

(3) savings to the taxpayers of the United States resulting from mandated improvements under this title and the amendments made by this title.

(b) SUBMISSION.—The report shall be submitted—

- (1) to the Director at such time as the Director requires;
- (2) in electronic, not paper, format; and
- (3) consistent with related reporting requirements.

42 USC 17144.

SEC. 528. OMB GOVERNMENT EFFICIENCY REPORTS AND SCORECARDS.

(a) REPORTS.—Not later than April 1 of each year, the Director of the Office of Management and Budget shall submit an annual Government efficiency report to the Committee on Oversight and Government Reform of the House of Representatives and the Committee on Governmental Affairs of the Senate, which shall contain—

- (1) a summary of the information reported by agencies under section 527;
- (2) an evaluation of the overall progress of the Federal Government toward achieving the goals of this title and the amendments made by this title; and
- (3) recommendations for additional actions necessary to meet the goals of this title and the amendments made by this title.

(b) SCORECARDS.—The Director of the Office of Management and Budget shall include in any annual energy scorecard the Director is otherwise required to submit a description of the compliance of each agency with the requirements of this title and the amendments made by this title.

SEC. 529. ELECTRICITY SECTOR DEMAND RESPONSE.

(a) IN GENERAL.—Title V of the National Energy Conservation Policy Act (42 U.S.C. 8241 et seq.) is amended by adding at the end the following:

“PART 5—PEAK DEMAND REDUCTION

“SEC. 571. NATIONAL ACTION PLAN FOR DEMAND RESPONSE.

“(a) NATIONAL ASSESSMENT AND REPORT.—The Federal Energy Regulatory Commission (‘Commission’) shall conduct a National Assessment of Demand Response. The Commission shall, within 18 months of the date of enactment of this part, submit a report to Congress that includes each of the following:

“(1) Estimation of nationwide demand response potential in 5 and 10 year horizons, including data on a State-by-State basis, and a methodology for updates of such estimates on an annual basis.

“(2) Estimation of how much of this potential can be achieved within 5 and 10 years after the enactment of this part accompanied by specific policy recommendations that if implemented can achieve the estimated potential. Such recommendations shall include options for funding and/or incentives for the development of demand response resources.

“(3) The Commission shall further note any barriers to demand response programs offering flexible, non-discriminatory, and fairly compensatory terms for the services and benefits made available, and shall provide recommendations for overcoming such barriers.

“(4) The Commission shall seek to take advantage of pre-existing research and ongoing work, and shall insure that there is no duplication of effort.

“(b) NATIONAL ACTION PLAN ON DEMAND RESPONSE.—The Commission shall further develop a National Action Plan on Demand Response, soliciting and accepting input and participation from a broad range of industry stakeholders, State regulatory utility commissioners, and non-governmental groups. The Commission shall seek consensus where possible, and decide on optimum solutions to issues that defy consensus. Such Plan shall be completed within 1 year after the completion of the National Assessment of Demand Response, and shall meet each of the following objectives:

“(1) Identification of requirements for technical assistance to States to allow them to maximize the amount of demand response resources that can be developed and deployed.

“(2) Design and identification of requirements for implementation of a national communications program that includes broad-based customer education and support.

“(3) Development or identification of analytical tools, information, model regulatory provisions, model contracts, and other support materials for use by customers, States, utilities and demand response providers.

“(c) Upon completion, the National Action Plan on Demand Response shall be published, together with any favorable and dissenting comments submitted by participants in its preparation. Six months after publication, the Commission, together with the Secretary of Energy, shall submit to Congress a proposal to implement the Action Plan, including specific proposed assignments of responsibility, proposed budget amounts, and any agreements secured for participation from State and other participants.

“(d) AUTHORIZATION.—There are authorized to be appropriated to the Commission to carry out this section not more than \$10,000,000 for each of the fiscal years 2008, 2009, and 2010.”

(b) TABLE OF CONTENTS.—The table of contents for the National Energy Conservation Policy Act (42 U.S.C. 8201 note) is amended by adding after the items relating to part 4 of title V the following:

“PART 5—PEAK DEMAND REDUCTION

“Sec. 571. National Action Plan for Demand Response.”

Subtitle D—Energy Efficiency of Public Institutions

SEC. 531. REAUTHORIZATION OF STATE ENERGY PROGRAMS.

Section 365(f) of the Energy Policy and Conservation Act (42 U.S.C. 6325(f)) is amended by striking “\$100,000,000 for each of the fiscal years 2006 and 2007 and \$125,000,000 for fiscal year 2008” and inserting “\$125,000,000 for each of fiscal years 2007 through 2012”.

SEC. 532. UTILITY ENERGY EFFICIENCY PROGRAMS.

