# 111TH CONGRESS 1ST SESSION S.433

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

FEBRUARY 12, 2009

# 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. RENEWABLE ELECTRICITY STANDARD.

4 (a) IN GENERAL.—Title VI of the Public Utility Reg-

- 5 ulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is
- 6 amended by adding at the end the following:

## 7 "SEC. 610. RENEWABLE ELECTRICITY STANDARD.

- 8 "(a) DEFINITIONS.—In this section:
- 9 "(1) BASE QUANTITY OF ELECTRICITY.—

Mr. UDALL of New Mexico (for himself and Mr. UDALL of Colorado) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

1	"(A) IN GENERAL.—The term 'base quan-
2	tity of electricity' means the total quantity of
3	electric energy sold by a retail electric supplier,
4	expressed in terms of kilowatt hours, to electric
5	customers for purposes other than resale during
6	the most recent calendar year for which infor-
7	mation is available.
8	"(B) EXCLUSIONS.—The term 'base quan-
9	tity of electricity' does not include—
10	"(i) electric energy that is not incre-
11	mental hydropower generated by a hydro-
12	electric facility; and
13	"(ii) electricity generated through the
14	incineration of municipal solid waste.
15	"(2) BIOMASS.—
16	"(A) IN GENERAL.—The term 'biomass'
17	means—
18	"(i) cellulosic (plant fiber) organic
19	materials from a plant that is planted for
20	the purpose of being used to produce en-
21	ergy;
22	"(ii) nonhazardous plant or algal mat-
23	ter that is derived from—
24	"(I) an agricultural crop, crop
25	byproduct, or residue resource; or

1	"(II) waste, such as landscape or
2	right-of-way trimmings (but not in-
3	cluding municipal solid waste, recycla-
4	ble postconsumer waste paper, paint-
5	ed, treated, or pressurized wood, wood
6	contaminated with plastic, or metals);
7	"(iii) animal waste or animal byprod-
8	ucts; and
9	"(iv) landfill methane.
10	"(B) NATIONAL FOREST LAND AND CER-
11	TAIN OTHER PUBLIC LAND.—In the case of or-
12	ganic material removed from National Forest
13	System land or from public land administered
14	by the Secretary of the Interior, the term 'bio-
15	mass' means only organic material from—
16	"(i) ecological forest restoration;
17	"(ii) precommercial thinnings;
18	"(iii) brush;
19	"(iv) mill residues; or
20	''(v) slash.
21	"(C) EXCLUSION OF CERTAIN FEDERAL
22	LAND.—Notwithstanding subparagraph (B), the
23	term 'biomass' does not include material or
24	matter that would otherwise qualify as biomass

1	if the material or matter is located on the fol-
2	lowing Federal land:
3	"(i) Federal land containing old
4	growth forest or late successional forest
5	unless the Secretary of the Interior or the
6	Secretary of Agriculture determines that
7	the removal of organic material from the
8	land—
9	"(I) is appropriate for the appli-
10	cable forest type; and
11	"(II) maximizes the retention
12	of—
13	"(aa) late-successional and
14	large and old growth trees;
15	"(bb) late-successional and
16	old growth forest structure; and
17	"(cc) late-successional and
18	old growth forest composition.
19	"(ii) Federal land on which the re-
20	moval of vegetation is prohibited, including
21	components of the National Wilderness
22	Preservation System.
23	"(iii) Wilderness study areas.
24	"(iv) Inventoried roadless areas.

