114TH CONGRESS
1ST SESSION

S. 2399

To provide for emissions reductions, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 10, 2015

Mr. SANDERS introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To provide for emissions reductions, and for other purposes.

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Climate Protection and Justice Act of 2015''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) greenhouse gases are accumulating in the atmosphere at a rate that may cause average temperatures to rise 8 degrees Fahrenheit or more;

(2) the expected rise in average temperatures poses a risk of—

(A) increasing global average air and ocean temperatures;

(B) widespread melting of snow and ice; and

(C) rising global average sea level;

(3) the overwhelming majority of the scientific community is clear that climate change is—

(A) real;

(B) caused by human activity; and

(C) already causing devastating problems in the United States and around the world; and

(4) mandatory steps will be required to move aggressively to transform the energy system of the United States away from fossil fuels to energy efficiency and sustainable energy.

(b) PURPOSES.—The purposes of this Act are—

(1) to reduce, in conjunction with other laws, emissions of carbon pollution to ensure that the contribution of the United States to global climate change is lower than the level required to keep global average temperature increases below 2 degrees Celsius;

(2) to implement solutions that acknowledge the intersections of environmental degradation that perpetuate racial, social, and economic inequities;

(3) to protect the lives of low-income, minority, and tribal communities and reinvest in those communities;

(4) to empower communities to prepare for, and react to, the impacts of climate change that are already being experienced by communities; and

(5) to demonstrate to the international community a commitment by the Government of the United States to aggressively reduce carbon pollution emissions.

SEC. 3. STATEMENT OF POLICY.

It is the policy of the United States that—

(1) the Government of the United States should lead the international community in an aggressive transition away from fossil fuels and toward sustainable energy;

(2) the Government of the United States should tax carbon pollution to capture the price on the atmosphere and motivate significant reductions in emissions; and

(3) the transition away from fossil fuels shall focus on climate justice, which requires solutions that consider—

(A) the needs of workers; and

(B) the manners in which the causes and effects of climate change disproportionately impact low-income and minority communities.

SEC. 4. SENSE OF CONGRESS.

It is the sense of Congress that Congress agrees with the opinion of virtually the entire worldwide scientific community that—

(1) climate change is real;

(2) climate change is caused by human activities;

(3) climate change has already caused devastating problems in the United States and around the world;

(4) a brief window of opportunity exists before the United States and the entire planet suffer irreparable harm; and

(5) it is imperative that the United States transform the energy system of the United States away from fossil fuels and toward energy efficiency and sustainable energy as rapidly as possible.

SEC. 5. DEFINITION OF ADMINISTRATOR.

In this Act, the term ''Administrator'' means the Administrator of the Environmental Protection Agency.

TITLE I—ACHIEVING EMISSIONS REDUCTIONS

SEC. 101. CARBON POLLUTION FEE.

(a) IN GENERAL.—Title I of the Clean Air Act (42 U.S.C. 7401 et seq.) is amended by adding at the end the following:

"PART E—EMISSIONS REDUCTIONS

"SEC. 194. DEFINITIONS.

''In this part:

''(1) CARBON POLLUTING SUBSTANCE.—The term 'carbon polluting substance' means coal (including lignite and peat), petroleum and any petroleum product, or natural gas that—

''(A) when combusted or otherwise used, will release greenhouse gas emissions; and

''(B) is—

''(i) extracted, manufactured, or produced in the United States; or

''(ii) imported into the United States for consumption, use, or warehousing.

''(2) CARBON POLLUTION-INTENSIVE GOOD.—The term 'carbon pollution-intensive good' means a good that is (as identified by the Administrator, by rule) iron, steel, a steel mill product (including pipe and tube), aluminum, cement, glass (including flat, container, and specialty glass and fiberglass), pulp, paper, a chemical, or an industrial ceramic.

''(3) RATE OF INFLATION.—The term 'rate of inflation' means the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code of 1986 for the calendar year in which the taxable year begins, determined by substituting 'cal-

endar year 2017' for 'calendar year 1992' in subparagraph (B) of that section.

''(4) SUBSTANTIALLY EQUIVALENT MEASURE.—The term 'substantially equivalent measure' means a fee or other regulatory requirement that imposes a cost on manufacturers of carbon pollution-intensive goods located outside the United States approximately equal to the cost imposed by the fee under this part on manufacturers of comparable carbon pollution-intensive goods located in the United States.

''SEC. 195. EMISSIONS REDUCTIONS TARGETS.

''It is the policy of the United States that greenhouse gas emissions from all sectors of the United States economy should not exceed—

''(1) 5,800,000,000 tons in 2020;

''(2) 3,700,000,000 tons in 2030;

''(3) 2,500,000,000 tons in 2040; and

''(4) 1,260,000,000 tons in 2050.

''SEC. 196. CARBON POLLUTION FEE.

''(a) IN GENERAL.—The Secretary of the Treasury, in consultation with the Administrator, shall impose on any manufacturer, producer, or importer of a carbon polluting substance a fee in accordance with this section.

''(b) AMOUNT.—

''(1) IN GENERAL.—The amount of the carbon pollution fee imposed under subsection (a) on any carbon polluting substance shall be assessed per ton of carbon dioxide content (including carbon dioxide equivalent content of methane) of the carbon polluting substance, as determined by the Secretary of the Treasury, in consultation with the Administrator and the Secretary of Energy.

''(2) FRACTIONAL PART OF TON.—In the case of a fraction of a ton of a carbon polluting substance, the fee imposed under subsection (a) shall be the same fraction of the amount of the fee imposed on a whole ton of the carbon polluting substance.

