MEMORANDUM

TO: **Chris Miller, Professional Staff**
Office of Senate Leader Harry Reid

FROM: **Business Council for Sustainable Energy**

SUBJECT: **Clean Energy and Energy Efficiency Program Recommendations for Inclusion in 2009 Economic Stimulus**

DATE: **December 5, 2008**

Thank you for meeting with us last week and for providing the Council an opportunity to submit key policy recommendations for inclusion in the 2009 Economic Stimulus package. In this memorandum we are submitting a list of policies designed to meet *near-term* economic, energy and environmental goals that represent some of the priorities that have been provided to us by our members.

The Business Council for Sustainable Energy believes that energy efficiency and clean energy technologies can lead the U.S. economic recovery while providing energy security and reducing greenhouse gas emissions. In order to address these challenges in a coordinated, cost-effective manner, policies must be enacted to rapidly and aggressively deploy existing clean energy technologies, including energy efficiency, renewable energy, and natural gas.

Given the Council's broad membership of industries that can help shape the clean energy economy, it is difficult to narrow down a list of recommendations. However, in keeping with your request for specific language on a short list of priorities we offer the following representative list of recommendations. A comprehensive and more expansive description of the Council's policy priorities will soon be completed and distributed to President-elect Obama's transition team and to congressional leadership offices. We will provide any additional information on these recommendations that you feel would be useful. In addition, we refer you to the recommendations supported by our individual members.

If you have any questions, or comments, please contact Ruth McCormick or Lisa Jacobson in the Council's offices.

It is important to note that as a diverse business coalition, not all Council members endorse or take positions on the entire set of recommendations provided below.

Taxes

1. Improve the Renewable Energy Investment Tax Credit

The current downturn in the economy has substantially reduced the utility of the investment tax credits (ITC) extended by Congress on October 3, 2008, including the ITC for combined heat and power (CHP). To address this challenge the credits should be improved to (1) be refundable (including accelerated depreciation) or make them fully transferable; and (2) allow state and local governments to provide financing without reducing ITC eligibility (e.g. eliminate penalties for "subsidized energy financing"). This change would have an immediate impact.

Job Creation: With the proper adjustments, the renewable energy tax credits could have a significant and immediate impact on the U.S. economy. For example, according to a study by Navigant Consulting, Inc. the recently enacted eight-year tax incentives for investments in solar

could result in 1.2 million employment opportunities, including 440,000 permanent jobs through 2016.[1] However, without these adjustments, these jobs may never be realized.
Legislative Text: Senate Finance Committee can accomplish quickly. Refundability already exists for biofuels.

2. Improve the Renewable Energy Production Tax Credit
Making the production tax credit (PTC) and the other important renewable energy tax benefit, accelerated depreciation, fully refundable like the tax credits for alternative transportation fuels would assure efficient use of the tax credits. In addition, as part of the effort to promote renewable energy development in 2009, developers with income tax liabilities in previous years should be permitted to carry *back* credits generated in 2008 and 2009 against tax liability over the past decade. Such extended carry backs are currently allowed for certain tax benefits for marginal oil and gas wells.

Others would like to be able to carry *forward* and utilize existing credits generated by PTCs and other renewable tax benefits (MACRs) under the new terms being requested for renewable energy tax credits not yet generated, such as making the tax attributes refundable or tradable.

The existing PTC architecture requires renewable energy developers to enter into tax equity deals which lead to millions of extra dollars in transaction costs. Additionally, the tightening credit market has narrowed the number of available tax partners leading to a worsening of the commercial terms under which developers can enter into such deals, if they are fortunate enough to find a party with the tax appetite for their tax attributes, and to the reconsidering and/or cancellation of projects currently planned for fear of not being able to find a way to monetize the tax attributes of these projects in order to make the projects economically viable.

Job Creation: According to a 2006 report by the RAND Corporation and the University of Tennessee moving to an energy supply that is 25% renewable, with significant contributions of biomass, would create over 5 million new jobs by 2025.[2] In addition, the Department of Energy recently predicted that a significant investment in wind power leading to the generation of 20% of US electricity would yield over 6.2 million jobs by 2030.[3]
Legislative Text: Senate Finance Committee can accomplish quickly.