1	"(v) Components of the National
2	Landscape Conservation System.
3	"(vi) National Monuments.
4	"(3) EXISTING FACILITY.—The term 'existing
5	facility' means a facility for the generation of elec-
6	tric energy from a renewable energy resource that is
7	not an eligible facility.
8	"(4) Incremental hydropower.—The term
9	'incremental hydropower' means additional genera-
10	tion that is achieved from increased efficiency or ad-
11	ditions of capacity made on or after—
12	"(A) the date of enactment of this section;
13	or
14	"(B) the effective date of an existing appli-
15	cable State renewable portfolio standard pro-
16	gram at a hydroelectric facility that was placed
17	in service before that date.
18	"(5) INDIAN LAND.—The term 'Indian land'
19	means—
20	"(A) any land within the limits of any In-
21	dian reservation, pueblo, or rancheria;
22	"(B) any land not within the limits of any
23	Indian reservation, pueblo, or rancheria title to
24	which was on the date of enactment of this sec-
25	tion held by—

0
"(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; or
"(D) any land conveyed to any Alaska Na-
tive 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 orga-
nized group or community, including any Alaskan
Native village or regional or village corporation as
defined in or established pursuant to the Alaska Na-
tive Claims Settlement Act (43 U.S.C. 1601 et seq.),
that is recognized as eligible for the special pro-
grams and services provided by the United States to
Indians because of their status as Indians.
"(7) RENEWABLE ENERGY.—The term 'renew-
able energy' means electric energy generated by a re-
newable energy resource.

23 "(8) RENEWABLE ENERGY RESOURCE.—The
24 term 'renewable energy resource' means solar, wind,

1	ocean, tidal, geothermal energy, biomass, landfill
2	gas, incremental hydropower, or hydrokinetic energy.
3	"(9) Repowering or cofiring increment.—
4	The term 'repowering or cofiring increment'
5	means—
6	"(A) the additional generation from a
7	modification that is placed in service on or after
8	the date of enactment of this section, to expand
9	electricity production at a facility used to gen-
10	erate electric energy from a renewable energy
11	resource;
12	"(B) the additional generation above the
13	average generation during the 3-year period
14	ending on the date of enactment of this section
15	at a facility used to generate electric energy
16	from a renewable energy resource or to cofire
17	biomass that was placed in service before the
18	date of enactment of this section; or
19	"(C) the portion of the electric generation
20	from a facility placed in service on or after the
21	date of enactment of this section, or a modifica-
22	tion to a facility placed in service before the
23	date of enactment of this section made on or
24	after January 1, 2001, associated with cofiring
25	biomass.

### "(10) RETAIL ELECTRIC SUPPLIER.—

1

2 "(A) IN GENERAL.—The term 'retail elec3 tric supplier' means a person that sells electric
4 energy to electric consumers (other than consumers in Hawaii) that sold not less than
5 sumers in Hawaii) that sold not less than
6 1,000,000 megawatt-hours of electric energy to
7 electric consumers for purposes other than resale during the preceding calendar year.

9 "(B) INCLUSION.—The term 'retail electric 10 supplier' includes a person that sells electric en-11 ergy to electric consumers that, in combination with the sales of any affiliate organized after 12 13 the date of enactment of this section, sells not 14 less than 1,000,000 megawatt hours of electric 15 energy to consumers for purposes other than re-16 sale.

17 "(C) SALES TO PARENT COMPANIES OR
18 AFFILIATES.—For purposes of this paragraph,
19 sales by any person to a parent company or to
20 other affiliates of the person shall not be treat21 ed as sales to electric consumers.

23 ''(i) IN GENERAL.—Except as pro24 vided in clause (ii), the term 'retail electric
25 supplier' does not include—