(a) ELECTRIC UTILITIES.—Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) is amended by adding at the end the following:

“(16) INTEGRATED RESOURCE PLANNING.—Each electric utility shall—

Publication.

Deadline.
Proposal.

“(A) integrate energy efficiency resources into utility, State, and regional plans; and

“(B) adopt policies establishing cost-effective energy efficiency as a priority resource.

“(17) RATE DESIGN MODIFICATIONS TO PROMOTE ENERGY EFFICIENCY INVESTMENTS.—

“(A) **IN GENERAL.**—The rates allowed to be charged by any electric utility shall—

“(i) align utility incentives with the delivery of cost-effective energy efficiency; and

“(ii) promote energy efficiency investments.

“(B) **POLICY OPTIONS.**—In complying with subparagraph (A), each State regulatory authority and each non-regulated utility shall consider—

“(i) removing the throughput incentive and other regulatory and management disincentives to energy efficiency;

“(ii) providing utility incentives for the successful management of energy efficiency programs;

“(iii) including the impact on adoption of energy efficiency as 1 of the goals of retail rate design, recognizing that energy efficiency must be balanced with other objectives;

“(iv) adopting rate designs that encourage energy efficiency for each customer class;

“(v) allowing timely recovery of energy efficiency-related costs; and

“(vi) offering home energy audits, offering demand response programs, publicizing the financial and environmental benefits associated with making home energy efficiency improvements, and educating homeowners about all existing Federal and State incentives, including the availability of low-cost loans, that make energy efficiency improvements more affordable.”

(b) **NATURAL GAS UTILITIES.**—Section 303(b) of the Public Utility Regulatory Policies Act of 1978 (15 U.S.C. 3203(b)) is amended by adding at the end the following:

“(5) **ENERGY EFFICIENCY.**—Each natural gas utility shall—

“(A) integrate energy efficiency resources into the plans and planning processes of the natural gas utility; and

“(B) adopt policies that establish energy efficiency as a priority resource in the plans and planning processes of the natural gas utility.

“(6) RATE DESIGN MODIFICATIONS TO PROMOTE ENERGY EFFICIENCY INVESTMENTS.—

“(A) **IN GENERAL.**—The rates allowed to be charged by a natural gas utility shall align utility incentives with the deployment of cost-effective energy efficiency.

“(B) **POLICY OPTIONS.**—In complying with subparagraph (A), each State regulatory authority and each non-regulated utility shall consider—

“(i) separating fixed-cost revenue recovery from the volume of transportation or sales service provided to the customer;

“(ii) providing to utilities incentives for the successful management of energy efficiency programs, such

as allowing utilities to retain a portion of the cost-reducing benefits accruing from the programs;

“(iii) promoting the impact on adoption of energy efficiency as 1 of the goals of retail rate design, recognizing that energy efficiency must be balanced with other objectives; and

“(iv) adopting rate designs that encourage energy efficiency for each customer class.

For purposes of applying the provisions of this subtitle to this paragraph, any reference in this subtitle to the date of enactment of this Act shall be treated as a reference to the date of enactment of this paragraph.”

(c) **CONFORMING AMENDMENT.**—Section 303(a) of the Public Utility Regulatory Policies Act of 1978 (15 U.S.C. 3203(a)) is amended by striking “and (4)” inserting “(4), (5), and (6)”.

Subtitle E—Energy Efficiency and Conservation Block Grants

SEC. 541. DEFINITIONS.

42 U

In this subtitle:

(1) **ELIGIBLE ENTITY.**—The term “eligible entity” means—

(A) a State;

(B) an eligible unit of local government; and

(C) an Indian tribe.

(2) **ELIGIBLE UNIT OF LOCAL GOVERNMENT.**—The term “eligible unit of local government” means—

(A) an eligible unit of local government-alternative 1;

and

(B) an eligible unit of local government-alternative 2.

(3)(A) **ELIGIBLE UNIT OF LOCAL GOVERNMENT-ALTERNATIVE 1.**—The term “eligible unit of local government-alternative 1” means—

(i) a city with a population—

(I) of at least 35,000; or

(II) that causes the city to be 1 of the 10 highest-populated cities of the State in which the city is located; and

(ii) a county with a population—

(I) of at least 200,000; or

(II) that causes the county to be 1 of the 10 highest-populated counties of the State in which the county is located.

(B) **ELIGIBLE UNIT OF LOCAL GOVERNMENT-ALTERNATIVE 2.**—The term “eligible unit of local government-alternative 2” means—

(i) a city with a population of at least 50,000; or

(ii) a county with a population of at least 200,000.

(4) **INDIAN TRIBE.**—The term “Indian tribe” has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(5) **PROGRAM.**—The term “program” means the Energy Efficiency and Conservation Block Grant Program established under section 542(a).

(6) **STATE.**—The term “State” means—

(A) a State;