		(Original Signature of Member)
111TH CONGRESS 1ST SESSION	H.R.	

To amend title VI of the Public Utility Regulatory Policies Act of 1978 to establish a Federal renewable electricity standard for certain electric utilities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Markey of Massachusetts (for himself and Mr. Platts) introduced the following bill; which was referred to the Committee on

A BILL

To amend title VI of the Public Utility Regulatory Policies Act of 1978 to establish a Federal renewable electricity standard for certain electric utilities, 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 "American Renewable
- 5 Energy Act".

1	SEC. 2. FEDERAL RENEWABLE ELECTRICITY STANDARD.	
2	(a) In General.—Title VI of the Public Utility Reg-	
3	ulatory Policies Act of 1978 (16 U.S.C. 2601 and fol-	
4	lowing) is amended by adding at the end the following:	
5	"SEC. 610. FEDERAL RENEWABLE ELECTRICITY STANDARD.	
6	"(a) Definitions.—For purposes of this section:	
7	"(1) Affiliate.—The term 'affiliate' when	
8	used in relation to a person, means another person	
9	which owns or controls, is owned or controlled by, or	
10	is under common ownership or control with, such	
11	person, as determined under regulations promul-	
12	gated by the Secretary.	
13	"(2) Biomass.—	
14	"(A) In General.—The term 'biomass'	
15	means each of the following:	
16	"(i) Cellulosic (plant fiber) organic	
17	materials from a plant that is planted for	
18	the purpose of being used to produce en-	
19	ergy.	
20	"(ii) Nonhazardous, plant or algal	
21	matter that is derived from any of the fol-	
22	lowing:	
23	"(I) An agricultural crop, crop	
24	byproduct or residue resource.	
25	"(II) Waste such as landscape or	
26	right-of-way trimmings (but not in-	

1	cluding municipal solid waste, recycla-
2	ble postconsumer waste paper, paint-
3	ed, treated, or pressurized wood, or
4	wood contaminated with plastic or
5	metals).
6	"(iii) Animal waste or animal byprod-
7	ucts, including products of animal waste
8	digesters.
9	"(B) BIOMASS FROM FEDERAL LANDS.—
10	"(i) Covered materials.—With re-
11	spect to organic material removed from
12	Federal land, the term 'biomass' covers
13	only organic material from—
14	"(I) ecological forest restoration;
15	"(II) pre-commercial thinnings;
16	"(III) brush;
17	"(IV) mill residues; and
18	"(V) slash.
19	"(ii) Exclusion of Certain
20	LANDS.—Notwithstanding clause (i), mate-
21	rial or matter that would otherwise qualify
22	as biomass are not included in the term
23	'biomass' if it is located on Federal land in
24	the following categories:

1	"(I) Federal land containing old
2	growth forest or late successional for-
3	est, unless the Secretary of the Inte-
4	rior or the Secretary of Agriculture
5	(whichever has administrative jurisdic-
6	tion over such land) determines that
7	the removal or organic material from
8	such land is appropriate for the appli-
9	cable forest type and maximizes the
10	retention of late-successional and
11	large and old growth trees, late suc-
12	cessional and old growth forest struc-
13	ture, and late-successional and old
14	growth forest composition.
15	"(II) Federal land on which the
16	removal of vegetation is prohibited, in-
17	cluding components of the National
18	Wilderness Preservation System.
19	"(III) Wilderness Study Areas.
20	"(IV) Inventoried Roadless
21	Areas.
22	"(V) Units of the National Land-
23	scape Conservation System.
24	"(VI) National Monuments.

