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Creating American Jobs, Generating American Energy

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Set forth below we offer 23 ideas to create the American clean energy jobs we need today and build the foundation for the United States to lead in clean energy technologies in the 21st century. These include both proposals that can create jobs this year as well as longer-term actions that will help fuel economic growth that will add jobs to the economy for years to come. This memo focuses only on job creation ideas and does not include other important policies to spur the transition to clean energy, such as a renewable energy standard, carbon pricing or funding for energy research and development.

Short-Term: Create Jobs

Efficiency

- **On-Bill Rural Efficiency Financing:** Provide federal support to rural electric cooperatives to finance residential efficiency and weatherization projects. The program would cost \$1.4 billion over ten years to finance \$5.6 billion in direct loans from USDA's Rural Utility Service to rural electric cooperatives, which would provide ratepayers with loans for residential weatherization and efficiency projects that would be paid back through a fee on their utility bill. This would support the weatherization of 1.6 million homes over ten years.
- **Energy Assistance Fund:** Establish a federal fund within the Department of Energy to provide low-interest loans to homeowners to install energy efficient home improvements. The fund should support loans up to 90% of the equipment and installation cost. These loans should be made available to individuals making less than 150% of median national income.
- **Direct Use of Natural Gas:** Provide homeowners and small business owners with rebates of up to \$3,500 to replace older home and water heating systems with ENERGY STAR natural gas furnaces. Using natural gas for space and water heating in homes and small businesses is one of the most efficient uses of gas. Providing incentives for direct use upgrades will provide jobs for contractors to install new systems, save consumers on energy costs and reduce overall greenhouse gas emissions.
- **Advance Energy Rebates:** Make the energy-efficient home improvement tax credit, increased in the American Recovery and Reinvestment Act, advanceable to provide a swift rebate to homeowners and spur the purchase of energy-efficient products. Making the credit advanceable will help consumers pay for the up-front costs of efficiency improvements, enabling them to realize a prompt return on their investment and leading to increased demand for efficient products and services that will create jobs.
- **Small Business Energy Efficiency Loan Program:** Small business and non-profits often do not have access to capital or tax credits to finance long-term improvements.

This program would help small businesses and non-profits make weatherization and energy efficiency improvements through an independently-managed government fund to provide zero- or low-interest loans. Providing this assistance will create local jobs and allow small businesses and non-profits to realize savings over a much shorter period of time.

- **Clean Retrofit Incentives for Federal Housing:** Create a dividend program to incentivize owners of Department of Housing and Urban Development (HUD)-assisted multi-family housing projects to pay for energy efficiency improvements. These investments would create new clean energy jobs, reduce energy use and save taxpayer dollars. More broadly, this program would encourage private sector investments by making federally-assisted housing projects a model of how clean energy improvements can save building owners money.

Manufacturing

- **Advanced Energy Manufacturing Tax Credit (48C):** Create as many as 32,000 new jobs in 2010 by extending the tax credit provided in the American Recovery and Reinvestment Act and double funding to \$4.6 billion. This credit pays for up to 30% of the cost of investments in clean energy manufacturing. The credit was oversubscribed in 2009, but it still supported the creation of 17,000 jobs in 2009.
- **Clean Energy Manufacturing Fund:** Create a clean energy retrofit program, designed as a revolving loan fund, to provide the capital to small and medium-sized manufacturers so that they can purchase needed equipment to manufacture clean energy products. This will help American companies compete in the global clean energy manufacturing market, saving existing jobs in traditional manufacturing and creating new jobs as manufacturers expand.
- **Clean Energy Business Zones (CBiZ):** Help conventional energy communities transition to clean energy by creating community-based investment zones to attract new clean energy research and manufacturing jobs. Modeled on the successful Empowerment Zone program CBiZ would use \$1.2 billion to provide tax credits, grants and loan guarantees for companies in the clean energy sector to hire new employees.
- **Buy American-made:** Encourage growth in the market for American-made clean energy products by eliminating the regulation that prevents the U.S. subsidiaries of foreign companies from competing for Department of Energy ARRA contracts. This would provide more opportunities for American workers and communities, in many of the rural, Southern and Midwestern areas hardest-hit by the recession.

Clean Energy Generation

- **Carbon Capture and Sequestration Grants:** Provide direct grants to existing commercial scale coal fired power plants to install carbon capture and sequestration (CCS) technology. The grants should be made available to power plants that generate at least 500 megawatts of power, and should be provided for projects capable of capturing at least 80% of the plant's carbon emissions. Plants would be eligible to receive \$800 per kilowatt of power treated by the capture and sequestration system, with the program capped at \$10 billion.
- **Net-Metering Tax Credit:** Provide residential and commercial building owners a tax credit for the electricity that they send back to the grid via distributed power sources including solar and wind. The tax credit would encourage property owners to install distributed power sources by helping them recapture their investments more quickly.
- **Property Assessed Clean Energy (PACE) Bonds:** Create a loan guarantee program that enables municipalities or other entities that provide financing for residential and commercial energy efficiency improvements, with the loan paid back through a surcharge on the building's property taxes. This stimulates homeowner investment in clean energy labor and technology by offering affordable financing and pegging loan repayment obligations to whoever owns the property at the time.