''(3) APPLICABLE AMOUNT FOR CALENDAR YEARS 2017 THROUGH 2035.—For purposes of paragraph (1), the amount of the fee for the following calendar years shall be—

''Fee year	**Fee rate (dollars per metric ton)**
2017	$15
2018	$17
2019	$19
2020	$21
2021	$24
2022	$27
2023	$30
2024	$33
2025	$36
2026	$39
2027	$41
2028	$44
2029	$47

"Fee year	Fee rate (dollars per metric ton)
2030	$50
2031	$54
2032	$58
2033	$63
2034	$68
2035	$73.

''(4) APPLICABLE AMOUNT AFTER CALENDAR YEAR 2035.—For purposes of paragraph (1), for each calendar year occurring after calendar year 2035, the amount of the fee shall be an amount equal to the sum of—

''(A) the amount in effect for the preceding calendar year; and

''(B) the product (rounded to the nearest dollar) obtained by multiplying—

''(i) the amount described in subparagraph (A); and

''(ii) 5 percent, plus the rate of inflation.

''(c) SINGLE IMPOSITION OF FEE.—No fee shall be imposed under subsection (a) with respect to a carbon polluting substance if the person that would be liable for the fee establishes that a prior fee imposed under that subsection has been imposed with respect to that carbon polluting substance.

''(d) LIMITATIONS.—No fee shall be imposed against a person under subsection (a) if during the calendar year, in accordance with such regulations as the Secretary of the Treasury, in consultation with the Administrator, may prescribe—

''(1) for a calendar year before calendar year 2036, the person uses a carbon polluting substance as a feedstock so that the carbon associated with that carbon polluting substance will not be emitted; or

''(2) a fee under subsection (a) was paid with respect to another carbon polluting substance that is used by the person in the manufacture or production of the applicable carbon polluting substance.

''SEC. 197. INTERAGENCY CLIMATE COUNCIL.

''(a) ESTABLISHMENT.—There is established a council, to be known as the 'Interagency Climate Council' (referred to in this section as the 'Council').

''(b) MEMBERSHIP.—The Council shall be composed of—

''(1) the Administrator, who shall be the Chairperson;

''(2) the Secretary of the Treasury;

''(3) the Secretary of Energy;

''(4) the Secretary of Transportation;

''(5) the Secretary of Commerce;

''(6) the Secretary of the Interior;

''(7) the Secretary of Agriculture;

''(8) the Director of the Office of Science and Technology Policy;

''(9) the Director of the Office of Management and Budget; and

''(10) the Chairperson of the Council of Environmental Quality.

''(c) ACTIVITIES.—

''(1) EFFICACY ASSESSMENT.—Beginning in 2020 and every 3 years thereafter, the Council shall assess the efficacy of Federal, State, and local actions in effect as of the date of the assessment, including Federal statutory or regulatory policies and policies established by the Climate Protection and Justice Act of 2015, in achieving the greenhouse gas emissions reduction targets described in section 195.

''(2) REDUCTION OPPORTUNITIES.—The Council shall identify and evaluate potential greenhouse gas emissions reductions opportunities in all sectors of the economy, including opportunities for the promulgation under this Act of new or updated regulations for stationary and mobile sources.

''(d) REGULATIONS.—If the Council finds, in carrying out an assessment under subsection (c)(1), that the United States has not met any emissions reductions target described in section 195, or if there is substantial risk that the United States may not meet an emissions reduction target described in that section, the Administrator shall, not later than 2 years after the date of the assessment by the Council, promulgate final regulations under this Act to update existing regulations or establish new regulations relating to a sector of the economy identified by the Council, with sufficient stringency and coverage to ensure that the United States meets the emissions reductions target.

''SEC. 198. SAVINGS PROVISIONS.

''(a) IN GENERAL.—For purposes of other provisions of this Act, nothing in this part shall—

''(1) affect the regulatory status of carbon dioxide or any other greenhouse gas; or

''(2) limit regulatory authority relating to carbon dioxide or any other greenhouse gas.

''(b) NO PREEMPTION.—Nothing in this chapter shall preempt or limit State or local actions to address climate change.''.

(b) TECHNICAL AMENDMENTS.—Title IV of the Clean Air Act (relating to noise pollution) (42 U.S.C. 7641 et seq.) is—

(1) amended by redesignating sections 401 through 403 as sections 701 through 703, respectively; and

(2) redesignated as title VII and moved to appear at the end of that Act.

SEC. 102. CARBON FEE REBATE PROGRAM.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE DIVIDEND RECIPIENT.—The term ''eligible dividend recipient'' includes—

(A) a citizen of the United States;

(B) a lawful permanent resident of the United States;

(C) an individual whom the President may designate as meeting the requirements for deferred action described in the Department of Homeland Security memorandum entitled ''Exercising Prosecutorial Discretion with Respect to Individuals Who Came to the United States As Children'' (dated June 15, 2012);

(D) an individual whom the President may designate as meeting the requirements for deferred action described in the Department of

Homeland Security memorandum entitled ''Exercising Prosecutorial Discretion with Respect to Individuals Who Came to the United States As Children and with Respect to Certain Individuals Who Are the Parents of U.S. Citizens or Permanent Residents'' (dated November 20, 2014);

(E) an asylee;

(F) a refugee; and

(G) any other individual designated by the President.

(2) FUND.—The term ''Fund'' means the Carbon Fee Rebate Fund established by subsection (c)(1).

(b) OFFICE OF CLIMATE DIVIDEND.—There is established an office within the Department of the Treasury, to be known as the ''Office of Climate Dividend'', which shall administer the distribution of carbon fee rebates under subsection (d).

(c) CARBON FEE REBATE FUND.—

(1) IN GENERAL.—There is established in the Treasury a fund, to be known as the ''Carbon Fee Rebate Fund''.

(2) DEPOSITS TO FUND.—For each fiscal year, there shall be deposited in the Fund, amounts col-

lected from fees imposed under section 196 of the Clean Air Act.

(3) EXPENDITURES.—Amounts deposited in the Fund shall be available without appropriation for the purposes described in subsection (d).

