

116TH CONGRESS  
1ST SESSION

# S. 1974

To amend the Public Utility Regulatory Policies Act of 1978 to establish a renewable electricity standard, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JUNE 26, 2019

Mr. UDALL (for himself, Mr. HEINRICH, Mr. KING, Ms. SMITH, and Mr. WHITEHOUSE) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To amend the Public Utility Regulatory Policies Act of 1978 to establish a renewable electricity standard, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Renewable Electricity  
5 Standard Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) renewable energy is the cheapest new form  
9 of electricity in many regions of the United States;

1           (2) to meet the climate goals of the United  
2 States, every State must transition to carbon-free  
3 electricity by 2050;

4           (3) renewable energy is a virtually unlimited re-  
5 source that can help avoid pollution of the air,  
6 water, and land of the United States;

7           (4) States without high levels of renewable en-  
8 ergy should not be penalized for past inaction, but  
9 should comply with an annual percentage increase of  
10 renewable electricity; and

11           (5) States should be encouraged to create their  
12 own renewable electricity standards or clean energy  
13 standards above the Federal renewable electricity  
14 standard.

15 **SEC. 3. RENEWABLE ELECTRICITY STANDARD.**

16           (a) IN GENERAL.—Title VI of the Public Utility Reg-  
17 ulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is  
18 amended by adding at the end the following:

19 **“SEC. 610. RENEWABLE ELECTRICITY STANDARD.**

20           “(a) DEFINITIONS.—In this section:

21           “(1) BASE QUANTITY OF ELECTRICITY.—

22           “(A) IN GENERAL.—Except as provided in  
23 subparagraph (B), the term ‘base quantity of  
24 electricity’ means the total quantity of electric  
25 energy sold by a retail electric supplier, ex-

1           pressed in terms of kilowatt hours, to electric  
2           customers for purposes other than resale during  
3           the most recent calendar year for which infor-  
4           mation is available.

5           “(B) EXCEPTION.—The term ‘base quan-  
6           tity of electricity’ does not include any quantity  
7           of renewable energy delivered by a retail electric  
8           supplier to an electric customer pursuant to a  
9           voluntarily transaction entered into by the cus-  
10          tomer to meet the demand of the customer for  
11          renewable energy.

12          “(2) ELIGIBLE FACILITY.—The term ‘eligible  
13          facility’ means a facility for the generation of elec-  
14          tric energy that—

15                 “(A) generates electric energy from a new  
16                 renewable energy resource using equipment that  
17                 comes online during calendar year 2020 or  
18                 thereafter;

19                 “(B) generates additional electric energy  
20                 during a calendar year from increased efficiency  
21                 of, or additions of capacity to, existing equip-  
22                 ment for the generation of electric energy from  
23                 a renewable energy resource, as compared to  
24                 the quantity of electric energy generated from

1 renewable energy resources during the pre-  
2 ceding calendar year;

3 “(C) generates electric energy from a re-  
4 newable energy resource using repowered equip-  
5 ment that was placed in service before calendar  
6 year 2020, even though that repowered equip-  
7 ment contains some used property, if the cost  
8 of the new property is not less than 4 times the  
9 fair market value of the used property con-  
10 tained in the repowered equipment; or

11 “(D) generates electric energy from a re-  
12 newable energy resource using equipment that  
13 comes online after calendar year 2005 and be-  
14 fore calendar year 2020, and that electric en-  
15 ergy—

16 “(i) is not under a contract for the  
17 sale of renewable energy credits or physical  
18 power to—

19 “(I) a retail electric supplier for  
20 use in complying with a State renew-  
21 able portfolio standard; or

22 “(II) meet voluntary market de-  
23 mand; and

24 “(ii)(I) is delivered for end-use con-  
25 sumption in the regional reliability entity

1 (as recognized by the North American  
2 Electric Reliability Corporation) in which  
3 the retail electric supplier is located; and

4 “(II) the end-use consumption within  
5 that region can be tracked and verified.

