

Summary of the American Renewable Energy and Efficiency Act

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- The bill requires retail electric suppliers — defined as utilities that sold more than 1 million megawatt hours (MWh) of electricity to consumers for purposes other than resale during the preceding year — to meet a certain percentage of their load with electricity generated from renewable resources and electricity savings.
 - The renewable electricity requirement begins at 21 percent in 2021 and rises to 55 percent in 2030.
 - The renewable electricity requirement continues after 2030 at an increase of 4 percent each year with the option to review and change this rate so long as the yearly increase never goes to 0.
 - The separate energy efficiency savings requirement begins at 1 percent of sales for electric utilities in 2021 and rises to a cumulative savings total of 22 percent in 2035.
 - For natural gas utilities, the energy savings requirement begins at 0.5 percent in 2021 and rises to a cumulative savings total of 14 percent in 2035.
- The bill defines renewable resources to include wind, biomass, solar, geothermal, certain hydropower projects, marine and hydrokinetic renewable energy, landfill gas, and biogas and biofuels derived from eligible biomass. Biomass fuel is eligible if it yields a 50 percent reduction in lifecycle greenhouse gas emissions as compared to a combined cycle natural gas electric generating facility based on lifecycle greenhouse gas emissions. An electric supplier's requirement is reduced in proportion to any portion of its electricity sales that is generated from certain existing hydroelectric facilities and combustion of municipal solid waste.
- Renewable projects developed in Native American lands and impacted communities, defined as economically distressed areas affected by environmental pollution or other hazards, and economically distressed areas affected by high unemployment due to a decline in coal mining or the closure of a coal-fired power plant, are eligible for two credits for each MWh produced.
- Utilities will be issued one renewable electricity credit for each MWh of electricity produced from a renewable resource. These credits may be sold, traded, banked for future use, or submitted for compliance. In lieu of renewable electricity credits and demonstrated electricity savings, retail electric suppliers and natural gas suppliers may submit an alternative compliance payment equal to \$50 per credit (5 cents per kilowatt hour). Electric and natural gas suppliers can demonstrate achievement of electricity and natural gas savings relative to business-as-usual projections through a variety of efficiency measures, including savings achieved through combined heat and power, fuel switching, reductions in distribution system losses, codes and standards, and reductions in end-use energy consumption attributable to equipment upgrades. Suppliers may meet the efficiency standards either by achieving savings directly or by using bilateral contracts to purchase savings achieved by other distribution companies, states, or third-party efficiency providers.