3. Production Tax Credit for Hydropower Resources
A. Provide credit parity for hydropower resources, including incremental hydropower at existing projects and hydropower development at non-hydropower dams, as well as the new ocean, tidal instream hydrokinetic and conduit power technologies. Currently these resources receive only one-half the credit compared to other renewable energy technologies. Developers are investigating hydro projects that remain uneconomic at the reduced credit level that become economic at the full credit level.
Legislative Text: Provide Tax Credit Rate Equity: Amend section 45(b)(4)(A) to read as follows: "(A) Credit rate. In the case of electricity produced and sold in any calendar year after 2003 at any qualified facility described in paragraph (3), (5), (6), or (7) of subsection (d), the amount in effect under subsection (a)(1) for such calendar year (determined before the application of the last sentence of paragraph (2) of this subsection) shall be reduced by one-half."

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[1] http://seia.org/galleries/pdf/Navigant%20Consulting%20Report%209.15.08.pdf

[2] Michael Toman, James Griffin, Robert J. Lempert, *Impacts on U.S. Energy Expenditures and Greenhouse Gas Emissions of Increasing Renewable Energy Us,e* http://www.rand.org/pubs/technical_reports/TR384-1/

[3] 20% Wind Energy by 2030: Increasing Wind Energy's Contribution to U.S. Electricity Supply, U.S. Department of Energy, May 2008. Available online at http://www.eere.energy.gov/windandhydro/pdfs/41869.pdf

B. Include a temporary change to the PTC placed-in-service deadline. For the current PTC extension, allow hydropower developers who place equipment orders or file a license application by January 1, 20011 (January 1, 2012 for hydrokinetic developers) to be eligible to receive the credit though generation may come online after the date. This would address the inability for developers to order, receive, and install customized equipment at manufacturing facilities that have a 12-18 month backlog.
Job Creation: According to a 2006 report by the RAND Corporation and the University of Tennessee moving to an energy supply that is 25% renewable, with significant contributions of biomass, would create over 5 million new jobs by 2025.[4]

4. Broaden the Definition of Renewable Energy for Purposes of the Tax Credits
Broaden the definition of renewable energy for purposes of the tax credits to include other effective technologies (such as light pipe technology, renewable natural gas, and daylight harvesting) and extend for eight years the renewable energy tax credits and establish a phase out period of four years.
Job Creation: According to a 2006 report by the RAND Corporation and the University of Tennessee moving to an energy supply that is 25% renewable, with significant contributions of biomass, would create over 5 million new jobs by 2025.[5]
Legislative Text: expand the federal business energy tax credit (26 USC § 48), adding a new clause to Internal Revenue Code section 48(a)(3), defining "Energy Property," that would read "equipment that uses solar energy to illuminate the inside of a structure using a highly reflective light pipe, which has a solar collection component and a distribution lens at least 14" apart, to transport visible solar radiation from its collection point to the interior of a building. Such equipment shall integrate automatic lighting controls to adjust traditionally powered lighting to satisfy building lighting requirements." Additional sections to be added to (26 USC § 48) Internal Revenue Code, to include renewable gas [section 48(a)(4)], and daylight harvesting [section 48(a)(5)].

In addition, please see the Biogas Production Incentive Act of 2008, HR 7097, (Higgins, Emanuel & Nunes) along with the Biogas Production Incentives Act of 2007 (Nelson & Craig), both of which would grant a seven-year transferable production tax credit of $4.27 per MMBtu for production of pipeline-grade methane from qualifying facilities, and thereby put renewable natural gas production on equal footing with other producers of renewable energy.