6 “(3) IMPACTED COMMUNITY.—The term ‘im-  
7 pacted community’ means—

8 “(A) an economically distressed area af-  
9 fected by environmental pollution or other haz-  
10 ards that can lead to—

11 “(i) exposure to the pollution or haz-  
12 ard, including negative public health ef-  
13 fects resulting from that exposure; or

14 “(ii) environmental degradation; and

15 “(B) an economically distressed area af-  
16 fected by high unemployment due to—

17 “(i) a significant decline in coal min-  
18 ing activity; or

19 “(ii) the closure of a coal-fired power  
20 plant.

21 “(4) INCREMENTAL HYDROPOWER.—The term  
22 ‘incremental hydropower’ means additional genera-  
23 tion that is achieved from increased efficiency of, or  
24 additions of capacity to, existing hydroelectric facili-

1 ties that are made on or after the date of enactment  
2 of this section.

3 “(5) INDIAN LAND.—The term ‘Indian land’  
4 means—

5 “(A) any land within the limits of any In-  
6 dian reservation, pueblo, or rancheria;

7 “(B) any land not within the limits of any  
8 Indian reservation, pueblo, or rancheria title to  
9 which on the date of enactment of this section  
10 was held by—

11 “(i) the United States for the benefit  
12 of any Indian Tribe or individual; or

13 “(ii) any Indian Tribe or individual  
14 subject to restriction by the United States  
15 against alienation;

16 “(C) any dependent Indian community;  
17 and

18 “(D) any land conveyed to any Alaska Na-  
19 tive Corporation under the Alaska Native  
20 Claims Settlement Act (43 U.S.C. 1601 et  
21 seq.).

22 “(6) INDIAN TRIBE.—The term ‘Indian Tribe’  
23 means any Indian Tribe, band, nation, or other or-  
24 ganized group or community, including any Alaskan  
25 Native village or regional or village corporation (as

1 defined in, or established pursuant to, the Alaska  
2 Native Claims Settlement Act (43 U.S.C. 1601 et  
3 seq.)), that is recognized as eligible for the special  
4 programs and services provided by the United States  
5 to Indians because of their status as Indians.

6 “(7) RENEWABLE BIOMASS.—

7 “(A) IN GENERAL.—The term ‘renewable  
8 biomass’ means—

9 “(i) crop byproducts or crop residues  
10 that—

11 “(I) are harvested from actively  
12 managed or fallow agricultural land  
13 that is cleared prior to January 1,  
14 2019; and

15 “(II) are procured at a rate that  
16 adequately maintains soil carbon and  
17 prevents erosion;

18 “(ii) closed-loop biomass (as defined  
19 in section 45(e)(2) of the Internal Revenue  
20 Code of 1986) that is harvested from land  
21 cleared prior to January 1, 2019;

22 “(iii) byproducts of wood or paper  
23 mill operations, including lignin in spent  
24 pulping liquors;

1 “(iv) small diameter thinned trees (as  
2 defined in a regulation promulgated by the  
3 Secretary, in consultation with the Admin-  
4 istrator of the Environmental Protection  
5 Agency and Secretary of the Interior, pur-  
6 suant to a negotiated rulemaking), logging  
7 residues (as defined by the Forest Service),  
8 or tops and limbs (as defined by the Forest  
9 Service);

10 “(v) trees removed for purposes of ec-  
11 ological restoration, to be determined by  
12 the Secretary, in consultation with the  
13 Chief of the Forest Service and the Direc-  
14 tor of the United States Fish and Wildlife  
15 Service, taking into consideration climate  
16 impacts;

17 “(vi) algae;

18 “(vii) nonhazardous plant matter de-  
19 rived from waste—

20 “(I) including separated yard  
21 waste, landscape right-of-way trim-  
22 mings, and food waste; but

23 “(II) not including municipal  
24 solid waste, recyclable waste paper,  
25 painted, treated or pressurized wood,



1 or wood contaminated with plastic or  
2 metals; and

3 “(viii) vegetative matter removed from  
4 within 200 yards of any man-made struc-  
5 ture or campground for the purposes of  
6 hazardous fuels thinning.

