

**Renewable Energy Investment Act of 2003. (Introduced in Senate)**

S 944 IS

108th CONGRESS

1st Session

**S. 944**

To enhance national security, environmental quality, and economic stability by increasing the production of clean, domestically produced renewable energy as a fuel source for the national electric system.

**IN THE SENATE OF THE UNITED STATES**

**April 29, 2003**

Mr. JEFFORDS (for himself, Mr. DURBIN, Mr. REID, and Mr. KERRY) 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 enhance national security, environmental quality, and economic stability by increasing the production of clean, domestically produced renewable energy as a fuel source for the national electric system.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the `Renewable Energy Investment Act of 2003.'

**SEC. 2. DEFINITIONS.**

In this Act:

(1) BIOMASS-

(A) IN GENERAL- The term `biomass' means--

(i) organic material from a plant that is planted for the purpose of being used to produce energy;

(ii) nonhazardous, cellulosic or agricultural waste material that is segregated from other waste materials and is derived from--

(I) a forest-related resource, including--

(aa) mill and harvesting residue;

(bb) precommercial thinnings;

(cc) slash; and

(dd) brush;

(II) an agricultural resource, including--

(aa) orchard tree crops;

(bb) vineyards;

(cc) grains;

(dd) legumes;

(ee) sugar; and

(ff) other crop byproducts or residues; or

(III) miscellaneous waste such as--

(aa) waste pallet;

(bb) crate; and

(cc) landscape or right-of-way tree trimmings; and

(iii) animal waste that is converted to a fuel rather than directly combusted, the residue of which is converted to a biological fertilizer, oil, or activated carbon.

(B) EXCLUSIONS- The term `biomass' does not include--

(i) incineration of municipal solid waste;

(ii) recyclable postconsumer waste paper;

(iii) painted, treated, or pressurized wood;

(iv) wood contaminated with plastic or metal; or

(v) tires.

(2) DISTRIBUTED GENERATION- The term `distributed generation' means reduced electricity consumption from the electric grid due to use by a customer of renewable energy generated at a customer site.

(3) INCREMENTAL HYDROPOWER- The term `incremental hydropower' means additional generation achieved from increased efficiency after January 1, 2003, at a hydroelectric dam that was placed in service before January 1, 2003.

(4) LANDFILL GAS- The term `landfill gas' means gas generated from the decomposition of household solid waste, commercial solid waste, or industrial solid waste disposed of in a municipal solid waste landfill unit (as those terms are

defined in regulations promulgated under subtitle D of the Solid Waste Disposal Act (42 U.S.C. 6941 et seq.)).

(5) RENEWABLE ENERGY- The term `renewable energy' means electricity generated from--

(A) a renewable energy source; or

(B) hydrogen that is produced from a renewable energy source.

(6) RENEWABLE ENERGY SOURCE- The term `renewable energy source' means--

(A) wind;

(B) ocean waves;

(C) biomass;

(D) solar sources;

(E) landfill gas;

(F) incremental hydropower; or

(G) a geothermal source.

(7) RETAIL ELECTRIC SUPPLIER- The term `retail electric supplier', with respect to any calendar year, means a person or entity that--

(A) sells retail electricity to consumers; and

(B) sold not less than 500,000 megawatt-hours of electric energy to consumers for purposes other than resale during the preceding calendar year.

(8) SECRETARY- The term `Secretary' means the Secretary of Energy.

### **SEC. 3. RENEWABLE ENERGY GENERATION STANDARDS.**

(a) RENEWABLE ENERGY CREDITS -

(1) IN GENERAL- For each calendar year beginning in calendar year 2006, each retail electric supplier shall submit to the Secretary, not later than April 30 of each year, renewable energy credits in an amount equal to the required annual percentage of the retail electric supplier's total amount of kilowatt-hours of nonhydropower electricity sold to consumers during the previous calendar year.

(2) CARRYOVER OF RENEWABLE ENERGY CREDITS- A renewable energy credit for any year that is not used to satisfy the minimum requirement for that year may be carried over for use within the next 2 years.

(b) REQUIRED ANNUAL PERCENTAGE- Of the total amount of nonhydropower electricity sold by each retail electric supplier during a calendar year, the amount generated by renewable energy sources shall be not less than the percentage specified below:

<b>Calendar year:</b>
<b>Percentage of Renewable energy each year:</b>
2006-2009

10

2015-2019

15

2020 and subsequent years

20.

(c) SUBMISSION OF RENEWABLE ENERGY CREDITS-

(1) IN GENERAL- To meet the requirements under subsection (a), a retail electric supplier shall submit to the Secretary--

(A) renewable energy credits issued to the retail electric supplier under subsection (e);

(B) renewable energy credits obtained by purchase or exchange under subsection (f);

(C) renewable energy credits purchased from the United States under subsection (g); or

(D) any combination of renewable energy credits obtained under subsections (e), (f), and (g).

(2) NO DOUBLE COUNTING- A renewable energy credit may be counted toward compliance with subsection (a) only once.

(d) RENEWABLE ENERGY CREDIT PROGRAM- Not later than 1 year after the date of enactment of this Act, the Secretary shall establish a program to issue, monitor the sale or exchange of, and track renewable energy credits.

(e) ISSUANCE OF RENEWABLE ENERGY CREDITS-

(1) APPLICATION-

(A) IN GENERAL- Under the program established under subsection (d), an entity that generates electric energy through the use of a renewable energy resource may apply to the Secretary for the issuance of renewable energy credits.