5. Bonus Depreciation for Energy-Efficient Commercial Roof Replacements
As an incentive to increase employment and energy savings in the commercial roofing sector, enact a 50% bonus depreciation effective during 2009 (and 2010 if necessary) for energy-efficient roof replacements installed on existing commercial buildings and high rise (*i.e.,* higher then three stories) residential-rental buildings. This would permit an owner to deduct 50 percent of the adjusted basis of the qualified roof property placed in service during 2009. The proposal could be added to the bonus depreciation that was enacted last February as part of the Economic Stimulus Act of 2008 or enacted on its own. Because building roofs are not covered under the existing bonus depreciation, including energy-efficient roof replacements would provide a significant incentive for building owners to initiate such replacements right away during the economic downturn, instead of waiting. A qualified roof replacement would be defined to require minimum roof R-values similar to those listed under the proposed ASHRAE Standard 189P for green

[4] Michael Toman, James Griffin, Robert J. Lempert, *Impacts on U.S. Energy Expenditures and Greenhouse Gas Emissions of Increasing Renewable Energy Us,e* http://www.rand.org/pubs/technical_reports/TR384-1/
[5] Michael Toman, James Griffin, Robert J. Lempert, *Impacts on U.S. Energy Expenditures and Greenhouse Gas Emissions of Increasing Renewable Energy Us,e* http://www.rand.org/pubs/technical_reports/TR384-1/

buildings, which, on average, are 76% more stringent then the R-values under state and local codes used today.
Job Creation: Would provide a significant number of jobs in the roofing industry, however the exact number is unknown
Legislative Text: One-Year Bonus Depreciation for Energy-Efficient Commercial Roof Replacements

Drafted to be added to an extension of the 2008 bonus depreciation provisions.

( ) INCLUSION OF COMMERCIAL BUILDING ENERGY-EFFICIENT ROOF REPLACEMENT PROPERTY.—

(1) IN GENERAL.—Section 168(k)(2) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

"(H) CERTAIN ROOF REPLACEMENTS.—The term 'qualified property' includes property—

"(i) which meets the requirements of clauses (ii), (iii), and (iv) of subparagraph (A),

"(ii) which replaces the roof of an exiting building that was placed in service prior to January 1, 2004,

"(iii) which is installed on a building that is within the scope of ASHRAE Standard 90.1-2007, and

"(iv) which is within the scope of and has an insulation R-value that is equal to or greater the requirements for the category 'insulation entirely above deck' as prescribed under tables 5.5-1 through 5.5-8 of the ASHRAE Standard 90.1-2007, multiplied by—

"(I) 1.33 for buildings located in climate zone 1,

"(II) 1.25 for buildings located in climate zones 2 through 5

"(III) 1.5 for buildings located in climate zone 6, and

"(IV) 1.75 for buildings located in climate zones 6 through 8.

6. Refundable Tax Credits
Make all renewable and energy efficiency tax credits refundable for twelve months starting with the effective date of the stimulus package; this will require a minor legislative change and will drive investment, employment and manufacture of appliances at the highest efficiency levels by making the recently extended credits refundable for a twelve month period.
Job Creation: Exact number unknown
Legislative Text: Senate Finance Committee

Appropriations to Stimulate Jobs in Energy Efficiency

Legislative language needs to be written broadly enough to require dollars for training and rebates or other financial incentives to be available to for use by all entities that are able to provide services that meet whatever guidelines are established. Limiting availability of funding to certain entities would be anti-competitive, reduce job growth and stifle innovation and creativity necessary to deliver the most efficient programs to consumers. Any funds (whether they be used by the federal government or state government) must be made available on a competitively neutral basis to all parties that can meet appropriate guidelines.