7 “(B) EXCLUSION OF INVASIVE SPECIES.—

8 “(i) IN GENERAL.—Notwithstanding  
9 subparagraph (A), except as provided in  
10 clause (ii), the term ‘renewable biomass’  
11 does not include any matter derived from  
12 a plant that is invasive or noxious, or from  
13 a species or variety of plants that credible  
14 risk assessment tools or other credible  
15 sources determine is potentially invasive,  
16 as determined by the Secretary, in con-  
17 sultation with other appropriate Federal or  
18 State departments and agencies.

19 “(ii) EXCEPTION.—The term ‘renew-  
20 able biomass’ includes matter derived from  
21 a plant that is invasive or noxious, or from  
22 a species or variety of plants that credible  
23 risk assessment tools or other credible  
24 sources determine is potentially invasive,  
25 if—

1                   “(I) the matter was removed for  
2                   purposes of control or eradication of  
3                   the invasive, noxious, or potentially  
4                   invasive plant; and

5                   “(II) the invasive, noxious, or po-  
6                   tentially invasive plant was not plant-  
7                   ed for the purpose of using the plant  
8                   as an energy crop.

9                   “(8) RENEWABLE ENERGY.—The term ‘renew-  
10                  able energy’ means electric energy generated by a re-  
11                  newable energy resource.

12                  “(9) RENEWABLE ENERGY RESOURCE.—The  
13                  term ‘renewable energy resource’ means—

14                   “(A) solar;

15                   “(B) wind;

16                   “(C) ocean;

17                   “(D) tidal;

18                   “(E) geothermal energy;

19                   “(F) renewable biomass;

20                   “(G) landfill gas;

21                   “(H) incremental hydropower; or

22                   “(I) hydrokinetic energy.

23                  “(10) RETAIL ELECTRIC SUPPLIER.—

24                   “(A) IN GENERAL.—The term ‘retail elec-  
25                  tric supplier’ means a person that sells electric

1 energy to electric consumers for purposes other  
2 than resale during the preceding calendar year.

3 “(B) SALES TO PARENT COMPANIES OR  
4 AFFILIATES.—For purposes of this paragraph,  
5 sales by any person to a parent company or to  
6 other affiliates of the person shall not be treat-  
7 ed as sales to electric consumers.

8 “(b) COMPLIANCE.—For calendar year 2020 and  
9 each calendar year thereafter, each retail electric supplier  
10 shall meet the requirements of subsection (c) by submit-  
11 ting to the Secretary, not later than April 1 of the fol-  
12 lowing calendar year, 1 or more of the following:

13 “(1) Federal renewable energy credits issued  
14 under subsection (e).

15 “(2) Certification of the renewable energy gen-  
16 erated and electricity savings pursuant to the funds  
17 associated with State compliance payments as speci-  
18 fied in subsection (e)(4)(F).

19 “(3) Alternative compliance payments pursuant  
20 to subsection (h).

21 “(c) REQUIRED ANNUAL PERCENTAGE INCREASE.—

22 “(1) IN GENERAL.—Except as provided in para-  
23 graph (2), for each of calendar years 2020 through  
24 2035, the required annual percentage increase of the  
25 base quantity of electricity of a retail electric sup-

1 plier that shall be generated from renewable energy  
 2 resources, or otherwise credited toward the percent-  
 3 age requirement pursuant to subsection (d), shall be  
 4 the applicable percentage specified in the following  
 5 table:

<b>“Calendar Year</b>	<b>Required Amount percentage</b>
2020 .....	1.5
2021 .....	2.0
2022 .....	2.0
2023 .....	2.0
2024 .....	2.0
2025 .....	2.0
2026 .....	2.0
2027 .....	2.0
2028 .....	2.0
2029 .....	2.0
2030 .....	2.5
2031 .....	2.5
2032 .....	2.5
2033 .....	2.5
2034 .....	2.5
2035 .....	2.5

6           “(2) APPLICATION TO CERTAIN RETAIL ELEC-  
 7 TRIC SUPPLIERS.—In the case of a retail electric  
 8 supplier that sells less than 1,000,000 megawatt  
 9 hours of electric energy to electric consumers for  
 10 purposes other than resale during the preceding cal-  
 11 endar year, for each of calendar years 2020 through  
 12 2035, the required annual percentage increase of the  
 13 base quantity of electricity of the retail electric sup-  
 14 plier that shall be generated from renewable energy  
 15 resources, or otherwise credited toward the percent-  
 16 age requirement pursuant to subsection (d), shall be

1       ½ of the percentage specified for the calendar year  
2       in the table in paragraph (1).

