energy Conservation Bonds, to finance initiatives designed to reduce greenhouse gas (GHG) emissions; and modifies a CCS tax credit to require that oil and natural gas exploration companies that inject carbon to enhance recovery demonstrate permanent sequestration to be eligible for the $10-per-ton credit.

Congressional leaders and members of the Obama administration have been working furiously in recent days to reconcile the House and Senate versions of the recovery bill, all while trimming its total costs. The bill text had not been released as of early evening Feb. 12.