1. Whole Home Retrofit Rebate and Loan Program
To reduce the economic burden of rising fuel bills and to create jobs, establish an emergency rebate and loan program to fund cost effective energy efficiency improvements in residential buildings, helping to reduce energy costs in participating homes by 10-30% or more. The program would provide a rebate (or reduced interest loan) to homeowners (or any party obtaining

an owner's consent) to undertake an efficiency retrofit of an existing home. The rebate would be performance based, rewarding higher levels of energy efficiency improvement with higher rebates under a good (10% savings), better (20% savings) and best (30% savings or more) model. The program would also include support for the training of contractors and home energy auditors/raters who would help implement the program. Program would be administered by states, with half the resources allocated to states which use up their initial funding in order to reward states with the most effective programs.
Job Creation: Program will create jobs in the hard-pressed construction and manufacturing industries installing energy efficiency measures and producing efficient equipment, as well as specialist jobs for energy auditors/raters and air and duct sealing technicians
Legislative Text: Available on Request

2. Administrative Steps to Clear the Energy Efficiency Upgrade Backlog.
The new Administration should take immediate administrative steps to direct FEMP to clear the energy efficiency upgrade project "backlog" of $1.3 billion in major energy efficiency projects. The Administration should consider providing a 25 percent match in Treasury funds if projects are implemented within 24 months of the effective date of the stimulus bill. In 2006, FEMP implemented more than $400 million in projects in a concerted six-to-nine-month "blitz," so there is a precedent for concerted action to clear the pipeline, and a history of positive results.

3. Waste Energy Recovery Incentive Grant Program
Provide full funding ($200 million) for the Waste-Energy-Recovery Incentive Grant Program authorized in the Energy Independence and Security Act. That provision provides "$10 per megawatt hour of documented electricity produced from recoverable waste energy (or by prevention of waste energy in the case of a new facility) by the project during the first three calendar years of production."

Job Creation: The Oak Ridge National Laboratory earlier this week released a report stating that waste energy recovery is "one of the most promising options in the US energy efficiency portfolio." CHP development could generate $234 billion in new investments and create nearly 1 million new highly-skilled technical jobs throughout the United States.

4. Energy Efficiency in Federal Buildings

Authorize and appropriate $1.2 billion to fund audits, metering and energy efficiency improvements in federal buildings. The appropriations would be administered through the Department of Energy, which would retain two percent of the funds as a tariff to improve staffing and fund the administration of the program. The funds should be available on a first-come, first-served basis, and should be available for 24 months after the effective date of the stimulus bill. The funding would contribute to the achievement of President-Elect Obama's plan to reduce federal energy use by 45 percent and, ultimately, to attain carbon neutral buildings within a decade.
Job Creation: In the Construction Trades

Appropriations to Stimulate Jobs in Renewable Energy

1. Clean Renewable Energy Bonds for Hydropower Resources
Increase the funding for the CREBs program a minimum of $800 million. Hydropower projects are larger developments than other renewable technologies, both in terms of energy production and cost. In earlier rounds of CREBs applications, funding ran out and several hydro projects were denied.

2. Smart Grid
Congress should facilitate the transition to a smarter, more efficient transmission and distribution grid to allow a broad portfolio of technologies that are cleaner, more reliable and agile. As one part of an improved transmission grid, smart grid will increase use of distributed generation (DG), which will: improve electric power quality, substantially lower surges, sags and transients, increase power reliability, allow users and feeder line options for virtually uninterruptible power; overcome transmission and distribution blockages (power augmentation at substations); and level out peaks, thus lowering energy costs. In addition, Congress should further encourage the use of time-based electricity pricing or "smart metering" technologies to save consumers billions of dollars in avoided electricity costs and significantly reduce greenhouse gas emissions through avoided electricity use. The following recommendations have been authorized, but not funded.
Job Creation: Unknown
Legislative Text: Fund Title XIII of the Energy Independence and Security Act of 2007 (PL 110-140) on Smart Grid:

A. Research and Development of Information Technology, Section 1304 ($200 million)
B. Regional Demonstration Initiative, Section 1304 ($100 million)
C. Federal Matching Fund for Smart Grid Investment Costs, Section 1306 ($1 billion)

3. Transmission
The Stimulus Package could fund a nationwide transmission system to boost the economy, implement a successful federal renewable portfolio standard, grow green jobs, promote consistency across the states, help resolve congestion issues, increase renewable projects being built across the nation with access to a nationwide venue, contain additional energy costs being transferred to consumers, and eliminate potential obstacles such as credit for businesses, utilities or states. This could also spur nationwide enhancements with smart grid technology