3       “(d) RENEWABLE ENERGY CREDITS.—

4             “(1) IN GENERAL.—A retail electric supplier  
5       may satisfy the requirements of subsection (b)(1)  
6       through the submission of Federal renewable energy  
7       credits—

8             “(A) issued to the retail electric supplier  
9       under subsection (e);

10            “(B) obtained by purchase or exchange  
11       under subsection (f); or

12            “(C) borrowed under subsection (g).

13            “(2) FEDERAL RENEWABLE ENERGY CRED-  
14       ITS.—A Federal renewable energy credit may be  
15       counted toward compliance with subsection (b)(1)  
16       only once.

17       “(e) ISSUANCE OF FEDERAL RENEWABLE ENERGY  
18       CREDITS.—

19            “(1) IN GENERAL.—Not later than 1 year after  
20       the date of enactment of this section, the Secretary  
21       shall establish by rule a program—

22            “(A) to verify and issue Federal renewable  
23       energy credits to generators of renewable en-  
24       ergy;

1           “(B) to track the sale, exchange, and re-  
2           tirement of the credits; and

3           “(C) to enforce the requirements of this  
4           section.

5           “(2) EXISTING NON-FEDERAL TRACKING SYS-  
6           TEMS.—To the maximum extent practicable, in es-  
7           tablishing the program, the Secretary shall rely on  
8           existing and emerging State or regional tracking  
9           systems that issue and track non-Federal renewable  
10          energy credits.

11          “(3) APPLICATION.—

12           “(A) IN GENERAL.—An entity that gen-  
13           erates electric energy through the use of a re-  
14           newable energy resource may apply to the Sec-  
15           retary for the issuance of renewable energy  
16           credits.

17           “(B) ELIGIBILITY.—To be eligible for the  
18           issuance of the credits, the applicant shall dem-  
19           onstrate to the Secretary that—

20           “(i)(I) the electric energy will be  
21           transmitted onto the grid; or

22           “(II) in the case of a generation off-  
23           set, the electric energy offset would have  
24           otherwise been consumed onsite; and

1           “(ii) in the case of electric energy gen-  
2           erated from a renewable energy resource  
3           using equipment that comes online after  
4           calendar year 2005 and before calendar  
5           year 2020, each new kilowatt hour of elec-  
6           tric energy generated by that equipment  
7           satisfies the criteria set forth in clauses (i)  
8           and (ii) of subsection (a)(2)(D).

9           “(C) CONTENTS.—The application shall  
10          indicate—

11           “(i) the type of renewable energy re-  
12           source that is used to produce the elec-  
13           tricity;

14           “(ii) the location at which the electric  
15           energy will be produced; and

16           “(iii) any other information the Sec-  
17           retary determines appropriate.

18          “(4) QUANTITY OF FEDERAL RENEWABLE EN-  
19          ERGY CREDITS.—

20           “(A) IN GENERAL.—Except as otherwise  
21           provided in this paragraph, the Secretary shall  
22           issue to a generator of electric energy 1 Federal  
23           renewable energy credit for each new kilowatt  
24           hour of electric energy generated by the use of

1 a renewable energy resource at an eligible facil-  
2 ity each year.

3 “(B) INCREMENTAL HYDROPOWER.—

4 “(i) IN GENERAL.—For purpose of  
5 compliance with this section, Federal re-  
6 newable energy credits for incremental hy-  
7 dropower shall be based on the increase in  
8 average annual generation resulting from  
9 the efficiency improvements or capacity ad-  
10 ditions.