1	"(3) Distributed Generation facility.—
2	The term 'distributed generation facility' means a
3	facility that—
4	"(A) generates renewable electricity other
5	than by means of combustion;
6	"(B) primarily serves 1 or more electricity
7	consumers at or near the facility site; and
8	"(C) is no larger than 2 megawatts in ca-
9	pacity.
10	"(4) Federal alternative compliance pay-
11	MENT.—The term 'Federal alternative compliance
12	payment' means a payment, to be submitted in lieu
13	of 1 Federal renewable electricity credit, pursuant to
14	subsection $(e)(3)$.
15	"(5) Federal Land.—The term 'Federal land'
16	means land owned by the United States and under
17	the administrative jurisdiction of the Secretary of
18	the Interior or the Secretary of Agriculture, other
19	than land held in trust for an Indian or Indian tribe.
20	"(6) Federal Renewable electricity
21	CREDIT.—The term 'Federal renewable electricity
22	credit' means a credit, representing one kilowatt
23	hour of renewable electricity, issued pursuant to sub-
24	section (d).

1	"(7) Fund.—The term 'Fund' means the Re-
2	newable Electricity Deployment Fund established
3	under subsection (f).
4	"(8) Inventoried roadless area.—The
5	term 'Inventoried Roadless Area' means one of the
6	areas identified in the set of inventoried roadless
7	areas maps contained in the Forest Service Roadless
8	Areas Conservation, Final Environmental Impact
9	Statement, Volume 2, dated November 2000.
10	"(9) QUALIFIED HYDROPOWER.—The term
11	'qualified hydropower' means—
12	"(A) electricity generated solely from in-
13	creased efficiency achieved, or additions of ca-
14	pacity made, on or after January 1, 2001 at a
15	hydroelectric facility that was placed in service
16	before that date; or
17	"(B) electricity generated from generating
18	capacity added on or after January 1, 2001 to
19	a dam that did not previously have the capacity
20	to generate electricity, provided that the Com-
21	mission certifies that—
22	"(i) the dam was placed in service be-
23	fore the date of the enactment of this sec-
24	tion and was operated for flood control,
25	navigation, or water supply purposes and

1	did not produce hydroelectric power before
2	January 1, 2001;
3	"(ii) the hydroelectric project installed
4	on the dam is licensed by the Commission
5	and meets all other applicable environ-
6	mental, licensing, and regulatory require-
7	ments, including applicable fish passage re-
8	quirements; and
9	"(iii) the hydroelectric project in-
10	stalled on the dam is operated so that the
11	water surface elevation at any given loca-
12	tion and time that would have occurred in
13	the absence of the hydroelectric project is
14	maintained, subject to any license require-
15	ments that require changes in water sur-
16	face elevation for the purpose of improving
17	the environmental quality of the affected
18	waterway.
19	"(10) Renewable electricity.—The term
20	'renewable electricity' means electricity generated
21	from a renewable energy resource.
22	"(11) Renewable energy resource.—The
23	term 'renewable energy resource' means each of the
24	following:
25	"(A) wind energy;

1	"(B) solar energy;
2	"(C) geothermal energy;
3	"(D) combustion of biomass or landfill gas;
4	"(E) qualified hydropower; or
5	"(F) marine and hydrokinetic renewable
6	energy, as that term is defined in section 632
7	of the Energy Independence and Security Act
8	of 2007 (42 U.S.C. 17211).
9	"(12) Retail electric supplier.—
10	"(A) IN GENERAL.—The term 'retail elec-
11	tric supplier' means, for any given year, an
12	electric utility that sold not less than 1,000,000
13	megawatt hours of electric energy to electric
14	consumers for purposes other than resale dur-
15	ing the preceding calendar year.
16	"(B) Inclusions and Limitations.—For
17	purposes of determining whether an electric
18	utility qualifies as a retail electric supplier
19	under subparagraph (A)—
20	"(i) the sales of any affiliate of an
21	electric utility to electric consumers for
22	purposes other than resale shall be consid-
23	ered to be sales of such electric utility; and
24	"(ii) sales by any electric utility to a
25	parent company or to other affiliates of