The lack of transmission infrastructure is one of the largest impediments to the continued growth of renewable energy. Congress should pass legislation that provides more authority for the Federal Energy Regulatory Commission (FERC) and Department of Energy (DOE) to advance the development of a green interstate transmission highway system. This legislation should include a regulatory structure for extra-high-capacity interstate transmission lines and feeder lines into renewable resource areas. The structure should include interconnection-wide transmission planning, broad regional cost allocation, and federal backstop transmission siting. The legislation should also include actions for federal utilities such as the Western Area Power Administration to promote renewable electricity resource development, reduce "seams" between the federal system and neighboring utility grids, acquire renewable energy and renewable energy certificates on behalf of the federal government, and develop renewable energy integration programs. Legislation should also direct FERC and the electric industry to evaluate and pursue means of improving regional grid operations.

As part of an improved and expanded transmission grid, smart grid will increase use of distributed generation (DG), which will: improve electric power quality, substantially lower surges, sags and transients, increase power reliability, allow users and feeder line options for virtually uninterruptible power; overcome transmission and distribution blockages (power augmentation at substations); and level out peaks, thus lowering energy costs. In addition, Congress should further encourage the use of time-based electricity pricing or "smart metering" technologies to save consumers billions of dollars in avoided electricity costs and significantly reduce greenhouse gas emissions through avoided electricity use.
Job Creation: Exact Number unknown
Legislative Text: Available on Request

4. Funding for Light Pipe Demonstration and Deployment Program
Solar light pipe technology can provide free, renewable and carbon-free energy that will protect the environment and promote manufacturing job growth across the United States. While companies that install this technology will realize significant cost savings immediately upon installation, this new and exciting advance in solar energy technology will remain unaffordable to U.S. companies without the proper incentives.
Job Creation: Installation of Light Pipe technology would put hundreds of roofers to work immediately. Because installation of light pipes takes only a few days, companies will start saving thousands of dollars in electricity costs *immediately.*
Legislative Text: funding for the light pipe demonstration and deployment program is authorized by Section 605 of the Energy Independence and Security Act of 2007 (Attachment A).

Current Authorization Status: The light pipe demonstration and deployment program is authorized by Section 605 of the Energy Independence and Security Act of 2007. Businesses that qualify for the grant could install the technology as quickly as administration of the grant program would allow.

Consumer energy savings, energy security, emissions reduction, reliability, etc: The commercial and industrial sectors spent $42 billion on electricity for lighting in 2005. Simply put, solar light pipe technology allows companies to literally turn off their lights for up to 12 hours a day on average over a year's time, thereby saving enormous amounts of money that can be reinvested in the U.S. economy and used to create jobs. As an example, the installation of 1,500 light pipes in an industrial facility would deliver approximately 350 kW of solar capacity, providing enough energy to power 100 homes. This equates to annual energy savings of 1,022,112 kWh, and monetary savings totaling over $150,000 every year. Further, by reducing energy demand, the use of solar light pipe technology leads to significant emissions reductions, allowing companies to be good stewards of the environment at the same time.

Solar light pipe technology can provide free, renewable and carbon-free energy that will protect the environment and promote manufacturing job growth across the United States.

5. Fund the Department of Energy Waterpower R&D Program for FY2009 at a Minimum of $54 Million Dollars.
The Department of Energy Waterpower R&D program supports initiatives for conventional hydropower advancements and development of new ocean, tidal and instream hydrokinetic applications. However, for several years the program received zero funding and is currently receiving only $10 million. A significantly increased program would allow the Department to strengthen the federal partnership with the industry to pursue projects such as resource assessments, advanced hydropower turbine designs, testing of new technologies for ocean, tidal and instream hydrokinetic development, perform needed environmental studies to assess potential impacts, study climate change and model impacts on hydrology, study grid integration issues and the role of hydro to firm intermittent or variable renewable resources and more.
Job Creation:
Legislative Text: EPAct 2005, Title IX, Sec. 931 – "Conduct a program of research, development, demonstration and commercial application for cost competitive technologies that enable the development of new and incremental hydropower capacity, adding diversity of the energy supply of the United States, including: (i) Fish-friendly large turbines. (ii) Advanced technologies to enhance environmental performance and yield greater energy efficiencies. (…) The Secretary shall conduct research, development, demonstration, and commercial application programs for – (i) ocean energy, including wave energy (…) and (iv) kinetic hydro turbines."