11 “(ii) WATER FLOW INFORMATION.—

12 The incremental generation shall be cal-  
13 culated using the same water flow informa-  
14 tion that is—

15 “(I) used to determine a historic  
16 average annual generation baseline for  
17 the hydroelectric facility; and

18 “(II) certified by the Secretary or  
19 the Commission.

20 “(iii) OPERATIONAL CHANGES.—The  
21 calculation of the Federal renewable energy  
22 credits for incremental hydropower shall  
23 not be based on any operational change at  
24 the hydroelectric facility that is not di-



1           rectly associated with the efficiency im-  
2           provements or capacity additions.

3           “(C) INDIAN LAND.—The Secretary shall  
4           issue 2 renewable energy credits for each new  
5           kilowatt hour of electric energy generated and  
6           supplied to the grid in a calendar year through  
7           the use of a renewable energy resource at an el-  
8           igible facility located on Indian land.

9           “(D) IMPACTED COMMUNITIES.—The Sec-  
10          retary shall issue 2 renewable energy credits for  
11          each new kilowatt hour of electric energy gen-  
12          erated and supplied to the grid in a calendar  
13          year through the use of a renewable energy re-  
14          source at an eligible facility located in an im-  
15          pacted community.

16          “(E) COMBINATION OF RENEWABLE AND  
17          NONRENEWABLE ENERGY RESOURCES.—If both  
18          a renewable energy resource and a nonrenew-  
19          able energy resource are used to generate the  
20          electric energy, the Secretary shall issue the  
21          Federal renewable energy credits based on the  
22          proportion of the renewable energy resources  
23          used.

24          “(F) COMPLIANCE WITH STATE RENEW-  
25          ABLE PORTFOLIO STANDARD PROGRAMS.—Pay-

1           ments made by a retail electric supplier, directly  
2           or indirectly, to a State for compliance with a  
3           State renewable portfolio standard program, or  
4           for an alternative compliance mechanism, shall  
5           be valued at 1 credit per kilowatt hour for the  
6           purpose of subsection (b)(2) based on the quan-  
7           tity of electric energy generation from renew-  
8           able resources that results from the payments.

9           “(f) RENEWABLE ENERGY CREDIT TRADING.—

10           “(1) IN GENERAL.—Except as provided in para-  
11           graph (2), a Federal renewable energy credit may be  
12           sold, transferred, or exchanged by the entity to  
13           whom the credit is issued or by any other entity that  
14           acquires the Federal renewable energy credit.

15           “(2) LIMITATION.—A Federal renewable energy  
16           credit may not be sold, transferred, or exchanged  
17           under paragraph (1) if the credit was issued to an  
18           eligible facility as a result of that facility having  
19           complied with a State program the requirements of  
20           which exceed the requirements of this section with  
21           respect to the quantity of renewable energy.

22           “(3) CARRYOVER.—A Federal renewable energy  
23           credit for any year that is not submitted to satisfy  
24           the minimum required increase in renewable genera-  
25           tion under subsection (c) for that year may be car-

1 ried forward for use pursuant to subsection (b)(1)  
2 within the next 3 years.

3 “(4) DELEGATION.—The Secretary may dele-  
4 gate to an appropriate market-making entity the ad-  
5 ministration of a national tradeable renewable en-  
6 ergy credit market for purposes of creating a trans-  
7 parent national market for the sale or trade of re-  
8 newable energy credits.

9 “(g) RENEWABLE ENERGY CREDIT BORROWING.—

10 “(1) IN GENERAL.—Not later than December  
11 31, 2020, a retail electric supplier that has reason  
12 to believe the retail electric supplier will not be able  
13 to fully comply with subsection (b) may—

14 “(A) submit a plan to the Secretary dem-  
15 onstrating that the retail electric supplier will  
16 earn sufficient Federal renewable energy credits  
17 within the next 3 calendar years that, when  
18 taken into account, will enable the retail electric  
19 supplier to meet the requirements of subsection  
20 (b) for calendar year 2020 and the subsequent  
21 calendar years involved; and

22 “(B) on the approval of the plan by the  
23 Secretary, apply Federal renewable energy cred-  
24 its that the plan demonstrates will be earned  
25 within the next 3 calendar years to meet the re-

1            requirements of subsection (b) for each calendar  
2            year involved.