(d) CARBON FEE REBATE PROGRAM.—

(1) IN GENERAL.—On a quarterly basis, the Secretary of the Treasury shall remit from the Fund to each eligible dividend recipient a carbon fee dividend, which, except as provided in paragraph (3), shall be in an amount equal to—

(A) the receipts from the fee imposed under section 196 of the Clean Air Act for the preceding quarter, divided by

(B) the number of eligible dividend recipients on the last day of the preceding quarter.

(2) REGULATIONS.—The Secretary of the Treasury shall promulgate regulations governing the dispersal of funds under paragraph (1), including—

(A) procedures for the identification and maintenance of an accurate list of eligible dividend recipients;

(B) the disbursement of funds to individuals under the age of 18 years; and

(C) the use of electronic means for transfers of funds, to the maximum extent practicable.

(3) PHASE OUT OF CARBON TAX DIVIDEND FOR HIGH INCOME HOUSEHOLDS.—

(A) IN GENERAL.—The amount of the carbon fee dividend for any eligible dividend recipient under paragraph (1) (determined without regard to this paragraph) shall be reduced by the amount determined under subparagraph (B).

(B) AMOUNT OF REDUCTION.—The amount determined under this subparagraph is the amount which bears the same ratio to the amount which would be paid under paragraph (1) as—

(i) the excess of—

(I) the eligible individual's adjusted gross income for the most recent taxable year, over

(II) the $100,000, bears to

(ii) the phaseout range.

(C) PHASEOUT RANGE.—For purposes of subparagraph (B), the phaseout range is—

(i) in the case of an eligible taxpayer who filed a joint return, $10,000,

(ii) in the case of an eligible taxpayer who filed as a head of household, $8,000, and

(iii) in the case of any other eligible taxpayer, $5,000.

(D) INFLATION ADJUSTMENT.—

(i) IN GENERAL.—In the case of any calendar year beginning after 2017, the $100,000 amount in subparagraph (B)(i)(II) shall be increased by an amount equal to—

(I) such dollar amount, multiplied by

(II) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code of 1986, by substituting ''2016'' for ''1992'' in subparagraph (B) thereof.

(ii) INFLATION ADJUSTMENT.—The amount of any increase under clause (i) shall be rounded to the nearest multiple of $5,000.

(E) DEFINITIONS.—Any term used in this paragraph which is also used in the Internal Revenue Code of 1986 shall have the meaning given such term under such Code.

TITLE II—PROTECTING VULNERABLE PEOPLE OF THE UNITED STATES FROM THE IMPACTS OF CLIMATE CHANGE

Subtitle A—Ensuring Climate Justice for All

SEC. 201. FINDINGS.

Congress finds that—

(1) minority and low-income communities in the United States are disproportionately affected by the causes of climate change because—

(A) according to a 2012 study by the National Association for the Advancement of Colored People—

(i) the nearly 6,000,000 people in the United States who live within 3 miles of a coal power plant have an average per capita annual income of $18,400, which is lower than the national average of $21,587; and

(ii) among the people who live within 3 miles of a coal power plant, 39 percent are people of color, while people of color comprise only 36 percent of the total population of the United States;

(B) 82.3 percent of Native Americans and Alaska Natives live within 50 miles of major sources of NO and NO_2 and 65.8 percent of Native Americans and Alaska Natives live within 25 miles of PM–10 point sources; and

(C) the Centers for Disease Control and Prevention has found that—

(i) African-Americans are 2 to 3 times more likely to die from asthma than any other racial or ethnic group;

(ii) African-American and Hispanic children visit emergency departments for asthma care more often than Caucasian children;

(iii) more than 1 in 4 African-American adults cannot afford routine doctor visits;

(iv) nearly 1 in 7 Hispanic adults cannot afford routine doctor visits;

(v) Hispanic individuals are 30 percent more likely to visit the hospital for asthma; and

(vi) Hispanic children are 40 percent more likely to die from asthma than Caucasian children; and

(2) minority and low-income people of the United States are disproportionately affected by the impacts of climate change because—

(A) hurricanes disproportionately impact low-income and minority communities, and regarding Hurricane Katrina in 2005—

(i) after the hurricane, people of color were much less likely to return to the homes in New Orleans from which those individuals were evacuated;

(ii) according to the Bureau of Labor and Statistics, only 54 percent of African-Americans who were evacuated during Hurricane Katrina returned to New Orleans, compared to 82 percent of Caucasian evacuees;

(iii) the damage occurred in areas—

(I) with populations that were 45.8 percent African-American, com-

pared to undamaged areas with populations that were 26.4 percent African-American; and

(II) in which 20.9 percent of the households had incomes below the poverty line, compared to undamaged areas in which 15.3 percent of the households had incomes below the poverty line;

(iv) African-Americans are estimated to have accounted for approximately 44 percent of the Hurricane Katrina victims;

(v) ⅕ of the individuals displaced by Hurricane Katrina were likely to have been poor, and 30 percent of those individuals had incomes that were below 150 percent of the poverty line; and

(vi) nearly ½ of all individuals aged 65 or older who live in flooded or damage-affected areas report having a disability, and 26 percent of those individuals report having 2 or more types of disabilities;

(B) extreme weather disproportionately impacts low-income and minority communities, and regarding Hurricane Sandy in 2012—

(i) 80,000 residents living in low-income housing lost power, heat, and hot water for more than 2 weeks in the middle of winter;

(ii) 1 in 5 public housing units and almost 1 in 7 affordable rental housing units were damaged;

(iii) in contrast to the effects of Hurricane Sandy on low-income communities, Wall Street went back to business with the lights on and stock tickers running only 2 days after Hurricane Sandy hit New York City;

(iv) 55 percent of the victims of Hurricane Sandy in New York City were very-low-income renters, with incomes that averaged $18,000 per year;

(v) 67 percent of recipients of assistance from the Federal Emergency Management Agency were low-income individuals; and