Green Jobs Training

1. Workforce Training to Retrofit Foreclosed Homes

Appropriate $40 million in workforce training programs under the Green Jobs Act, as authorized in H.R. 6, *The Energy Independence and Security Act of 2007*. The programs would be administered by the Department of Labor and would train displaced and unemployed workers to retrofit foreclosed homes that had been acquired by the Department of the Treasury under the financial rescue plan.

Job Creation: Significant but exact number unknown

Legislative Text:

2. Workforce Training for New Class of Greenhouse Gas Professionals

Congress should provide support for training a new class of GHG professionals should be a top priority. This will not only create green jobs, it will also prepare the US for pending cap-and-trade legislation, enable innovative and entrepreneurial companies to generate revenues from carbon markets, promote accountability, and ensure that our country has reliable ways to make sure we are on track to stabilize and reverse climate change impacts.

Job Creation: Jobs exist in emerging regional and voluntary carbon markets; however an insufficient supply of skilled professionals is available to fill these positions. In addition, it is necessary to begin training efforts now to build the capacity for future federal cap-and-trade and offset systems so as to ensure the quality of emissions accounting data. It is expected that the number of jobs in GHG accounting to more than double in the next 5 years.

Legislative Text: Attachment B

Attachment A

Energy Independence and Security Act of 2007 (P.L. 110-140)

SEC. 605. DAYLIGHTING SYSTEMS AND DIRECT SOLAR LIGHT PIPE TECHNOLOGY.

(a) Establishment- The Secretary shall establish a program of research and development to provide assistance in the demonstration and commercial application of direct solar renewable energy sources to provide alternatives to traditional power generation for lighting and illumination, including light pipe technology, and to promote greater energy conservation and improved efficiency. All direct solar renewable energy devices supported under this program shall have the capability to provide measurable data on the amount of kilowatt-hours saved over the traditionally powered light sources they have replaced.

(b) Reporting- The Secretary shall transmit to Congress an annual report assessing the measurable data derived from each project in the direct solar renewable energy sources program and the energy savings resulting from its use.

(c) Definitions- For purposes of this section—

(1) the term `direct solar renewable energy' means energy from a device that converts sunlight into useable light within a building, tunnel, or other enclosed structure, replacing artificial light generated by a light fixture and doing so without the conversion of the sunlight into another form of energy; and

(2) the term `light pipe' means a device designed to transport visible solar radiation from its collection point to the interior of a building while excluding interior heat gain in the nonheating season.

(d) Authorization of Appropriations- There are authorized to be appropriated to the Secretary for carrying out this section $3,500,000 for each of the fiscal years 2008 through 2012.

Attachment B

A BILL

To amend the Workforce Investment Act of 1998 to establish an energy efficiency and renewable energy worker training program.

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

SECTION 1. SHORT TITLE.

XXX

SEC. 2. GREENHOUSE GAS MANAGEMENT, AUDITING, AND ACCOUNTING (GHG MA&A) WORKER TRAINING PROGRAM.

Section 171 of the Workforce Investment Act of 1998 (29 U.S.C. 2916) is amended by adding at the end the following:

(e) Greenhouse Gas Management, Auditing, and Accounting Worker Training Program-

(1) GRANT PROGRAM-

(A) IN GENERAL- Not later than 6 months after the date of enactment of XXX, the Secretary of Labor shall establish a greenhouse gas management, auditing, and accounting worker training program under which the Secretary shall carry out the activities described in paragraph (2) to achieve the purposes of this subsection.