3            “(2) REPAYMENT.—The retail electric supplier  
4            shall repay all of the borrowed Federal renewable  
5            energy credits by submitting an equivalent number  
6            of Federal renewable energy credits, in addition to  
7            the credits otherwise required under subsection (b),  
8            by calendar year 2023 or any earlier deadlines speci-  
9            fied in the approved plan.

10          “(h) ALTERNATIVE COMPLIANCE PAYMENTS.—As a  
11          means of compliance under subsection (b)(3), the Sec-  
12          retary shall accept payment equal to the lesser of—

13                  “(1) 200 percent of the average market value of  
14                  Federal renewable energy credits for the applicable  
15                  compliance period; or

16                  “(2) 3 cents per kilowatt hour (as adjusted on  
17                  January 1 of each year following calendar year 2020  
18                  based on the implicit price deflator for the gross na-  
19                  tional product).

20          “(i) INFORMATION COLLECTION.—The Secretary  
21          may collect the information necessary to verify and  
22          audit—

23                  “(1)(A) the annual renewable energy generation  
24                  of any retail electric supplier; and

1           “(B) Federal renewable energy credits sub-  
2           mitted by a retail electric supplier pursuant to sub-  
3           section (b)(1);

4           “(2) the validity of Federal renewable energy  
5           credits submitted for compliance by a retail electric  
6           supplier to the Secretary; and

7           “(3) the quantity of electricity sales of all retail  
8           electric suppliers.

9           “(j) ENVIRONMENTAL SAVINGS CLAUSE.—Incre-  
10          mental hydropower shall be subject to all applicable envi-  
11          ronmental laws and licensing and regulatory requirements.

12          “(k) STATE PROGRAMS.—

13                 “(1) IN GENERAL.—Nothing in this section pre-  
14                 empts or affects any authority of a State, political  
15                 subdivision of a State, or interstate compact—

16                         “(A) to adopt or enforce any law or rule  
17                         respecting renewable energy, including by estab-  
18                         lishing and enforcing a renewable energy pro-  
19                         gram that is separate from the program estab-  
20                         lished under this section, that does not conflict  
21                         with the requirements of this section; or

22                         “(B) to regulate the acquisition and dis-  
23                         position of Federal renewable energy credits by  
24                         retail electric suppliers.

1           “(2) COMPLIANCE WITH SECTION.—No law or  
2 regulation referred to in paragraph (1)(A) shall re-  
3 lieve any person of any requirement otherwise appli-  
4 cable under this section.

5           “(3) COORDINATION WITH STATE PROGRAM.—  
6 The Secretary, in consultation with States that have  
7 in effect renewable energy programs, shall—

8           “(A) preserve the integrity of the State  
9 programs, including programs the requirements  
10 of which exceed the requirements of this section  
11 with respect to quantity of renewable energy;  
12 and

13           “(B) facilitate coordination between the  
14 Federal program and State programs.

15           “(4) STATE INFRASTRUCTURE INVESTMENT.—  
16 The Federal Energy Regulatory Commission shall  
17 seek to ensure that each transmission provider (as  
18 defined in section 37.3 of title 18, Code of Federal  
19 Regulations (or a successor regulation))—

20           “(A) identifies the electric transmission in-  
21 frastructure needs driven by the requirements  
22 of this section; and

23           “(B) fully evaluates, in the transmission  
24 planning process, potential transmission solu-  
25 tions to meet those identified needs.

1           “(5) EXISTING RENEWABLE ENERGY PRO-  
2           GRAMS.—In the regulations establishing the program  
3           under this section, the Secretary shall incorporate  
4           common elements of existing renewable energy pro-  
5           grams, including State programs, to ensure adminis-  
6           trative ease, market transparency, and effective en-  
7           forcement.

8           “(6) MINIMIZATION OF ADMINISTRATIVE BUR-  
9           DENS AND COSTS.—In carrying out this section, the  
10          Secretary shall work with the States to minimize ad-  
11          ministrative burdens and costs to retail electric sup-  
12          pliers.