(B) CONTENTS- An application under subparagraph (A) shall indicate--

(i) the type of renewable energy resource used to produce the electric energy;

(ii) the State in which the electric energy was produced; and

(iii) any other information that the Secretary determines to be appropriate.

(2) ISSUANCES-

(A) IN GENERAL- Except as provided in subparagraph (C), the Secretary shall issue to an entity applying under this subsection 1 renewable energy credit for each kilowatt-hour of renewable energy generated in any State from the date of enactment of this Act and in each subsequent calendar year.

(B) VESTING- A renewable energy credit will vest with the owner of the system or facility that generates the renewable energy unless the owner explicitly transfers the renewable energy credit.

(C) AMOUNT- The Secretary shall issue 3 renewable energy credits for each kilowatt-hour of distributed generation.

(3) ELIGIBILITY-

(A) IN GENERAL- To be eligible for a renewable energy credit, the unit of electricity generated through the use of a renewable energy resource shall be sold for retail consumption or used by the generator.

(B) ENERGY GENERATED FROM A COMBINATION OF SOURCES- If both a renewable energy resource and a nonrenewable energy resource are used to generate the electric energy, the Secretary shall issue renewable energy credits based on the proportion of the renewable energy resource used.

(C) IDENTIFICATION OF TYPE AND DATE- The Secretary shall identify renewable energy credits by the type and date of generation.

(4) SALE UNDER CONTRACT UNDER PURPA- In a case in which a generator sells electric energy generated through the use of a renewable energy resource to a retail electric supplier under a contract subject to section 210 of the Public Utilities Regulatory Policies Act of 1978 (16 U.S.C. 824a-3), the retail electric supplier shall be treated as the generator of the electric energy for the purposes of this Act for the duration of the contract.

(f) SALE OR EXCHANGE OF RENEWABLE ENERGY CREDITS-

(1) IN GENERAL- A renewable energy credit may be sold or exchanged by the entity issued the renewable energy credit or by any other entity that acquires the renewable energy credit.

(2) MANNER OF SALE- A renewable energy credit may be sold or exchanged in any manner not in conflict with existing law, including on the spot market or by contractual arrangements of any duration.

(g) PURCHASE FROM THE UNITED STATES-

(1) IN GENERAL- The Secretary shall offer renewable energy credits for sale at the lesser of 3 cents per kilowatt-hour or 110 percent of the average market value of renewable energy credits for the applicable compliance period.

(2) ADJUSTMENT FOR INFLATION- On January 1 of each year following calendar year 2006, the Secretary shall adjust for inflation the price charged per renewable energy credit for the calendar year.

(h) STATE PROGRAMS- Nothing in this section precludes any State from requiring additional renewable energy generation in the State under any renewable energy program conducted by the State not in conflict with this Act.

(i) CONSUMER ALLOCATION-

(1) RATES- The rates charged to classes of consumers by a retail electric supplier shall reflect a proportional percentage of the cost of generating or acquiring the required annual percentage of renewable energy under subsection (a).

(2) REPRESENTATIONS TO CUSTOMERS- A retail electric supplier shall not represent to any customer or prospective customer that any product contains more than the percentage of eligible resources if the additional amount of eligible

resources is being used to satisfy the renewable generation requirement under subsection (a).

(j) ENFORCEMENT-

(1) IN GENERAL- A retail electric supplier that does not submit renewable energy credits as required under subsection (a) shall be liable for the payment of a civil penalty.

(2) AMOUNT- The amount of a civil penalty under paragraph (1) shall be calculated on the basis of the number of renewable energy credits not submitted, multiplied by the lesser of 4.5 cents or 300 percent of the average market value of renewable energy credits for the compliance period.

(k) INFORMATION COLLECTION- The Secretary may collect the information necessary to verify and audit--

(1) the annual electric energy generation and renewable energy generation of any entity applying for renewable energy credits under this section;

(2) the validity of renewable energy credits submitted by a retail electric supplier to the Secretary; and

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

(l) VOLUNTARY PARTICIPATION- The Secretary may issue a renewable energy credit under subsection (e) to any entity not subject to the requirements of this Act only if the entity applying for the renewable energy credit meets the terms and conditions of this Act to the same extent as entities subject to this Act.

#### **SEC. 4. STATE RENEWABLE ENERGY GRANT PROGRAM.**

(a) DISTRIBUTION OF AMOUNTS- The Secretary shall distribute amounts received from sales under subsection 3(h) and from amounts received under subsection 3(k) to States to be used for the purposes of this section.

(b) PROGRAM-

(1) IN GENERAL- Not later than 1 year after the date of enactment of this Act, the Secretary shall establish a program to promote State renewable energy production and use.

(2) USE OF FUNDS- The Secretary shall make funds available under this section to State energy agencies for grant programs for--

(A) renewable energy research and development;

(B) loan guarantees to encourage construction of renewable energy facilities;

(C) consumer rebate or other programs to offset costs of small residential or small commercial renewable energy systems including solar hot water;

or

(D) promotion of distributed generation.

(c) PREFERENCE- In allocating funds under the program, the Secretary shall give preference to--

(1) States that have a disproportionately small share of economically sustainable renewable energy generation capacity; and

(2) State grant programs that are most likely to stimulate or enhance innovative renewable energy technologies.