"(D) GOVERNMENTAL AGENCIES.—

2any political subdivision of a State3any agency, authority, or instruct4tality of the United States, State5political subdivision; or6"(II) a rural electric cooper7"(ii) INCLUSION.—The term of8electric supplier' includes an entity the9a political subdivision of a State, or10agency, authority, or instrumentality or11United States, a State, a political su12sion of a State, a rural electric cooper13that sells electric energy to electric14sumers, or any other entity that sells15tric energy to electric consumers16would not otherwise qualify as a retain17tric supplier if the entity notifies the18retary that the entity voluntarily agree19participate in the Federal renewable20tricity standard program.21"(b) COMPLIANCE.—For calendar year 201222each calendar year thereafter, each retail electric su23shall meet the requirements of subsection (c) by su		0
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6 "(II) a rural electric cooper 7 "(ii) INCLUSION.—The term 7 8 electric supplier' includes an entity th 9 a political subdivision of a State, 4 10 agency, authority, or instrumentality 4 11 United States, a State, a political su 12 sion of a State, a rural electric cooper 13 that sells electric energy to electric 14 sumers, or any other entity that sells 15 tric energy to electric consumers 16 would not otherwise qualify as a retain 17 tric supplier if the entity notifies the 18 retary that the entity voluntarily agree 19 participate in the Federal renewable 20 tricity standard program. 21 "(b) COMPLIANCE.—For calendar year 2012 22 each calendar year thereafter, each retail electric su 23 shall meet the requirements of subsection (c) by su 24 ting to the Secretary, not later than April 1 of the	4	tality of the United States, State, or
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<ul> <li>8 electric supplier' includes an entity the a political subdivision of a State, a political subdivision of a State, a genery, authority, or instrumentality and the states, a State, a political supplier is that sells electric energy to electric that sells electric energy to electric that sells that sells electric consumers that sells that sells electric consumers the sumers, or any other entity that sells tric energy to electric consumers the would not otherwise qualify as a retained to the supplier if the entity notifies the retary that the entity voluntarily agree participate in the Federal renewable tricity standard program.</li> <li>21 "(b) COMPLIANCE.—For calendar year 2012</li> <li>22 each calendar year thereafter, each retail electric supplier is the requirements of subsection (c) by supplicing to the Secretary, not later than April 1 of the secretary.</li> </ul>	6	"(II) a rural electric cooperative.
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<ul> <li>tric supplier if the entity notifies the</li> <li>retary that the entity voluntarily agree</li> <li>participate in the Federal renewable</li> <li>tricity standard program.</li> <li>"(b) COMPLIANCE.—For calendar year 2012</li> <li>each calendar year thereafter, each retail electric su</li> <li>shall meet the requirements of subsection (c) by su</li> <li>ting to the Secretary, not later than April 1 of the</li> </ul>	15	tric energy to electric consumers that
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<ul> <li>21 "(b) COMPLIANCE.—For calendar year 2012</li> <li>22 each calendar year thereafter, each retail electric su</li> <li>23 shall meet the requirements of subsection (c) by su</li> <li>24 ting to the Secretary, not later than April 1 of the</li> </ul>	19	participate in the Federal renewable elec-
<ul><li>22 each calendar year thereafter, each retail electric su</li><li>23 shall meet the requirements of subsection (c) by su</li><li>24 ting to the Secretary, not later than April 1 of the</li></ul>	20	tricity standard program.
<ul><li>23 shall meet the requirements of subsection (c) by su</li><li>24 ting to the Secretary, not later than April 1 of the</li></ul>	21	"(b) COMPLIANCE.—For calendar year 2012 and
24 ting to the Secretary, not later than April 1 of th	22	each calendar year thereafter, each retail electric supplier
	23	shall meet the requirements of subsection (c) by submit-
25 lowing calendar year, 1 or more of the following:	24	ting to the Secretary, not later than April 1 of the fol-
	25	lowing calendar year, 1 or more of the following:

"(1) Federal renewable energy credits issued
 under subsection (e).

3 "(2) Certification of the renewable energy gen4 erated and electricity savings pursuant to the funds
5 associated with State compliance payments as speci6 fied in subsection (e)(4)(G).

7 "(3) Alternative compliance payments pursuant8 to subsection (h).