13          “(7) OPT-OUT.—

14                 “(A) IN GENERAL.—Subject to the re-  
15                 quirements of this paragraph, the Secretary  
16                 shall allow a State to elect not to participate in  
17                 this section, including any program established  
18                 by the Secretary under this section.

19                 “(B) ELIGIBILITY.—A State may elect not  
20                 to participate in this section if the Secretary de-  
21                 termines that—

22                         “(i) more than 60 percent of the elec-  
23                         tricity sold in the State each year is gen-  
24                         erated from new or existing renewable en-  
25                         ergy resources; or

1 “(ii) the State—

2 “(I) has in effect a program the  
3 requirements of which exceed the re-  
4 quirements of this section with respect  
5 to quantity of new renewable energy;  
6 and

7 “(II) has in effect a system of  
8 enforcing compliance with that State  
9 program, including any penalty, that  
10 is at least as effective as the system  
11 of enforcement under this section.

12 “(C) APPLICATION.—

13 “(i) SUBMISSION.—A State electing  
14 not to participate in this section shall sub-  
15 mit to the Secretary an application at such  
16 time, in such manner, and containing such  
17 information as the Secretary may require.

18 “(ii) APPROVAL.—The Secretary shall  
19 approve an application submitted under  
20 clause (i) if the Secretary determines that  
21 the State meets the requirements described  
22 in subparagraph (B).

23 “(D) WAIVER.—

24 “(i) IN GENERAL.—On approval of an  
25 application under subparagraph (C), the



1 Secretary shall issue to the State a waiver  
2 from the requirements of this section.

3 “(ii) DURATION.—A waiver issued by  
4 the Secretary under clause (i) shall be for  
5 a period of 3 years.

6 “(E) EFFECT OF OPT-OUT.—

7 “(i) IN GENERAL.—On receipt of a  
8 waiver under subparagraph (D), a State,  
9 including any retail electric supplier within  
10 the State, shall be exempt from the re-  
11 quirements of this section, including any  
12 program established by the Secretary  
13 under this section, for the duration of the  
14 waiver.

15 “(ii) ISSUANCE OF FEDERAL RENEW-  
16 ABLE ENERGY CREDITS.—

17 “(I) IN GENERAL.—Subject to  
18 subclause (II), the Secretary shall not  
19 issue Federal renewable energy credits  
20 for electricity generated in a State  
21 that has been issued a waiver under  
22 subparagraph (D).

23 “(II) ENERGY CONSUMED IN AN-  
24 OTHER STATE.—On request of an eli-  
25 gible facility located in a State that

1                   has been issued a waiver under sub-  
2                   paragraph (D), the Secretary may  
3                   issue to the eligible facility Federal re-  
4                   newable energy credits for electric en-  
5                   ergy generated by the eligible facility  
6                   through the use of a renewable energy  
7                   resource if that electric energy was  
8                   consumed in a State that has not  
9                   been issued a waiver under subpara-  
10                  graph (D).

11                  “(iii) GRANTS.—A State that has re-  
12                  ceived a waiver under subparagraph (D)  
13                  shall not be eligible for a grant under sub-  
14                  section (n).

15                  “(l) RECOVERY OF COSTS.—An electric utility that  
16                  has sales of electric energy that are subject to rate regula-  
17                  tion (including any utility with rates that are regulated  
18                  by the Commission and any State regulated electric util-  
19                  ity) shall not be denied the opportunity to recover the full  
20                  amount of the prudently incurred incremental cost of re-  
21                  newable energy obtained to comply with the requirements  
22                  of subsection (b).

23                  “(m) PROGRAM REVIEW.—

24                  “(1) IN GENERAL.—The Secretary shall enter  
25                  into an arrangement with the National Academy of

1 Sciences under which the Academy shall conduct a  
2 comprehensive evaluation of all aspects of the pro-  
3 gram established under this section.