(vi) the median rent paid by households affected by Hurricane Sandy has increased $200 per month since the date Hurricane Sandy hit New York City;

(C) heat waves disproportionately impact low-income and minority communities because—

(i) African-Americans are 52 percent more likely than Caucasians to live in dense, urban neighborhoods that may be 22 degrees Fahrenheit hotter than rural neighborhoods, which increases the risk of health complications for African-Americans, including death from heat-related complications;

(ii) although access to air conditioning lowers the risk of mortality from heat-related health complications by 80 percent, 1 in 5 low-income households has no access to air conditioning;

(iii) in 2011 and 2012, drought and heat waves affected communities with median incomes that were 5 percent lower than the national average;

(iv) heat waves—

(I) cause more deaths in the United States than all other weather events combined; and

(II) are particularly dangerous for Hispanic people, who are disproportionately likely to have low incomes;

(v) the number of unhealthy ''red alert'' air quality days in more than 12 cities in the eastern United States—

(I) will likely double due to increased ozone formation caused by rising temperatures; and

(II) will increase rates of asthma complications for Hispanic people, who are also at risk for cardiovascular conditions; and

(vi) by the end of the 21st century, climate change is projected to triple the average number of extremely hot days in the United States, the consequences of which—

(I) include—

(aa) thousands of premature deaths annually by 2100;

(bb) nearly 2,000,000,000 lost labor hours per year; and

(cc) over $100,000,000,000 in lost wages annually; and

(II) disproportionately burden Hispanic people, who comprise—

(aa) 42 percent of construction laborers; and

(bb) approximately 75 percent of agricultural field workers;

(D) floods disproportionately impact low-income and minority communities, for example—

(i) in 2011 and 2012, floods affected communities with median incomes that were 14 percent lower than the national average; and

(ii) in June 2011, extreme Missouri River rain runoff hit record highs and caused $1,500,000,000 in damages, including damages in communities in Arkansas and Mississippi with median incomes that were 23 percent and 30 percent lower, respectively, than the national average;

(E) tornadoes disproportionately impact low-income and minority communities—

(i) because even though mobile homes comprise only 8 percent of housing in the United States, ½ of all fatalities during tornadoes are fatalities of individuals who reside in mobile homes; and

(ii) with the deadliest tornado in the history of the United States having occurred in Joplin, Missouri, a community with—

(I) a median income that is 29 percent lower than the national average; and

(II) a 20-percent poverty rate;

(F) wildfires disproportionately impact low-income and minority communities, for example—

(i) the Ash Creek Fire devastated an Indian reservation on which—

(I) ⅓ of the families live below the poverty line; and

(II) ⅔ of the adults are unemployed; and

(ii) the most destructive wildfire in Texas history destroyed almost 1,700 homes in Bastrop, a community with 14

percent of households at, or below, the poverty line;

(G) droughts disproportionately impact low-income and minority communities because—

(i) droughts are expected to increase the prices of fruits and vegetables by roughly 3 percent in 2015, which increases the economic burden of nutrition on low-income families;

(ii) in California, farmworkers, of whom 92 percent identify as Latino and ¾ earn less than 200 percent of the Federal poverty level, are projected to experience significant employment difficulties related to drought;

(iii) all of the Indian tribes in the State of Arizona and several Indian tribes in the States of New Mexico, Colorado, Utah, Nevada, and California have Indian reservations (as defined in section 3 of the Indian Financing Act of 1974 (25 U.S.C. 1452)) within the Colorado River watershed, which is predicted to be reduced by approximately 45 percent by 2050; and

(iv) approximately 30 percent of the people of the Navajo Nation—

(I) are not served by municipal water systems; and

(II) risk severe water shortages due to worsening droughts caused by climate change; and

(H)(i) sea level rise and erosion disproportionately impact low-income and minority communities;

(ii) in 2008, the Comptroller General of the United States found that more than 86 percent of the 216 Alaska Native villages are already subject to flooding and erosion caused by increasing temperatures due to climate change; and

(iii) the land under the village of Newtok, Alaska, is eroding at the rate of 72 feet per year, which may require the village to move.

SEC. 202. DEFINITIONS.

In this subtitle:

(1) CLIMATE IMPACTS.—The term ''climate impacts''—

(A) means the damage to the health of human and natural environments, habitats, and

the economy caused by factors including erratic climate and weather extremes due to excess carbon pollution in the atmosphere; and

(B) includes—

(i) the increased frequency of—

(I) extreme weather such as hurricanes, tornadoes, and snow storms;

(II) floods;

(III) wildfires;

(IV) droughts;

(V) disease; and

(VI) heat waves;

(ii) sea level rise;

(iii) ocean acidification; and

(iv) altered—

(I) ecosystems and habitats; and

(II) soil health and crop availability.

(2) CLIMATE JUSTICE RESILIENCY PROJECT.—The term ''climate justice resiliency project'' means a project, plan, fund, or other proposal to mitigate climate impacts on a climate resiliency hotspot community.

(3) CLIMATE RESILIENCY HOTSPOT COMMUNITY.—The term ''climate resiliency hotspot community'' means a community that is—

(A) likely to experience climate impacts;

(B) traditionally unable to afford the management or mitigation of climate impacts; and

(C) likely to receive a high score in the report described in section 204(h).

(4) COUNCIL.—The term ''Council'' means the Climate Justice Resiliency Council established by section 203(a).

(5) ELIGIBLE ENTITY.—The term ''eligible entity'' means—

(A) a State;

(B) an Indian tribe;

(C) a territory;

(D) a municipality;

(E) a county;

(F) a locality;

(G) a native Hawaiian community; and

(H) a nonprofit community organization.

(6) INDIAN TRIBE.—The term ''Indian tribe'' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

SEC. 203. CLIMATE JUSTICE RESILIENCY COUNCIL.

(a) ESTABLISHMENT.—There is established within the Environmental Protection Agency, a council to be known as the ''Climate Justice Resiliency Council''.