9 "(c) REQUIRED ANNUAL PERCENTAGE.—For each of 10 calendar years 2012 through 2039, the required annual 11 percentage of the base quantity of electricity of a retail 12 electric supplier that shall be generated from renewable 13 energy resources, or otherwise credited towards the per-14 centage requirement pursuant to subsection (d), shall be 15 the applicable percentage specified in the following table:

percentage

16 "(d) RENEWABLE ENERGY CREDITS.—

17 "(1) IN GENERAL.—A retail electric supplier
18 may satisfy the requirements of subsection (b)(1)

1	through the submission of Federal renewable energy
2	credits—
3	"(A) issued to the retail electric supplier
4	under subsection (e);
5	"(B) obtained by purchase or exchange
6	under subsection (f); or
7	"(C) borrowed under subsection (g).
8	"(2) FEDERAL RENEWABLE ENERGY CRED-
9	ITS.—A Federal renewable energy credit may be
10	counted toward compliance with subsection $(b)(1)$
11	only once.
12	"(e) Issuance of Federal Renewable Energy
13	CREDITS.—
14	"(1) IN GENERAL.—Not later than 1 year after
15	the date of enactment of this section, the Secretary
16	shall establish by rule a program—
17	"(A) to verify and issue Federal renewable
18	energy credits to generators of renewable en-
19	ergy;
20	"(B) to track the sale, exchange, and re-
21	tirement of the credits; and
22	"(C) to enforce the requirements of this
23	section.
24	"(2) Existing non-federal tracking sys-
25	TEMS.—To the maximum extent practicable, in es-

1	tablishing the program, the Secretary shall rely on
2	existing and emerging State or regional tracking
3	systems that issue and track non-Federal renewable
4	energy credits.
5	"(3) Application.—
6	"(A) IN GENERAL.—An entity that gen-
7	erates electric energy through the use of a re-
8	newable energy resource may apply to the Sec-
9	retary for the issuance of renewable energy
10	credits.
11	"(B) ELIGIBILITY.—To be eligible for the
12	issuance of the credits, the applicant shall dem-
13	onstrate to the Secretary that—
14	"(i) the electric energy will be trans-
15	mitted onto the grid; or
16	"(ii) in the case of a generation offset,
17	the electric energy offset would have other-
18	wise been consumed onsite.
19	"(C) CONTENTS.—The application shall
20	indicate—
21	"(i) the type of renewable energy re-
22	source that is used to produce the elec-
23	tricity;
24	"(ii) the location at which the electric
25	energy will be produced; and

	10
1	"(iii) any other information the Sec-
2	retary determines appropriate.
3	"(4) QUANTITY OF FEDERAL RENEWABLE EN-
4	ERGY CREDITS.—
5	"(A) IN GENERAL.—Except as otherwise
6	provided in this paragraph, the Secretary shall
7	issue to a generator of electric energy 1 Federal
8	renewable energy credit for each kilowatt hour
9	of electric energy generated by the use of a re-
10	newable energy resource at an eligible facility.
11	"(B) Incremental hydropower.—
12	"(i) IN GENERAL.—For purpose of
13	compliance with this section, Federal re-
14	newable energy credits for incremental hy-
15	dropower shall be based on the increase in
16	average annual generation resulting from
17	the efficiency improvements or capacity ad-
18	ditions.
19	"(ii) WATER FLOW INFORMATION
20	The incremental generation shall be cal-
21	culated using the same water flow informa-
22	tion that is—
23	"(I) used to determine a historic
24	average annual generation baseline for
25	the hydroelectric facility; and

	14
1	"(II) certified by the Secretary or
2	the Federal Energy Regulatory Com-
3	mission.
4	"(iii) Operational changes.—The
5	calculation of the Federal renewable energy
6	credits for incremental hydropower shall
7	not be based on any operational changes at
8	the hydroelectric facility that is not di-
9	rectly associated with the efficiency im-
10	provements or capacity additions.
11	"(C) Indian land.—
12	"(i) IN GENERAL.—The Secretary
13	shall issue 2 renewable energy credits for
14	each kilowatt hour of electric energy gen-
15	erated and supplied to the grid in a cal-
16	endar year through the use of a renewable
17	energy resource at an eligible facility lo-
18	cated on Indian land.
19	"(ii) BIOMASS.—For purposes of this
20	paragraph, renewable energy generated by
21	biomass cofired with other fuels is eligible
22	for 2 credits only if the biomass was grown
23	on the land.
24	"(D) ON-SITE ELIGIBLE FACILITIES.—