1	such electric utility shall not be treated as
2	sales to electric consumers.
3	"(13) Retail electric supplier's base
4	AMOUNT.—The term 'retail electric supplier's base
5	amount' means the total amount of electric energy
6	sold by the retail electric supplier, expressed in
7	terms of kilowatt hours, to electric customers for
8	purposes other than resale during the relevant cal-
9	endar year, excluding electricity generated by—
10	"(A) a hydroelectric facility that is not
11	qualified hydropower; or
12	"(B) combustion of municipal solid waste.
13	"(14) Retire and retirement.—The terms
14	'retire' and 'retirement' with respect to a Federal re-
15	newable electricity credit, means to disqualify such
16	credit for any subsequent use under this section, re-
17	gardless of whether the use is a sale, transfer, ex-
18	change, or submission in satisfaction of a compliance
19	obligation.
20	"(b) Establishment of Program.—Not later than
21	1 year after the date of enactment of this section, the Sec-
22	retary shall, by regulation, establish a program to imple-
23	ment and enforce the requirements of this section. In es-
24	tablishing such program, the Secretary shall, to the extent
25	practicable—

1	"(1) preserve the integrity, and incorporate best
2	practices, of existing State renewable electricity pro-
3	grams;
4	"(2) rely upon existing and emerging State or
5	regional tracking systems that issue and track non-
6	Federal renewable electricity credits; and
7	"(3) cooperate with the States to facilitate co-
8	ordination between State and Federal renewable
9	electricity programs and to minimize administrative
10	burdens and costs to retail electric suppliers.
11	"(c) Annual Compliance Requirement.—
12	"(1) In general.—For each of calendar years
13	2012 through 2039, each retail electric supplier
14	shall, not later than April 1 of the following calendar
15	year, submit to the Secretary a quantity of Federal
16	renewable electricity credits equal to the retail elec-
17	tric supplier's base amount for the calendar year
18	multiplied by the required annual percentage set
19	forth in paragraph (2).
20	"(2) Required annual percentage.—For
21	each of calendar years 2012 through 2039, the re-
22	quired annual percentage shall be as follows:

"Calendar year	Required annual percentage
2012	6.0
2013	6.0
2014	8.5
2015	8.5

	"Calendar year	Required annual percentage
	2016 2017 2018	11.0 11.0 14.0
	2019	14.0 17.5 17.5 21.0
	2023	21.0 23.0 25.0
1	"(3) Alternative compliance	CE PAYMENTS.—
2	A retail electric supplier may sat	isfy the require-
3	ments of paragraph (1) in whole or	r in part by sub-
4	mitting in lieu of each Federal ren	ewable electricity
5	credit, a payment equal to the lesser	r of—
6	"(A) 200 percent of the	average market
7	value of a Federal renewable	electricity credit
8	for the previous compliance yes	ar, as determined
9	by the Secretary; or	
10	"(B) 5 cents, adjusted of	on January 1 of
11	each year following calendar	year 2009 based
12	on the Gross Domestic Produ	et Implicit Price
13	Deflator.	
14	"(4) Use of payments.—Al	ternative compli-
15	ance payments submitted pursuant	to paragraph (3)
16	shall be deposited in the Fund e	established under
17	subsection (f).	
18	"(d) Issuance of Federal Res	NEWABLE ELEC-
19	TRICITY CREDITS.—	

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"(1) CREDIT ISSUANCE.—The regulations promulgated under subsection (b) shall include provisions governing the issuance, tracking, and retirement of Federal renewable electricity credits. Except as provided in paragraphs (2), (3), and (4) of this subsection, the Secretary shall issue to each generator of renewable electricity, 1 Federal renewable electricity credit for each kilowatt hour of renewable electricity generated by such generator.

"(2) Generation from state renewable ELECTRICITY PROGRAMS USING CENTRAL PROCURE-MENT AND FROM STATE ALTERNATIVE COMPLIANCE PAYMENTS.—Where renewable electricity is generated with the support of payments from a retail electric supplier pursuant to a State renewable electricity program (whether through State alternative compliance payments or through payments to a State renewable electricity procurement fund or entity), the Secretary shall issue Federal renewable electricity credits to such retail electric supplier for the proportion of the relevant renewable electricity generation that is attributable to the retail electric supplier's payments, as determined pursuant to regulations issued by the Secretary. For any remaining portion of the relevant renewable electricity genera-