4 “(2) EVALUATION.—The study under para-  
5 graph (1) shall include an evaluation of—

6 “(A) the effectiveness of the program in  
7 increasing the market penetration and lowering  
8 the cost of the eligible renewable energy tech-  
9 nologies;

10 “(B) the opportunities for any additional  
11 technologies and sources of renewable energy  
12 emerging since the date of enactment of this  
13 section;

14 “(C) the impact on the regional diversity  
15 and reliability of supply sources, including the  
16 power quality benefits of distributed generation;

17 “(D) the regional resource development  
18 relative to renewable potential and reasons for  
19 any investment in renewable resources;

20 “(E) the net cost or benefit of the renew-  
21 able electricity standard to the national and  
22 State economies, including—

23 “(i) retail power costs;

24 “(ii) the economic development bene-  
25 fits of investment;

1           “(iii) avoided costs related to environ-  
2           mental and congestion mitigation invest-  
3           ments that would otherwise have been re-  
4           quired;

5           “(iv) the impact on natural gas de-  
6           mand and price; and

7           “(v) the effectiveness of green mar-  
8           keting programs at reducing the cost of re-  
9           newable resources; and

10          “(F) the impact of any attrition of existing  
11          renewable energy.

12          “(3) REPORT.—Not later than January 1,  
13          2025, and every 5 years thereafter, the Secretary  
14          shall submit to Congress a report describing the re-  
15          sults of the evaluation and any recommendations for  
16          modifications and improvements to the program.

17          “(4) PLAN.—Not later than December 31,  
18          2033, the Secretary shall submit to Congress a plan  
19          to amend and extend, through regulation, the pro-  
20          gram and standards established under this section in  
21          a manner that will decarbonize the power sector be-  
22          fore 2050.

23          “(n) STATE RENEWABLE ENERGY ACCOUNT.—

24          “(1) IN GENERAL.—There is established in the  
25          Treasury a State renewable energy account.

1           “(2) DEPOSITS.—All money collected by the  
2 Secretary from the alternative compliance payments  
3 under subsection (h) shall be deposited into the  
4 State renewable energy account established under  
5 paragraph (1).

6           “(3) GRANTS.—

7           “(A) IN GENERAL.—Proceeds deposited in  
8 the State renewable energy account shall be  
9 used by the Secretary, subject to annual appro-  
10 priations, for a program to provide grants—

11           “(i) to the State agency responsible  
12 for administering a fund to promote renew-  
13 able energy generation for customers of the  
14 State or an alternative agency designated  
15 by the State; or

16           “(ii) if no agency described in clause  
17 (i), to the State agency developing State  
18 energy conservation plans under section  
19 362 of the Energy Policy and Conservation  
20 Act (42 U.S.C. 6322).

21           “(B) USE.—A grant under this paragraph  
22 shall be used for the purpose of—

23           “(i) promoting renewable energy pro-  
24 duction; or

1                   “(ii) providing energy assistance and  
2                   weatherization services to low-income con-  
3                   sumers.

4                   “(C) CRITERIA.—The Secretary may issue  
5                   guidelines and criteria for any grant awarded  
6                   under this paragraph.

7                   “(D) STATE-APPROVED FUNDING MECHA-  
8                   NISMS.—At least 75 percent of the funds pro-  
9                   vided to each State for each fiscal year shall be  
10                  used to promote renewable energy production  
11                  through grants, production incentives, or other  
12                  State-approved funding mechanisms.

13                  “(E) ALLOCATION.—The funds shall be al-  
14                  located to the States on the basis of retail elec-  
15                  tric sales subject to the renewable electricity  
16                  standard under this section or through vol-  
17                  untary participation.

18                  “(F) RECORDS.—A State agency receiving  
19                  a grant under this paragraph shall maintain  
20                  such records and evidence of compliance as the  
21                  Secretary may require.”.

22                  (b) CLERICAL AMENDMENT.—The table of contents  
23                  for the Public Utility Regulatory Policies Act of 1978 (16  
24                  U.S.C. prec. 2601) is amended by adding at the end of  
25                  the items relating to title VI the following:

“Sec. 609. Rural and remote communities electrification grants.  
“Sec. 610. Renewable electricity standard.”.