	10
1	"(i) IN GENERAL.—In the case of
2	electric energy generated by a renewable
3	energy resource at an on-site eligible facil-
4	ity that is not larger than 1 megawatt in
5	capacity and is used to offset all or part of
6	the requirements of a customer for electric
7	energy, the Secretary shall issue 3 renew-
8	able energy credits to the customer for
9	each kilowatt hour generated.
10	"(ii) INDIAN LAND.—In the case of an
11	on-site eligible facility on Indian land, the
12	Secretary shall issue not more than 3 cred-
13	its per kilowatt hour.
14	((E) Combination of renewable and
15	NONRENEWABLE ENERGY RESOURCES.—If both
16	a renewable energy resource and a nonrenew-
17	able energy resource are used to generate the
18	electric energy, the Secretary shall issue the
19	Federal renewable energy credits based on the
20	proportion of the renewable energy resources
21	used.
22	"(F) RETAIL ELECTRIC SUPPLIERS.—If a
23	generator has sold electric energy generated
24	through the use of a renewable energy resource
25	to a retail electric supplier under a contract for

1	power from an existing facility and the contract
2	has not determined ownership of the Federal
3	renewable energy credits associated with the
4	generation, the Secretary shall issue the Fed-
5	eral renewable energy credits to the retail elec-
6	tric supplier for the duration of the contract.
7	"(G) COMPLIANCE WITH STATE RENEW-
8	ABLE PORTFOLIO STANDARD PROGRAMS.—Pay-
9	ments made by a retail electricity supplier, di-
10	rectly or indirectly, to a State for compliance
11	with a State renewable portfolio standard pro-
12	gram, or for an alternative compliance mecha-
13	nism, shall be valued at 1 credit per kilowatt
14	hour for the purpose of subsection $(b)(2)$ based
15	on the quantity of electric energy generation
16	from renewable resources that results from the
17	payments.
18	"(f) Renewable Energy Credit Trading.—
19	"(1) IN GENERAL.—A Federal renewable en-
20	ergy credit may be sold, transferred, or exchanged
21	by the entity to whom the credit is issued or by any
22	other entity that acquires the Federal renewable en-

ergy credit, other than renewable energy credits 24 from existing facilities.

1	"(2) CARRYOVER.—A Federal renewable energy
2	credit for any year that is not submitted to satisfy
3	the minimum renewable generation requirement of
4	subsection (c) for that year may be carried forward
5	for use pursuant to subsection $(b)(1)$ within the next
6	3 years.
7	"(3) Delegation.—The Secretary may dele-
8	gate to an appropriate market-making entity the ad-
9	ministration of a national tradeable renewable en-
10	ergy credit market for purposes of creating a trans-
11	parent national market for the sale or trade of re-
12	newable energy credits.
13	"(g) Renewable Energy Credit Borrowing.—
14	"(1) IN GENERAL.—Not later than December
15	31, 2014, a retail electric supplier that has reason
16	to believe the retail electric supplier will not be able
17	to fully comply with subsection (b) may—
18	"(A) submit a plan to the Secretary dem-
19	onstrating that the retail electric supplier will
20	earn sufficient Federal renewable energy credits
21	within the next 3 calendar years that, when
22	taken into account, will enable the retail electric
23	supplier to meet the requirements of subsection
24	(b) for calendar year 2014 and the subsequent
25	calendar years involved; and

"(B) on the approval of the plan by the 1 2 Secretary, apply Federal renewable energy cred-3 its that the plan demonstrates will be earned 4 within the next 3 calendar years to meet the re-5 quirements of subsection (b) for each calendar 6 year involved. "(2) REPAYMENT.—The retail electric supplier 7 8 shall repay all of the borrowed Federal renewable 9 energy credits by submitting an equivalent number 10 of Federal renewable energy credits, in addition to 11 the credits otherwise required under subsection (b), 12 by calendar year 2022 or any earlier deadlines speci-13 fied in the approved plan. 14 "(h) ALTERNATIVE COMPLIANCE PAYMENTS.—As a 15 means of compliance under subsection (b)(4), the Secretary shall accept payment equal to the lesser of— 16 "(1) 200 percent of the average market value of 17 18 Federal renewable energy credits and Federal energy 19 efficiency credits for the applicable compliance pe-20 riod; or 21 "(2) 3 cents per kilowatt hour (as adjusted on 22 January 1 of each year following calendar year 2006 23 based on the implicit price deflator for the gross na-

tional product).

