

ADVANCED ENERGY TRUST FUND

MURKOWSKI DISCUSSION DRAFT – SUMMARY

In the following discussion draft, the Trust Fund would be established as a new account within the U.S. Treasury. The Department of Energy (DOE) would be responsible for administering it, with the Secretary of Energy named as the official in charge.

The Trust Fund would be financed with a share of the revenues from leasing, development, and production activities on federal lands that are currently off-limits to energy development. By design, this would link production with innovation, while also ensuring that the Trust Fund cannot add to the federal debt. If production-related activities are obstructed, the Trust Fund would receive no money, and therefore be unable to fund new research.

The Trust Fund would begin operation in Fiscal Year (FY) 2015. Depending on which federal lands are opened to development, and whether production proceeds on those lands in a timely fashion, billions of dollars could ultimately be directed to it and expended on new energy research. The Trust Fund would also be allowed to accept voluntary contributions from interested individuals, enterprises, and NGOs. This second tranche of funding could greatly augment its size and effectiveness.

To limit the size and growth of the federal government, the Trust Fund would not engender a new bureaucracy, but instead allow DOE to offer new or expanded solicitations through existing offices, programs, and authorities. Awards would be available for basic and applied research on “the most promising energy technologies within the most promising energy-related fields.”

The discussion draft also includes a number of important directions and requirements:

- At least 50% of the Trust Fund’s awards would be devoted to transportation-related technologies each year. This is because much of the Trust Fund’s revenues are likely to derive from oil production, which is used almost exclusively for transportation.
- Amounts disbursed from the Trust Fund would be cost-shared and merit-reviewed, consistent with “good government” provisions from the Energy Policy Act of 2005.
- DOE would be required to consider the financial need of each project before making an award from the Trust Fund. A recent GAO report questioned whether certain federal agencies currently consider this, so it is included as an express requirement here.
- The maximum award size would be limited to \$25 million, with no more than one award per project. This would help ensure that multiple projects are selected each year, without unduly limiting the types of projects that may be selected.
- Awards made by the Trust Fund could not be sold, transferred, or used to repay a federal loan. This would protect taxpayers and ensure that awards are used only for their intended purpose.
- A savings clause would guarantee that the Trust Fund does not “affect the collection or distribution of receipts and revenues” from any energy resource produced on federal lands under any other provision of federal law.

The final subsection of the draft is an annual reporting requirement, which would detail the amounts raised, expenditures made, results of awarded projects, and a balance of remaining funding.

ADVANCED ENERGY TRUST FUND

MURKOWSKI DISCUSSION DRAFT – LEGISLATIVE TEXT

Title: To promote energy innovation and production, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “American Energy Innovation and Production Act”.

SEC. 2. ADVANCED ENERGY TRUST FUND.

(a) Establishment of Fund.—There is established in the Treasury of the United States a fund to be known as the “Advanced Energy Trust Fund” (referred to in this section as the “Fund”), to be administered by the Secretary of Energy (referred to in this section as the “Secretary”), to be available without fiscal year limitation and not subject to appropriation, to make grants to pay the Federal share of the cost of conducting basic and applied research on the most promising energy technologies within the most promising energy-related fields.

(b) Transfers to Fund.—

(1) IN GENERAL.—The Fund shall consist of such amounts as are appropriated to the Fund under paragraph (2).

(2) FUNDING.—From the receipts and revenues collected under this Act, there are to be appropriated to the Fund not more than—

(A) XX for fiscal years 2015 through 2023, which may be expended at a rate of not more than YY for each of those fiscal years; and

(B) XX for fiscal years 2024 through 2033, which may be expended at a rate of not more than YY for each of those fiscal years.

(3) DEBT REDUCTION.—All receipts and revenues collected under this Act that are in excess of the amounts described in paragraph (2) shall be used to reduce the Federal debt of the United States.

(4) VOLUNTARY CONTRIBUTIONS.—

(A) IN GENERAL.—The Fund may accept and disburse voluntary contributions from private individuals, enterprises, and nongovernmental organizations in accordance with this section.

(B) ADMINISTRATION.—Contributions under subparagraph (A) shall not be tax deductible.

(c) Function.—Amounts in the Fund shall be made available for new or expanded solicitations through existing offices, programs, and authorities of the Department of Energy in accordance with this section.