Medium-Term: Stimulate New Demand

- **Clean Energy Manufacturing Transition Assistance:** Provide an additional \$1.5 billion in funding over five years to the Manufacturing Extension Partnership to establish a clean energy program. The funding will create business and process services for small and medium sized manufacturers seeking to compete in the clean energy sector to help gain access to those markets.
- **Natural Gas Heavy Vehicles:** Establish a five year, \$5 billion program to transition diesel heavy vehicles to natural gas. There are two ways to accomplish this goal, either by increasing and extending the existing tax credits for purchasing heavy natural gas powered vehicles or establishing a "Cash for Commercial Clunkers" program that pays the difference in price, up to \$65,000 per vehicle, to replace diesel trucks with natural gas. Removing inefficient older heavy vehicles from the road would increase demand for new commercial trucks, natural gas as a vehicle fuel, construction of new natural gas refueling stations and reduce emissions.
- **Renewable Integration Tax Credit:** Provide a tax credit for utilities to construct natural gas power plants that are integrated into renewable power systems. This will help utilities defray the costs of building facilities that include both rapid-start natural gas, which supplies power when the wind does not blow and sun does not shine, and renewable sources. Building integrated plants adds as much as \$240 million to construction costs, often discouraging projects from being built.

- **Nuclear Manufacturing Tax Credit:** Provide a tax credit for companies in the United States that manufacture parts for new nuclear power plants. While the domestic nuclear supply chain has virtually disappeared over the past 30 years, it thrives overseas as many other countries continue to build new nuclear power plants. As a result, most nuclear manufacturing capacity is overseas. Restoring a domestic manufacturing capability will help ensure that new nuclear power plants create jobs in America, not just overseas.
- **Nuclear Workforce Training:** Create an education, workforce development and training program to prepare a workforce for the next generation of nuclear power plants. With an aging nuclear workforce and dozens of jobs-intensive new nuclear power plants predicted to come on line under a carbon cap, a robust training program will provide both college and non-college educated workers with the skills needed to fill thousands of existing nuclear jobs, as well as expected new jobs.

Long-Term: Foundational Investments

- **National Institutes of Energy:** Fifteen of the 21 greatest medical innovations in the United States from 1965 through 1992 were developed with funding from the National Institutes of Health (NIH). We can do the same in energy by creating a National Institutes of Energy (NIE), modeled after NIH, to most effectively channel R&D funding toward the development of new, low-cost commercial clean energy technologies. The NIE would function as a nationwide network of regionally based, commercially focused and coordinated innovation institutes.
- **National Infrastructure Bank:** Create a new public-private agency that would leverage federal dollars and private financing to fund strategic investments in America's infrastructure. This would help finance badly-needed long-term investments in American infrastructure that would both directly and indirectly create jobs.
- **Low Carbon Manufacturing Technologies Research:** Provide funding to develop technologies to reduce manufacturing carbon emissions. This funding could be used in conjunction with the National Institutes of Energy and ARPA-E to develop needed technologies to eliminate or sequester carbon from industrial practices.
- **Clean Energy Export Opportunity Fund:** To help spur clean energy exports from small and medium sized businesses, the United States should create a \$15 million Small and Medium Enterprise (SME) Clean Energy Export Fund. This fund would focus specifically on assuring that SME's—including clean energy parts suppliers and engineering and design firms—have the information, export opportunities and assistance they need to compete internationally.

- **Waive U.S. Commercial Service User Fees for Small and Medium Sized Businesses:**
The U.S. Commercial Service (USCS) provides valuable, fee-based services to American companies seeking to enter foreign markets. Although USCS has made some efforts in recent years to provide these services to small and medium sized businesses at reduced fees, small firms still face problems with the USCS fee structure for trade assistance. USCS should be authorized to establish a pilot program under which it would be authorized to waive its service fees for qualifying clean energy small and medium firms and required to study the effectiveness of such fee waivers on encouraging exports and creating jobs.

Appendix-Proposal Background

Clean Energy Business Zones (CBiZ)

<http://www.thirdway.org/report/clean-energy-business-zones>

National Institutes of Energy

[http://www.thirdway.org/data/product/file/246/Third Way Policy Proposal -
Clean Energy NIE.pdf](http://www.thirdway.org/data/product/file/246/Third_Way_Policy_Proposal_-_Clean_Energy_NIE.pdf)

Spurring Weatherization Investments in Rural America

<http://www.thirdway.org/report/spurring-weatherization-investments-in-rural-america>

Natural Gas-Platform for a Clean Energy Future

<http://www.thirdway.org/memo/natural-gas-platform-for-a-clean-energy-future>