"(i) INFORMATION COLLECTION.—The Secretary

2	may collect the information necessary to verify and
3	audit—
4	((1)(A) the annual renewable energy generation
5	of any retail electric supplier; and
6	"(B) Federal renewable energy credits sub-
7	mitted by a retail electric supplier pursuant to sub-
8	section (b)(1);
9	((2) the validity of Federal renewable energy
10	credits submitted for compliance by a retail electric
11	supplier to the Secretary; and
12	"(3) the quantity of electricity sales of all retail
13	electric suppliers.
14	"(j) Environmental Savings Clause.—Incre-
15	mental hydropower shall be subject to all applicable envi-
16	ronmental laws and licensing and regulatory requirements.
17	"(k) STATE PROGRAMS.—
18	"(1) IN GENERAL.—Nothing in this section di-
19	minishes any authority of a State or political sub-
20	division of a State—
21	"(A) to adopt or enforce any law (includ-
22	ing regulations) respecting renewable energy,
23	including programs that exceed the required
24	quantity of renewable energy under this section;
25	OP

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1	"(B) to regulate the acquisition and dis-
2	position of Federal renewable energy credits by
3	retail electric suppliers.
4	"(2) Compliance with section.—No law or
5	regulation referred to in paragraph $(1)(A)$ shall re-
6	lieve any person of any requirement otherwise appli-
7	cable under this section.
8	"(3) Coordination with state program.—
9	The Secretary, in consultation with States that have
10	in effect renewable energy programs, shall—
11	"(A) preserve the integrity of the State
12	programs, including programs that exceed the
13	required quantity of renewable energy under
14	this section; and
15	"(B) facilitate coordination between the
16	Federal program and State programs.
17	"(4) EXISTING RENEWABLE ENERGY PRO-
18	GRAMS.—In the regulations establishing the program
19	under this section, the Secretary shall incorporate
20	common elements of existing renewable energy pro-
21	grams, including State programs, to ensure adminis-
22	trative ease, market transparency and effective en-
23	forcement.
24	"(5) MINIMIZATION OF ADMINISTRATIVE BUR-
25	DENS AND COSTS.—In carrying out this section, the

Secretary shall work with the States to minimize ad ministrative burdens and costs to retail electric sup pliers.

4 "(1) RECOVERY OF COSTS.—An electric utility that 5 has sales of electric energy that are subject to rate regulation (including any utility with rates that are regulated 6 7 by the Commission and any State regulated electric util-8 ity) shall not be denied the opportunity to recover the full amount of the prudently incurred incremental cost of re-9 10 newable energy obtained to comply with the requirements 11 of subsection (b).

12 "(m) PROGRAM REVIEW.—

"(1) IN GENERAL.—The Secretary shall enter
into an arrangement with the National Academy of
Sciences under which the Academy shall conduct a
comprehensive evaluation of all aspects of the program established under this section.

