



BRIEFING

GOVERNOR'S COMMUNICATIONS OFFICE

TENNESSEE CLEAN ENERGY FUTURE ACT: AT-A-GLANCE

The Tennessee Clean Energy Future Act (Public Chapter 529) 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 with new incentives in the clean-energy economy; and
3. Promoting greater residential energy efficiency statewide.

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.
 - *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. Clean-diesel vehicles manufactured by carmakers such as Volkswagen will be integrated into the state fleet, as will electric vehicles manufactured by carmakers such as Nissan when they become commercially available in 2010.

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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: Tennessee is one of three states in the U.S. that enjoy a "large and fast-growing" clean-energy economy. Meanwhile, in 2007, global investments in clean energy technology topped \$148 billion. [Source: Pew Charitable Trusts; U.K.-based research firm New Energy Finance.]*

- **Establishing a limited statewide residential building code.** In local areas that do not currently have minimum residential building standards, the state Department of Commerce and Insurance will establish 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.) County commissions or city councils in areas without codes may vote to "opt out" their communities from the new state provisions by a two-thirds vote, and will be required to renew their action from time to time. State officials anticipate most communities without codes will participate in the program. Lower energy costs in the home are expected to offset any additional upfront costs and inspection fees.
 - *FACT: Building codes are a proven strategy for promoting energy savings – homes built to codes are approximately 30% more energy efficient. 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; U.S. Department of Energy]*

- **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.