(B) ELIGIBILITY- For purposes of providing assistance and services under the program established under this subsection--

(i) target populations of eligible individuals to be given priority for training and other services shall include--

(I) workers affected by national energy and environmental policy;

(II) individuals in need of updated training related to the energy efficiency and renewable energy industries;

(III) veterans, or past and present members of reserve components of the Armed Forces;

(IV) unemployed workers;

(V) individuals, including at-risk youth, seeking employment pathways out of poverty and into economic self-sufficiency; and

(VI) formerly incarcerated, adjudicated, non-violent offenders;

(2) ACTIVITIES-

(A) NATIONAL GREENHOUSE GAS MANAGEMENT, AUDITING, AND ACCOUNTIN WORKER TRAINING GRANTS-

`(i) IN GENERAL- Under the program established under paragraph (1), the Secretary shall award National Greenhouse Gas Management, Auditing and Accounting Training Partnership Grants on a competitive basis to eligible entities to enable such entities to carry out training that leads to economic self-sufficiency and to develop a greenhouse gas management, auditing, and accounting workforce..

(ii) ELIGIBILITY- To be eligible to receive a grant under clause (i), an entity shall be a non-profit institution that--

(I) demonstrates--

(aa) experience in implementing and operating worker skills training and education programs;

(bb) the ability to identify and involve in training programs carried out under this grant, target populations of workers who would benefit from activities related to energy efficiency and renewable energy industries; and
(cc) the ability to help workers achieve economic self-sufficiency.

(C) STATE LABOR MARKET RESEARCH, INFORMATION, AND LABOR EXCHANGE RESEARCH PROGRAM-

(i) IN GENERAL- Under the program established under paragraph (1), the Secretary shall award competitive grants to States to enable such States to administer labor market and labor exchange information programs that include the implementation of the activities described herewith, in coordination with the one-stop delivery system.
(ii) ACTIVITIES- A State shall use amounts awarded under a grant under this subparagraph to provide funding to the State agency that administers the Wagner-Peyser Act and State unemployment compensation programs to carry out the following activities using State agency merit staff:

(I) The identification of job openings in the greenhouse gas management, auditing, and accounting sector.
(II) The administration of skill and aptitude testing and assessment for workers.
(III) The counseling, case management, and referral of qualified job seekers to openings and training programs, including greenhouse gas management, auditing, and accounting training programs.

(D) PATHWAYS OUT OF POVERTY DEMONSTRATION PROGRAM-

(i) IN GENERAL- Under the program established under paragraph (1), the Secretary shall award at least 10 competitive grants to eligible entities to enable such entities to carry out training that leads to economic self-sufficiency. The Secretary shall give priority to entities that serve individuals in families with income of less than 200 percent of the poverty threshold (as determined by the Bureau of the Census) or a self-sufficiency standard for the local areas where the training is conducted that specifies the income needs of families, by family size, the number and ages of children in the family, and sub-State geographical considerations. Grants shall be awards to ensure geographic diversity.
(ii) ELIGIBLE ENTITIES- To be eligible to receive a grant an entity shall be a partnership that--

(I) includes community-based non-profit organizations, educational institutions with expertise in serving low-income adults or youth, public or private employers from the greenhouse gas management, accounting and auditing sectors;
(1)(B)(ii), and labor organizations representing workers in such sectors;
(II) demonstrates experience in implementing and operating worker skills training and education programs;
(III) coordinates activities, where appropriate, with the workforce investment system; and
(IV) demonstrates the ability to recruit individuals for training and to support such individuals to successful completion in training programs carried out under this

grant, targeting populations of workers who are or will be engaged in activities related to greenhouse gas management, accounting and auditing.