(b) MEMBERSHIP.—The Council shall be composed of—

(1) the Administrator, who shall serve as the Chairperson of the Council;

(2) the Secretary of Health and Human Services;

(3) the Secretary of Housing and Urban Development;

(4) the Secretary of Agriculture;

(5) the Secretary of Transportation;

(6) the Director of the Office of Science and Technology Policy;

(7) the Secretary of Energy;

(8) the Secretary of Labor; and

(9) the Secretary of the Interior.

(c) ACTIVITIES.—The Administrator, in consultation with the Council, may promulgate regulations to carry out the Climate Justice Resiliency Grant Program under section 204.

SEC. 204. CLIMATE JUSTICE RESILIENCY GRANT PROGRAM.

(a) IN GENERAL.—The Administrator, in consultation with the Council, shall establish a Climate Justice Re-

siliency Grant Program to provide block grants to eligible entities with the goal of promoting climate justice resiliency projects described in subsection (f).

(b) ENVIRONMENTAL JUSTICE STUDY.—

(1) IN GENERAL.—To facilitate administration of grants under this section, not later than 1 year after the date of enactment of this Act, the Council shall conduct a county-by-county or equivalent regional or tribal environmental justice study to identify climate resiliency hotspot communities.

(2) REQUIREMENTS.—The study described in paragraph (1)—

(A) shall be conducted in consultation with—

(i) climate resiliency hotspot communities; and

(ii) communities that are likely to receive a high score in the report described in subsection (h);

(B) shall identify localities based on geographical proximity to climate impacts, socioeconomic, public health, and environmental hazard criteria; and

(C) may include an area—

(i) that is disproportionately affected by climate impacts or other hazards that lead to negative public health effects, exposure, or environmental degradation;

(ii) with a concentration of individuals who have—

(I) a low income;

(II) high unemployment;

(III) a low level of homeownership;

(IV) a high rent burden;

(V) a low level of educational attainment; or

(VI) a disproportionate health burden; or

(iii) with a climate-sensitive population.

(c) ELIGIBILITY FOR GRANT FUNDS.—

(1) MULTI-YEAR PLAN.—

(A) IN GENERAL.—To be eligible to receive a grant under this section, an eligible entity shall submit to the Council a plan for a climate justice resiliency investment for not less than 5 years that describes climate justice resiliency

projects to be prioritized based on the study carried out under subsection (b).

(B) CONTENTS.—The multi-year plan described in subparagraph (A) shall include—

(i) a description of—

(I) the proposed climate justice resiliency project; and

(II) the climate resiliency hotspot communities intended to benefit from the proposed climate justice resiliency project;

(ii) the expected climate resiliency improvement benefits; and

(iii) a funding level request.

(d) APPLICATION PROCESS.—The Council shall establish application requirements for participation in the Climate Justice Resiliency Grant Program.

(e) GRANT FUNDS.—The Administrator, in consultation with the Council, shall award to eligible entities grant funds commensurate with the duration and scope of the proposed climate justice resiliency project.

(f) CLIMATE JUSTICE RESILIENCY PROJECTS.—

(1) IN GENERAL.—An eligible entity may use grant funds made available in accordance with sub-

section (a) for a climate justice resiliency project, including—

(A) a project relating to—

(i) climate impact disaster adaptation and planning;

(ii) wetland restoration;

(iii) mine reclamation;

(iv) a seawall, levee, or other coastal flood mitigation effort;

(v) the development of—

(I) a community evacuation plan;

(II) resources for safe and complete evacuation;

(III) a community plan for returning after an evacuation; or

(IV) a plan and funding for the relocation of Indian tribes in the event of a climate impact disaster;

(vi) brownfields redevelopment;

(vii) rural water and waste disposal;

(viii) lead and asbestos hazard reduction in homes with high flood, hurricane, or sea level rise exposure risk;

(ix) flood mapping, planning, and adaptation;

(x) public transportation;

(xi) vehicle traffic emissions exposure reduction;

(xii) a road or bridge that facilitates disaster evacuation;

(xiii) a local food cooperative or market;

(xiv) public sewage;

(xv) broadband Internet;

(xvi) a microgrid;

(xvii) air conditioning units for low-income housing; or

(xviii) emergency communication infrastructure;

(B) a fund established to assist evacuees to return home after an evacuation; or

(C) a disaster loan.

(2) EXCLUSIONS.—An eligible entity shall not use funds made available in accordance with subsection (a) for an activity relating to—

(A) the generation of electricity;

(B) carbon capture or sequestration; or

(C) a highway.

(g) COST-SHARING REQUIREMENT.—The Council—

(1) shall require eligible entities that receive funds under this section to enter into a cost-sharing agreement for, at a minimum, 20 percent of the total cost of the proposed climate justice resiliency project; and

(2) may, at the discretion of the Council, waive the cost-sharing requirement described in paragraph (1).

(h) REPORT TO CONGRESS.—Not later than 180 days after the date of enactment of this Act, the Council shall submit to the appropriate committees of Congress a report that describes—

(1) in detail the manner in which this section has been carried out; and

(2) the results of the study carried out under subsection (b), including a score for each locality studied based on the level of climate impacts experienced by the locality.

(i) FUNDING.—Notwithstanding any other provision of law, on October 1, 2016, and on each October 1 thereafter, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Administrator for the cost of grants to carry out this section $20,000,000,000, to remain available until expended.

SEC. 205. LOW-INCOME AND MUNICIPAL ENERGY EFFICIENCY.

(a) WEATHERIZATION ASSISTANCE PROGRAM.—

(1) IN GENERAL.—Part A of title IV of the Energy Conservation and Production Act is amended by striking section 422 (42 U.S.C. 6872) and inserting the following:

"SEC. 422. FUNDING.