1	tion, the Secretary shall issue Federal renewable
2	electricity credits to the generator, as provided in
3	paragraph (1), provided that in no event shall more
4	than 1 Federal renewable electricity credit be issued
5	for the same kilowatt hour of electricity. In deter-
6	mining how Federal renewable electricity credits will
7	be apportioned among retail electric suppliers and
8	generators in such circumstances, the Secretary
9	shall consider information and guidance furnished by
10	the relevant State or States.
11	"(3) CERTAIN POWER SALES CONTRACTS.—
12	When a generator has sold renewable electricity to
13	a retail electric supplier under a contract for power
14	from a facility placed in service before the date of
15	enactment of this section, and the contract does not
16	provide for the determination of ownership of the
17	Federal renewable electricity credits associated with
18	such generation, the Secretary shall issue such Fed-
19	eral renewable electricity credits to the retail electric
20	supplier for the duration of the contract.
21	"(4) Credit multiplier for distributed
22	GENERATION.—
23	"(A) In general.—Except as provided in
24	subparagraph (B), the Secretary shall issue 3
25	Federal renewable electricity credits for each

kilowatt hour of renewable electricity generated 1 2 by a distributed generation facility. "(B) Adjustment.—Except as provided 3 4 in subparagraph (C), not later than January 1, 5 2014, and not less frequently than every 4 6 years thereafter, the Secretary shall review the 7 effect of this paragraph and shall, as necessary, 8 reduce the number of Federal renewable elec-9 tricity credits per kilowatt hour issued under 10 this paragraph, but not below 1, to ensure that 11 such number is no higher than the Secretary 12 determines is necessary to make distributed 13 generation facilities cost competitive with other 14 sources of renewable electricity generation. 15 "(C) FACILITIES PLACED IN SERVICE 16 AFTER ENACTMENT.—For any distributed gen-17 eration facility placed in service after the date 18 of enactment of this section, subparagraph (B) 19 shall not apply for the first 10 years after date 20 of enactment. For each year during such 10-21 year period, the Secretary shall issue the facil-22 ity the same number of Federal renewable elec-23 tricity credits per kilowatt hour as are issued to 24 that facility in the year in which such facility

is placed in service. After such 10-year period,

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1	the Secretary shall issue Federal renewable en-
2	ergy credits to the facility in accordance with
3	the current multiplier as determined pursuant
4	to subparagraph (B).
5	"(5) Credits based on incremental hy-
6	DROPOWER.—For purposes of this subsection, the
7	number of Federal renewable electricity credits
8	issued for qualifying hydropower described in sub-
9	section (a)(9)(A) shall be calculated—
10	"(A) based solely on the increase in aver-
11	age annual generation directly resulting from
12	the efficiency improvements or capacity addi-
13	tions described in subsection (a)(9)(A); and
14	"(B) using the same water flow informa-
15	tion used to determine a historic average an-
16	nual generation baseline for the hydroelectric
17	facility, as certified by the Secretary or by the
18	Commission.
19	"(6) Generation from mixed renewable
20	AND NON-RENEWABLE RESOURCES.—If electricity is
21	generated using both a renewable energy resource
22	and an energy source that is not a renewable energy
23	resource (as, for example, in the case of co-firing of
24	biomass and fossil fuel), the Secretary shall issue
25	Federal renewable electricity credits based on the

1	proportion of the electricity that is attributable to
2	the renewable energy resource.
3	"(7) Prohibition against double-count-
4	ING.—Except as provided in paragraph (4) of this
5	subsection, the Secretary shall ensure that no more
6	than 1 Federal renewable electricity credit will be
7	issued for any kilowatt hour of renewable electricity
8	and that no Federal renewable electricity credit will
9	be used more than once for compliance with this sec-
10	tion.
11	"(e) Trading and Banking of Credits.—
12	"(1) Trading.—The lawful holder of a Federal
13	renewable electricity credit may sell, exchange,
14	transfer, submit for compliance in accordance with
15	subsection (c), or submit such credit for retirement
16	by the Secretary.
17	"(2) Banking.—A Federal renewable elec-
18	tricity credit may be submitted in satisfaction of the
19	compliance obligation set forth in subsection (c) for
20	the compliance year in which the credit was issued
21	or for any of the 3 immediately subsequent compli-
22	ance years. The Secretary shall retire any Federal
23	renewable electricity credit that has not been sub-
24	mitted under subsection (c) by the deadline for the

