All-of-the-Above Approach to American Energy -- Reducing Energy Costs for American Consumers and Businesses

On Thursday, the President will visit the University of Miami to deliver remarks on American energy. While at the University, he will tour the school's Industrial Assessment Center (IAC) where students learn how to become industrial energy efficiency experts as they help small- to mid-sized manufacturers cut energy costs. University of Miami's IAC is one of 24 nationwide and is part of the Department of Energy's Industrial Assessment Program that has provided valuable training and experience for more than 3,000 students over 30 years and conducted more than 15,000 energy assessments at U.S. manufacturing plants – assessments have helped save over 530 trillion BTUs of energy and have helped manufacturers across the nation save more than $5.6 billion in energy costs.

At the University of Miami, the President will highlight his administration's strong record of expanding oil and gas production, dramatically increasing the efficiency of the vehicles we drive, and slashing our reliance on foreign oil – reducing the vulnerability of American families to the ups and down of the global oil market.

Harnessing American ingenuity to catalyze breakthrough technologies for natural gas: The Advanced Research Projects Agency – Energy (ARPA-E) will make $30 million available for a new research competition in the coming months that will engage our country's brightest scientists, engineers and entrepreneurs to find ways to harness our abundant supplies of domestic natural gas for vehicles. Today's natural gas vehicle technologies require tanks that can withstand high pressures, are cumbersome, and are either too large or too expensive to be suitable for passenger vehicles. Under this program, ARPA-E will support teams focused on overcoming these barriers by developing innovative, low-cost natural gas storage technologies and methods to lower pressure in vehicle tanks and help enable the widespread adoption of natural gas vehicles. This announcement builds on an Administration-wide commitment to reducing our dependence on oil by encouraging greater use of natural gas in transportation, which includes: proposing new incentives for medium- and heavy-duty trucks that run on natural gas or other alternative fuels; launching a competitive grant program to support communities to overcome the barriers to natural gas vehicle deployment; developing transportation corridors that allow trucks fueled by liquefied natural gas to transport goods; and supporting programs to convert municipal buses and trucks to run on natural gas and to find new ways to convert and store natural gas.

Advancing the development of biofuels – sustainable gasoline, diesel, and jet fuel from algae: The Department of Energy will make $14 million in funding available to boost innovation and scientific breakthroughs to help build a renewable biofuels industry, increase America's domestic supply of clean, renewable energy, and diversify the nation's energy portfolio. Part of the Department's sustained investment in biofuels technologies focuses on unlocking the potential for homegrown transportation fuels from algae, which have the potential to replace up to 17 percent of the oil imported for transportation in the United States. Algae may also have some advantages over other biofuel sources. For example, algae can be grown in ponds near industrial facilities to feed off the carbon emissions from power plants or digest nitrogen and phosphorous from municipal waste water. The Department is currently supporting more than 30

projects, representing $85 million in investments, to develop algal biofuels. This announcement builds on an Administration-wide commitment to biofuels research, development, and demonstration that includes support for the construction of commercial-scale, next-generation biorefineries – including the President's goal of breaking ground on at least four commercial scale refineries by 2013 – as well as collaboration between the Secretaries of Agriculture, Energy and Navy to advance a domestic industry capable of producing "drop-in" biofuel substitutes for diesel and jet fuel.

Saving manufacturers and other businesses money by improving energy efficiency: As part of the Administration's overall effort to reform and modernize our tax code in a manner that optimizes outcomes for both businesses and individuals, today the Administration is announcing steps to improve the underperforming section 179D tax deduction. Section 179D allows a tax deduction for all or part of the cost of energy-efficient commercial building property, which includes a commercial building's (1) interior lighting systems, (2) hot water, heating, ventilation, and air conditioning (HVAC) systems, or (3) building envelope. The amount of the tax deduction is based upon the cost of installing energy efficient commercial building property that achieves a specified level of energy savings. Today:

1) The Treasury Department has revised guidance to modify the existing energy savings targets for taxpayers claiming a partial tax deduction in order to better align with technological advances in energy-efficient lighting, HVAC, and building envelop products. Specifically, today the IRS is publishing a notice that will provide greater incentive for taxpayers to upgrade HVAC systems by decreasing the threshold for a partial tax deduction from 20% to 15% energy savings.

2) The Department of Energy has also developed a simplified approach for modeling some common energy efficiency upgrade measures in order to streamline the requirements for claiming a deduction and reduce modeling requirement costs for taxpayers. This web-based tool will be available next month and will be approved for many common building types to serve as a substitute in many circumstances to costly modeling requirements that have burdened the application and compliance process. The tool will be particularly targeted towards small businesses that do not have access to comprehensive modeling tools, and will also help all taxpayers conduct an initial evaluation of potential energy savings for a given project. The Department of Energy will be conducting webinars and outreach calls in the coming weeks to ensure that all stakeholders are aware of and familiar with the details of these improvements.

As proposed in the FY13 Budget, the President continues to call on Congress to increase investment opportunities in commercial building energy efficiency by redesigning the current 179D tax deduction for commercial building energy upgrades. The President believes that a new, more flexible tax credit is necessary to optimize investment opportunities, including real estate investment trusts (REITs), enabling all taxpayers to upgrade their buildings.