"(a) IN GENERAL.—Notwithstanding any other provision of law, on October 1, 2016, and on each October 1 thereafter, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary for the cost of grants to carry out this part $1,500,000,000, to remain available until expended.

"(b) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this part the funds transferred under subsection (a), without further appropriation.".

(2) TECHNICAL CORRECTION.—Section 415 of the Energy Conservation and Production Act (42 U.S.C. 6865) is amended, in subsections (d) and (e)(1)(A), by striking "section 422(b)" each place it appears and inserting "section 422".

(b) ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM.—Section 548 of the Energy

Independence and Security Act of 2007 (42 U.S.C. 17158) is amended by striking subsection (a) and inserting the following:

''(a) IN GENERAL.—

''(1) GRANTS.—Notwithstanding any other provision of law, on October 1, 2016, and on each October 1 thereafter, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary for the cost of grants to carry out this section $30,000,000, to remain available until expended.

''(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section the funds transferred under paragraph (1), without further appropriation.''.

Subtitle B—Strengthening Environmental Protections for Communities Disproportionately Impacted by Climate Change

SEC. 211. ENDING TOXIC AIR POLLUTION FROM INCINERATORS.

Section 129(g) of the Clean Air Act (42 U.S.C. 7429(g)) is amended—

(1) by redesignating paragraphs (1), (2), (4), (5), and (6) as paragraphs (7), (5), (1), (4), and (2), respectively;

(2) by moving the paragraphs so as to appear in alphabetical order;

(3) in paragraph (2) (as so redesignated), by striking ''(2)'' and all that follows through ''have the meanings'' and inserting the following:

''(2) MEDICAL WASTE.—The term 'medical waste' shall have the meaning''; and

(4) by inserting after paragraph (5) (as so redesignated) the following:

''(6) SOLID WASTE.—

''(A) IN GENERAL.—The term 'solid waste' includes—

''(i) whole, shredded, or otherwise processed tires;

''(ii) tire-derived fuel;

''(iii) hogged fuel, including fuel from wood pallets;

''(iv) paper;

''(v) paper or cardboard recycling residuals, including—

''(I) paper-derived fuel cubes;

''(II) paper fines; and

‘‘(III) paper and cardboard rejects;

‘‘(vi) construction and demolition debris;

‘‘(vii) animal—

‘‘(I) manure; and

‘‘(II) bedding material;

‘‘(viii) any plastic;

‘‘(ix) non-hazardous solvents;

‘‘(x) residue from wet and dry pollution control systems;

‘‘(xi) automotive shredder residue or fluff;

‘‘(xii) wood, including railroad ties and utility poles, that is—

‘‘(I) creosote-treated;

‘‘(II) borate-treated;

‘‘(III) sap-stained; or

‘‘(IV) otherwise treated;

‘‘(xiii) any material derived or processed from any material described in clauses (i) through (xii); and

‘‘(xiv) any material derived or processed from municipal waste.

''(B) REGULATORY DEFINITION.—The Administrator shall ensure that all regulations of the Administrator define the term 'solid waste' in a manner consistent with subparagraph (A).''.

TITLE III—PROTECTING AND ENHANCING UNITED STATES MANUFACTURING

SEC. 301. CARBON EQUIVALENCY FEE BORDER ADJUSTMENTS FOR CARBON POLLUTION-INTENSIVE GOODS.

(a) IN GENERAL.—There is imposed on each person importing a carbon pollution-intensive good into the United States a fee in an amount that is equal to the cost that a producer of a good that is comparable to the carbon pollution-intensive good (as determined by the Secretary of the Treasury, in consultation with the Administrator, the Secretary of State, and the Secretary of Energy) and is produced in the United States incurs as a result of—

(1) any fee imposed under section 196 of the Clean Air Act, as added by section 101 of this Act—

(A) paid by the producer of the comparable good with respect to a carbon-polluting substance used in the production of the comparable good; or

(B) paid by a person that imported a carbon-polluting substance used in the production of the comparable good; and

(2) any fee imposed under this subsection paid by a person that imported a carbon pollution-intensive good that was used in the production of the comparable good.

(b) DETERMINATION OF FEE AMOUNT.—

(1) IN GENERAL.—In determining the amount of the fee imposed under subsection (a) with respect to a carbon pollution-intensive good, the Secretary of the Treasury shall—

(A) determine the amount of the fee annually; and

(B) determine different amounts for such goods—

(i) based on class of good and country of origin; and

(ii) taking into account the quantity of greenhouse gas emissions released during the process of manufacturing such goods and transporting such goods from the country of origin to the United States.

(2) PETITIONS FOR ADJUSTMENT.—The Secretary of the Treasury shall establish a process for

petitioning for adjustment of the fee imposed under subsection (a).

(c) TERMINATION.—The fee imposed under subsection (a) shall cease to apply with respect to goods imported from a country at such time as, and to the extent that—

(1)(A) in the case of a country that adopts and ratifies an international agreement requiring countries that emit greenhouse gases and produce carbon pollution-intensive goods for exportation to adopt substantially equivalent measures, that agreement takes effect; or

(B) in the case of a country that has not adopted and ratified such an agreement, the country has implemented substantially equivalent measures, as determined by the President; and

(2) the Secretary of the Treasury determines that the application of the fee with respect to imports from that country is no longer appropriate.

(d) REGULATIONS.—The Secretary of the Treasury, in consultation with the Administrator, the Secretary of Commerce, and the Secretary of Energy, shall prescribe such regulations as are necessary to carry out this section.

(e) DEFINITIONS.—In this section, the terms ''carbon pollution-intensive good'' and ''substantially equivalent

measure'' have the meanings given those terms in section 194 of the Clean Air Act, as added by section 101 of this Act.

SEC. 302. CARBON EQUIVALENCY FEE FUND.

(a) ESTABLISHMENT.—There is established in the Treasury a fund, to be known as the ''Carbon Equivalency Fee Fund'' (in this section referred to as the ''Fund'').