1	compliance year that is 3 years after the compliance
2	year in which the credit was issued.
3	"(3) Delegation of Market administra-
4	TION.—The Secretary may delegate to one or more
5	appropriate market-making entities the administra-
6	tion of a Federal renewable electricity credit market
7	for purposes of creating a transparent and efficient
8	national market.
9	"(4) Oversight.—The Commission, in con-
10	sultation with the Secretary and relevant Federal
11	agencies, may prescribe such rules as the Commis-
12	sioner determines necessary to ensure the trans-
13	parency, fairness, and stability of the market in
14	Federal renewable electricity credits and any deriva-
15	tive instruments based on such credits.
16	"(f) Renewable Electricity Deployment
17	Fund.—
18	"(1) IN GENERAL.—There is established in the
19	Treasury of the United States a Renewable Elec-
20	tricity Deployment Fund.
21	"(2) Deposits.—All Federal alternative com-
22	pliance payments submitted to the Secretary pursu-
23	ant to subsection (c)(3) and civil penalties assessed
24	under this section shall be deposited into the Fund.
25	"(3) Use.—

1	"(A) IN GENERAL.—Amounts deposited in
2	the Fund shall be available exclusively for use
3	by the Secretary, subject to appropriations, to
4	make payments to retail electric suppliers in ac-
5	cordance with subparagraph (B).
6	"(B) Allocation.—Not later than May 1
7	of each year from 2013 through 2040, the Sec-
8	retary shall distribute amounts deposited in the
9	Fund during the preceding 12-month period
10	among the retail electric suppliers which have
11	submitted Federal renewable electricity credits
12	to the Secretary in total or partial compliance
13	with their obligations under subsection (c) for
14	the preceding calendar year. Each retail electric
15	supplier shall receive a payment equal to the
16	product of—
17	"(i) the total payments made to all re-
18	tail electric suppliers under this subsection;
19	and
20	"(ii) the quotient obtained by dividing
21	the quantity specified in subclause (I) by
22	the quantity specified in subclause (II):
23	"(I) The quantity of Federal re-
24	newable electricity credits submitted
25	by the retail electric supplier for the

1	preceding calendar year pursuant to
2	subsection (c).
3	"(II) The total quantity of Fed-
4	eral renewable electricity credits sub-
5	mitted by all retail electric suppliers
6	for the preceding calendar year pursu-
7	ant to subsection (e).
8	"(g) Information Collection.—In accordance
9	with section 13 of the Federal Energy Administration Act
10	of 1974 (15 U.S.C. 772), the Secretary may require any
11	retail electric supplier, renewable electricity generator, or
12	such other entities as the Secretary deems appropriate, to
13	provide any information the Secretary determines appro-
14	priate to carry out this section.
15	"(h) Enforcement and Judicial Review.—
16	"(1) CIVIL PENALTY.—If any person fails to
17	comply with the requirements of subsection (c), such
18	person shall be liable to pay to the Secretary a civil
19	penalty equal to the product of—
20	"(A) double the Federal alternative compli-
21	ance payment calculated under subsection
22	(c)(3), and
23	"(B) the aggregate quantity of Federal re-
24	newable electricity credits (or equivalent Fed-
25	eral alternative compliance payments) that the

1	person failed to submit to the Secretary in vio-
2	lation of the requirements of subsection (c).
3	"(2) Enforcement.—The Secretary shall as-
4	sess a civil penalty under paragraph (1) in accord-
5	ance with the procedures described in section 333(d)
6	of the Energy Policy and Conservation Act of 1954
7	(42 U.S.C. 6303).
8	"(3) Judicial review.—Any person who will
9	be adversely affected by a final action taken by the
10	Secretary under this section, other than the assess-
11	ment of a civil penalty under this subsection, may
12	use the procedures for review described in section
13	336(b) of the Energy Policy and Conservation Act
14	(42 U.S.C. 6306). For purposes of this paragraph,
15	references to a rule in section 336(b) of the Energy
16	Policy and Conservation Act shall be deemed to refer
17	also to all other final actions of the Secretary under
18	this section other than the assessment of a civil pen-
19	alty under this subsection.
20	"(i) Savings Provisions.—Nothing in this section
21	shall—
22	"(1) diminish or qualify any authority of a
23	State or political subdivision of a State to—
24	"(A) adopt or enforce any law or regula-
25	tion respecting renewable electricity, including