(d) Administration.—

(1) IN GENERAL.—Amounts in the Fund may not be made available for any purpose other than a purpose described in subsection (a).

(2) DEDICATION OF FUNDS.—The Secretary shall make available not less than 50 percent of the amounts in the Fund for each fiscal year to make grants to conduct basic and applied research for transportation-related technologies.

(3) COST SHARING.—In carrying out a research program or activity under this section, the

Secretary shall require cost-sharing in accordance with section 988 of the Energy Policy Act of 2005 (42 U.S.C. 16352).

(4) MERIT REVIEW OF PROPOSALS.—Awards of funds under this section shall be made only after an impartial review of the scientific and technical merit of the proposals for the awards has been carried out by or for the Secretary in accordance with section 989 of the Energy Policy Act of 2005 (42 U.S.C. 16353).

(5) VERIFICATION OF FINANCIAL NEED.—Prior to making an award under this section, the Secretary shall assess whether Federal funding is necessary for the project to proceed.

(6) MAXIMUM AMOUNT.—The total amount of a grant made for a project under this section shall not exceed \$25,000,000.

(7) MAXIMUM NUMBER OF GRANTS.—The Secretary shall make not more than 1 grant for each project under this section.

(8) PROHIBITED USES.—A grant made from amounts in the Fund may not be—

(A) used to repay a Federal loan; or

(B) sold or transferred to another party.

(9) OTHER RECEIPTS AND REVENUES.—The Fund shall not affect the collection or distribution of receipts and revenues from oil, natural gas, coal, and renewable energy production on Federal land under any other provision of law.

(e) Annual Reports.—

(1) IN GENERAL.—Not later than 60 days after the end of each fiscal year beginning with fiscal year 2015, the Secretary shall submit to the appropriate committees of Congress a report on the operation of the Fund during the fiscal year.

(2) CONTENTS.—Each report shall include, for the fiscal year covered by the report, the following:

(A) A statement of the amounts raised by this Act, with a breakdown between amounts deposited into the Fund and amounts applied to Federal debt reduction.

(B) A description of the expenditures made from the Fund for the fiscal year, including the purpose of the expenditures and the results of all projects that received awards from the Fund.

(C) A statement of the balance remaining in the Fund at the end of the fiscal year.

ADVANCED ENERGY TRUST FUND

MURKOWSKI DISCUSSION DRAFT – DESIGN ISSUES TO CONSIDER

1. **ADMINISTRATION** – Where should the Trust Fund be located within the federal government? Which specific agency (and officials within that agency) should administer it?
2. **FUNCTION** – How should the Trust Fund operate? Should a new bureaucracy be established, or should it facilitate new and/or expanded solicitations from existing offices, programs, and authorities?
3. **BUDGETING** – Should the Trust Fund be subject to appropriations, or should it receive direct funding each year?
4. **TIMING** – When should the Trust Fund begin operation (which Fiscal Year)? When should it cease operation?
5. **FUND LEVELS** – How much funding should be directed to the Trust Fund each year? Should this change over time, especially after new production begins?
6. **ADDITIONAL FUNDS** – Should the Trust Fund be allowed to accept and disburse supplemental contributions from individuals, companies, and non-governmental organizations?
7. **AWARD TYPES** – What types of awards should be allowed? Should the Trust Fund offer grants, or some other type of financial assistance?
8. **AWARD LIMITS** – Should there be a maximum award size? If so, what should it be?
9. **RESOURCE SCOPE** – Should the Trust Fund be available only for the development of “clean” energy, or be open to a wider range of potential energy resources?
10. **TECHNOLOGY SCOPE** – Should the Trust Fund focus exclusively on transportation-related technologies, or be open at least in part to a broader, technology-neutral suite?
11. **TECHNOLOGY DEVELOPMENT** – Which steps of the development process should be eligible for awards? Should the Trust Fund be open to anything beyond basic and applied research? If so, why?
12. **COST-SHARING** – Should projects be subject to non-federal cost-sharing? If so, at what level?
13. **MERIT REVIEW** – Should projects be subject to merit review before funds can be awarded?
14. **FINANCIAL NEED** – Should the official(s) administering the Trust Fund be required to determine that a project has a legitimate need for federal funding before an award can be made?
15. **PROHIBITIONS** – What other restrictions, if any, should be placed on eligibility for and the use of funds?
16. **REPORTING** – What should the annual report of the Trust Fund require?