(b) DEPOSITS TO FUND.—In each fiscal year, there shall be deposited in the Fund amounts collected from fees imposed under section 301(a).

(c) EXPENDITURES.—Amounts deposited in the Fund shall be available without further appropriation in a fiscal year, as follows:

(1) The lesser of $150,000,000, or 5 percent of amounts in the Fund, shall be made available to the Secretary of Commerce for the Hollings Manufacturing Extension Partnership under section 25 of the National Institute of Standards and Technology Act (15 U.S.C. 278k).

(2) Twenty percent of such amounts shall be made available to the Secretary of Energy, to be used, in consultation with the Secretary of Commerce, for activities of the Advanced Manufacturing Office of the Office of Energy Efficiency and Renewable Energy.

(3) Thirty percent of such amounts shall be made available to the Secretary of Energy for the State Energy Program, to be used exclusively by energy offices of States and territories to promote energy efficiency projects at industrial facilities within the jurisdiction of such States and territories.

(4) Any of such amounts remaining after distributions under paragraphs (1), (2), and (3) shall be made available to the Secretary of Energy for industrial energy efficiency programs authorized under part E of the Energy Policy and Conservation Act (42 U.S.C. 6341 et seq.) or subtitle D of title IV of the Energy Independence and Security Act of 2007 (Public Law 110–140; 121 Stat. 1623).

TITLE IV—PROTECTING AGRICULTURE AND ENHANCING FARM OPPORTUNITIES

SEC. 401. RURAL ENERGY FOR AMERICA PROGRAM.

Section 9007(g) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107(g)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (D), by striking ''and'' at the end;

(B) in subparagraph (E), by striking ''year 2014 and each fiscal year thereafter.'' and inserting ''years 2014 and 2015; and''; and

(C) by adding at the end the following:

''(F) $500,000,000 for fiscal year 2016 and each fiscal year thereafter.'';

(2) by redesignating paragraph (3) as paragraph (4); and

(3) by inserting after paragraph (2) the following:

''(3) BIODIGESTER FUNDING.—Of the funds made available for each fiscal year under paragraph (1)(F), not less than $30,000,000 shall be used to support the deployment of biodigesters—

''(A) as part of a manure management strategy to reduce methane emissions; and

''(B) in a manner that includes safeguards to maintain or improve local air quality.''.

SEC. 402. SOIL QUALITY IMPROVEMENT.

Chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.) is amended by adding at the end the following:

"Subchapter C—Soil Quality Improvement Program

"SEC. 1238H. SOIL QUALITY IMPROVEMENT PROGRAM.

"(a) NO-TILL FARM EQUIPMENT GRANT AND LOAN PROGRAM.—

"(1) IN GENERAL.—The Secretary shall establish, in the Natural Resources Conservation Service, a program to provide grants and loans to agricultural producers with the goal, not later than January 1, 2026, of increasing to 50 percent the total percent of farmed acres in the United States under continuous no-till cultivation.

"(2) GRANTS.—The Secretary shall use not less than 20 percent of the funds made available for the program established under paragraph (1) to make grants.

"(3) PURCHASE OR LEASE OF EQUIPMENT.—An agricultural producer may use funds made available under this section to finance or otherwise incentivize the purchase or lease of equipment necessary to carry out continuous no-till cultivation, as determined by the Secretary.

"(4) EDUCATION AND OUTREACH.—In establishing the program under this section, the Secretary

shall include an education and outreach program, carried out by the Secretary in coordination with—

''(A) State and local farm agencies;

''(B) institutions of higher education;

''(C) the National Institute of Food and Agriculture;

''(D) the National Association of Conservation Districts;

''(E) the Soil and Water Conservation Society; and

''(F) the Agricultural Tri-Societies.

''(b) REPORT ON SOIL CARBON UPTAKE.—Not later than 1 year after the date of enactment of this subchapter, the Secretary shall publish a report that includes—

''(1) methodologies and protocols for tracking practices (including conservation tillage, continuous no-till cultivation, and the use of cover crops) that increase the uptake of carbon into soils, including—

''(A) the use of satellite-based and other remote sensing technologies; and

''(B) methods for monitoring net carbon transfer rates between soils and the atmosphere, including biogeochemical process models; and

''(2) an assessment of—

''(A) carbon stocks in United States soils as of the date of the report;

''(B) the potential for United States soils as a reservoir for carbon;

''(C) the net mass transfer rate of carbon between soils and the atmosphere on agricultural land and rangeland, including—

''(i) conservation tillage land;

''(ii) no-till cultivated land; and

''(iii) land on which cover crops are used in rotation; and

''(D) rangeland management practices that increase soil carbon sequestration.

''(c) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—The Chief of the Natural Resources Conservation Service shall carry out a soil carbon uptake initiative within the environmental quality incentives program established under chapter 4 of this subtitle to foster the adoption and sustained use of practices that increase the amount and the rate of carbon uptake in soils.

''(d) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $300,000,000 for fiscal year 2016 and each fiscal year thereafter, to remain available until expended.''.

SEC. 403. NITROUS OXIDE EMISSIONS REDUCTIONS.

(a) FINDINGS.—Congress finds that—

(1) fertilizer is a significant cost input in many agricultural operations;

(2) opportunities exist for agricultural producers—

(A) to reduce the amount of fertilizer inputs; and

(B) to increase the efficiency of fertilizer use through the development of more effective fertilizer application protocols that maximize the uptake of fertilizer by crops while maintaining or increasing yields; and

(3) improving the application of nitrogen fertilizers at the correct rate, in the correct manner, at the correct time, and in the correct place will provide significant benefits to the environment, including reductions of—

(A) nitrogen runoff, which will improve water quality; and

(B) emissions of nitrous oxide, a powerful greenhouse gas associated with climate change.