1	programs that exceed the required amount of
2	renewable electricity under this section, pro-
3	vided that no such law or regulation may relieve
4	any person of any requirement otherwise appli-
5	cable under this section; or
6	"(B) regulate the acquisition and disposi-
7	tion of Federal renewable electricity credits by
8	retail electric suppliers located within the terri-
9	tory of such State or political subdivision, in-
10	cluding the authority to require such retail elec-
11	tric supplier to acquire and retire Federal re-
12	newable electricity credits associated with elec-
13	tric energy it sells to end-use customers; or
14	"(2) affect the application of, or the responsi-
15	bility for compliance with, any other provision of law
16	or regulation, including environmental and licensing
17	requirements.
18	"(j) Cost Recovery.—An electric utility, the retail
19	electricity sales of which are subject to rate regulation,
20	shall not be denied the opportunity to recover the full
21	amount of the prudently incurred incremental cost of re-
22	newable electricity or Federal renewable electricity credits
23	obtained, or alternative compliance payments made, to
24	comply with the requirements of subsection (c).
25	"(k) Program Review.—

1	"(1) National academy of sciences re-
2	VIEW.—The Secretary shall enter into a contract
3	with the National Academy of Sciences under which
4	the Academy shall, not later than July 1, 2017, and
5	every 5 years thereafter through 2032, submit to the
6	Secretary and to Congress a comprehensive evalua-
7	tion of all aspects of the program established under
8	this section, including—
9	"(A) an evaluation of the effectiveness of
10	the program, including its specific design ele-
11	ments, in increasing the market penetration
12	and lowering the cost of the eligible renewable
13	electricity generation technologies;
14	"(B) the opportunities for any additional
15	technologies and sources of renewable electricity
16	generation that have emerged since enactment
17	of this section;
18	"(C) the program's impact on the regional
19	diversity and reliability of electricity supply;
20	"(D) the net benefits or costs of the pro-
21	gram to the national and State economies, in-
22	cluding effects on retail electricity costs, eco-
23	nomic development benefits of investment, envi-
24	ronmental benefits, impacts on natural gas de-
25	mand and price, and avoided costs related to

1	environmental and congestion mitigation invest-
2	ments that otherwise would have been required;
3	"(E) an assessment of the benefits and
4	costs of increasing or extending the renewable
5	electricity requirements set forth in subsection
6	(c) of this section; and
7	"(F) recommendations regarding potential
8	changes to this section, to regulations and pro-
9	cedures for implementing this section, or to re-
10	lated public policies.
11	"(2) Recommendations to congress.—Not
12	later than January 1, 2018, and every 5 years there-
13	after through 2033, the Secretary shall transmit to
14	the Committee on Energy and Commerce of the
15	United States House of Representatives and the
16	Committee on Energy and Natural Resources of the
17	United States Senate a report making recommenda-
18	tions for modifications and improvements to the pro-
19	gram established under this section and any related
20	programs, including an explanation of the inconsist-
21	encies, if any, between the Secretary's recommenda-
22	tions and those included in the National Academy of
23	Sciences evaluation under paragraph (1).
24	"(l) Sunset.—This section expires on December 31,
25	2040.".

- 1 (b) Table of Contents Amendment.—The table
- 2 of contents of the Public Utility Regulatory Policies Act
- 3 of 1978 (16 U.S.C. 2601 and following) is amended by
- 4 adding at the end of the items relating to title VI the fol-
- 5 lowing:
- 6 "SEC. 610. Federal renewable electricity standard.".