(iii) PRIORITIES- In awarding grants under this paragraph, the Secretary shall give priority to applicants that--

(I) target programs to benefit low-income workers, unemployed youth and adults, high school dropouts, or other underserved sectors of the workforce within areas of high poverty;

(II) ensure that supportive services are integrated with education and training, and delivered by organizations with direct access to and experience with targeted populations;

(III) leverage additional public and private resources to fund training programs, including cash or in-kind matches from participating employers;

(IV) involve employers and labor organizations in the determination of relevant skills and competencies and ensure that the certificates or credentials that result from the training are employer-recognized;

(V) deliver courses at alternative times (such as evening and weekend programs) and locations most convenient and accessible to participants; and

(VI) link adult remedial education with occupational skills training.

(iv) DATA COLLECTION- Grantees shall collect and report the following information:

(I) The number of participants.

(II) The demographic characteristics of participants, including race, gender, age, parenting status, participation in other Federal programs, education and literacy level at entry, significant barriers to employment (such as limited English proficiency, criminal record, addiction or mental health problem requiring treatment, or mental disability).

(III) The services received by participants, including training, education, and supportive services.

(IV) The amount of program spending per participant.

(V) Program completion rates.

(VI) Factors determined as significantly interfering with program participation or completion.

(VII) The rate of job placement and the rate of employment retention after 1 year.

(VIII) The average wage at placement, including any benefits, and the rate of average wage increase after 1 year.

(IX) Any post-employment supportive services provided.

The Secretary shall assist grantees in the collection of data under this clause by making available, where practicable, low-cost means of tracking the labor market outcomes of participants, and by providing standardized reporting forms, where appropriate.

(3) ACTIVITIES-

(A) IN GENERAL- Activities to be carried out under a program shall be coordinated with existing systems or providers, as appropriate. Such activities may include--

(i) occupational skills training, including curriculum development, on-the-job training, and classroom training;
(ii) safety and health training;
(iii) the provision of basic skills, literacy, GED, English as a second language, and job readiness training;
(iv) individual referral and tuition assistance for a community college training program, or any training program leading to an industry-recognized certificate;
(v) internship programs in fields related to greenhouse gas management, auditing, and accounting;
(vi) customized training in conjunction with an existing registered apprenticeship program or labor-management partnership;
(vii) career ladder and upgrade training;
(viii) the implementation of transitional jobs strategies; and
(ix) the provision of supportive services.

(4) WORKER PROTECTIONS AND NONDISCRIMINATION REQUIREMENTS-

(A) APPLICATION OF WIA- The provisions of sections 181 and 188 of the Workforce Investment Act of 1998 (29 U.S.C. 2931 and 2938) shall apply to all programs carried out with assistance under this subsection.
(B) CONSULTATION WITH LABOR ORGANIZATIONS- If a labor organization represents a substantial number of workers who are engaged in similar work or training in an area that is the same as the area that is proposed to be funded under this Act, the labor organization shall be provided an opportunity to be consulted and to submit comments in regard to such a proposal.

(5) PERFORMANCE MEASURES-

(A) IN GENERAL- The Secretary shall negotiate and reach agreement with the eligible entities that receive grants and assistance under this section on performance measures for the indicators of performance to evaluate the performance of the eligible entity in carrying out the activities described herewith.
(B) PERFORMANCE LEVELS- The Secretary shall negotiate and reach agreement with the eligible entity regarding the levels of performance expected to be achieved by the eligible entity on the indicators of performance.

(6) REPORT-

(A) STATUS REPORT- Not later than 18 months after the date of enactment of the Act, the Secretary shall transmit a report to Congress on the training program established by this subsection. The report shall include a description of the entities receiving funding and the activities carried out by such entities.

(B) EVALUATION- Not later than 3 years after the date of enactment of such Act, the Secretary shall transmit to Congress an assessment of such program and an evaluation of the activities carried out by entities receiving funding from such program.

(7) AUTHORIZATION OF APPROPRIATIONS- There is authorized to be appropriated to carry out this subsection, $25,000,000 for each fiscal years, of which--

(A) 40 percent shall be dedicated to Pathways Out of Poverty Demonstration Programs under paragraph (2)(E); and
(B) the remainder shall be divided equally between entities applying to the National Greenhouse Gas Management, Auditing and Accounting Grants and the State Labor Market Research, Information, and Labor Exchange Research Program.