18 "(2) EVALUATION.—The study shall include an19 evaluation of—

20 "(A) the effectiveness of the program in
21 increasing the market penetration and lowering
22 the cost of the eligible renewable energy tech23 nologies;

24 "(B) the opportunities for any additional
25 technologies and sources of renewable energy

1	emerging since the date of enactment of this
2	section;
3	"(C) the impact on the regional diversity
4	and reliability of supply sources, including the
5	power quality benefits of distributed generation;
6	"(D) the regional resource development
7	relative to renewable potential and reasons for
8	any investment in renewable resources; and
9	"(E) the net cost/benefit of the renewable
10	electricity standard to the national and State
11	economies, including—
12	"(i) retail power costs;
13	"(ii) the economic development bene-
14	fits of investment;
15	"(iii) avoided costs related to environ-
16	mental and congestion mitigation invest-
17	ments that would otherwise have been re-
18	quired;
19	"(iv) the impact on natural gas de-
20	mand and price; and
21	"(v) the effectiveness of green mar-
22	keting programs at reducing the cost of re-
23	newable resources.
24	"(3) REPORT.—Not later than January 1,
25	2018, the Secretary shall transmit to Congress a re-

1	port describing the results of the evaluation and any
2	recommendations for modifications and improve-
3	ments to the program.
4	"(n) STATE RENEWABLE ENERGY ACCOUNT.—
5	"(1) IN GENERAL.—There is established in the
6	Treasury a State renewable energy account.
7	"(2) DEPOSITS.—All money collected by the
8	Secretary from the alternative compliance payments
9	under subsection (h) shall be deposited into the
10	State renewable energy account established under
11	paragraph (1).
12	"(3) GRANTS.—
13	"(A) IN GENERAL.—Proceeds deposited in
13 14	"(A) IN GENERAL.—Proceeds deposited in the State renewable energy account shall be
14	the State renewable energy account shall be
14 15	the State renewable energy account shall be used by the Secretary, subject to annual appro-
14 15 16	the State renewable energy account shall be used by the Secretary, subject to annual appro- priations, for a program to provide grants—
14 15 16 17	the State renewable energy account shall be used by the Secretary, subject to annual appro- priations, for a program to provide grants— "(i) to the State agency responsible
14 15 16 17 18	the State renewable energy account shall be used by the Secretary, subject to annual appro- priations, for a program to provide grants— "(i) to the State agency responsible for administering a fund to promote renew-
14 15 16 17 18 19	the State renewable energy account shall be used by the Secretary, subject to annual appro- priations, for a program to provide grants— "(i) to the State agency responsible for administering a fund to promote renew- able energy generation for customers of the
<ol> <li>14</li> <li>15</li> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> </ol>	the State renewable energy account shall be used by the Secretary, subject to annual appro- priations, for a program to provide grants— "(i) to the State agency responsible for administering a fund to promote renew- able energy generation for customers of the State or an alternative agency designated
<ol> <li>14</li> <li>15</li> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> </ol>	the State renewable energy account shall be used by the Secretary, subject to annual appro- priations, for a program to provide grants— "(i) to the State agency responsible for administering a fund to promote renew- able energy generation for customers of the State or an alternative agency designated by the State; or

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1	362 of the Energy Policy and Conservation
2	Act (42 U.S.C. 6322).
3	"(B) USE.—The grants shall be used for
4	the purpose of—
5	"(i) promoting renewable energy pro-
6	duction; and
7	"(ii) providing energy assistance and
8	weatherization services to low-income con-
9	sumers.
10	"(C) CRITERIA.—The Secretary may issue
11	guidelines and criteria for grants awarded
12	under this paragraph.
13	"(D) STATE-APPROVED FUNDING MECHA-
14	NISMS.—At least 75 percent of the funds pro-
15	vided to each State for each fiscal year shall be
16	used to promote renewable energy production
17	through grants, production incentives, or other
18	State-approved funding mechanisms.
19	"(E) ALLOCATION.—The funds shall be al-
20	located to the States on the basis of retail elec-
21	tric sales subject to the renewable electricity
22	standard under this section or through vol-
23	untary participation.
24	"(F) Records.—State agencies receiving
25	grants under this paragraph shall maintain

such records and evidence of compliance as the
 Secretary may require.".
 (b) TABLE OF CONTENTS AMENDMENT.—The table
 of contents of the Public Utility Regulatory Policies Act
 of 1978 (16 U.S.C. prec. 2601) is amended by adding at
 the end of the items relating to title VI the following:

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

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