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1ST SESSION

S. 1974

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

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 re-
ferred to the Committee on Energy and Natural Resources

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-

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

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

“(A) any land within the limits of any Indian reservation, pueblo, or rancharia;

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

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

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

“(C) any dependent Indian community; and

“(D) any land conveyed to any Alaska Native Corporation under the Alaska Native Claims Settlement Act (43 U.S.C. 1601 et seq.).

“(6) INDIAN TRIBE.—The term ‘Indian Tribe’ means any Indian Tribe, band, nation, or other organized group or community, including any Alaskan 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(c)(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:

“Calendar Year	Required Amount percentage
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 $\frac{1}{2}$ 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-

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

“(f) RENEWABLE ENERGY CREDIT TRADING.—

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

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

“(3) CARRYOVER.—A Federal renewable energy credit for any year that is not submitted to satisfy the minimum required increase in renewable generation 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 quirements 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.”.