(b) NITROUS OXIDE EMISSIONS REDUCTIONS.—Chapter 5 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839bb et seq.) is amended by adding at the end the following:

"SEC. 1240S. NITROUS OXIDE EMISSIONS REDUCTIONS.

"(a) AGRICULTURAL RESEARCH DATA.—

"(1) FEDERALLY FUNDED RESEARCH DATA.—

"(A) IN GENERAL.—Not later than 1 year after the date of enactment of this section, the Secretary shall make available all relevant data relating to fertilizer application in a format that is—

"(i) aggregated so as not to divulge proprietary or confidential business information; and

"(ii) searchable and accessible to the public, including, to the maximum extent possible, all federally funded research data, including data of—

"(I) the Department of Agriculture; and

"(II) land-grant colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)).

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply to the release of data or information in a format that may divulge proprietary or confidential business information.

''(2) NON-FEDERALLY FUNDED RESEARCH DATA.—The Secretary shall develop incentives to encourage the sharing of non-federally funded research data relating to fertilizer application, including data from—

''(A) research funded through a State program; and

''(B) independent or privately held research.

''(b) NITROGEN UPTAKE PILOT PROGRAM.—

''(1) IN GENERAL.—The Secretary shall establish and carry out a 5-year pilot program for the development and optimization of nitrogen fertilizer application rates, timing, location, and formulation for—

''(A) corn;

''(B) soybeans;

''(C) wheat;

''(D) barley;

''(E) cotton;

''(F) oats;

''(G) sorghum;

''(H) rice; and

''(I) potatoes.

"(2) REQUIREMENTS.—The pilot program described in paragraph (1) shall—

"(A) consist of projects in a diverse range of—

"(i) geographies;

"(ii) soil types;

"(iii) drainage conditions;

"(iv) tillage practices; and

"(v) climatic conditions; and

"(B) consider—

"(i) the effect of crop rotation;

"(ii) the use of cover crops;

"(iii) the use of soil amendments; and

"(iv) any other factor that the Secretary determines to be appropriate—

"(I) to enhance the optimization of fertilizer application practices that reduce the generation of nitrous oxide and leached nitrogen; and

"(II) to support high agricultural yields.

"(c) ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.—The Chief of the Natural Resources Conservation Service shall carry out a nitrous oxide reduction initiative within the environmental quality incentives program es-

tablished under chapter 4 of this subtitle to foster the adoption and continued use of fertilizer application protocols that reduce the production of nitrous oxide associated with the use of nitrogen fertilizer.

''(d) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section $150,000,000 for fiscal year 2016 and each fiscal year thereafter, to remain available until expended.''.

TITLE V—WHOLESALE DEMAND RESPONSE

SEC. 501. WHOLESALE DEMAND RESPONSE.

(a) DEFINITIONS.—Section 3 of the Federal Power Act (16 U.S.C. 796) is amended—

(1) in paragraph (17)(C)—

(A) by indenting appropriately; and

(B) by inserting ''(including a demand response energy resource in any State in which a State regulatory authority or nonregulated electric utility determines not to establish standards in accordance with paragraph (20) of section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)))'' before ''that the Commission determines'';

(2) in paragraph (18)(B)—

(A) by indenting appropriately; and

(B) by inserting ''(including a demand response energy resource in any State in which a State regulatory authority or nonregulated electric utility determines not to establish standards in accordance with paragraph (20) of section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)))'' before ''that the Commission determines''; and

(3) by adding at the end the following:

''(30) AGGREGATOR.—The term 'aggregator' means a wholesale buyer or broker of electric utility service who packages the electric utility service for sale to a local distribution utility.

''(31) DEMAND RESPONSE ENERGY RESOURCE.—The term 'demand response energy resource' means a resource bid into an organized wholesale market or sold to an electricity utility service provider that includes—

''(A) a direct load control program that provides the ability for power companies to cycle air conditioners and water heaters on and off during periods of peak demand in exchange for a financial incentive and lower electric bills; or

''(B) time-of-use pricing that—

''(i) may account for locational benefit;

''(ii) is provided on an unbundled basis after—

''(I) accounting for the 2-way valuation of time-of-use rates; and

''(II) progressing to real-time pricing; and

''(iii) is provided for—

''(I) energy sold to an electric utility;

''(II) energy purchased from an electric utility;

''(III) capacity;

''(IV) energy conservation;

''(V) demand-side management or demand response;

''(VI) peak monthly demand; or

''(VII) the provision of ancillary services.

''(32) ELECTRIC UTILITY SERVICE.—The term 'electric utility service' means the safe and reliable provision of end-use electricity.

''(33) ORGANIZED MARKET.—The term 'organized market' means an auction-based day-ahead and real-time wholesale market—

''(A) in which a single entity may—

''(i) receive 1 or more offers to sell, or bids to buy, electric energy or ancillary services from 1 or more sellers, or buyers, respectively; and

''(ii) determine which sales and purchases are completed, and at what prices, based on formal rules contained in tariffs approved by the Commission; and

''(B) the prices of which are used by transmission organizations for establishing transmission usage charges set by the Federal Energy Regulatory Commission.''.

(b) REQUIREMENT.—Part I of the Federal Power Act (16 U.S.C. 792 et seq.) is amended by adding at the end the following:

''SEC. 34. WHOLESALE DEMAND RESPONSE.

''The Commission shall require that sellers and aggregators of demand response energy resources be permitted to participate in any organized market on terms that are—

''(1) comparable to terms applicable to sellers of electric capacity or energy; and

''(2) just, reasonable, and not unduly discriminatory.''.

SEC. 502. GENERAL RIGHT TO NEUTRALITY OF INTERCONNECTION.

(a) IN GENERAL.—The Public Utility Regulatory Policies Act of 1978 is amended by inserting after section 4 (16 U.S.C. 2603) the following:

''SEC. 5. GENERAL RIGHT TO NEUTRALITY OF INTERCONNECTION.

''(a) IN GENERAL.—Demand response energy resources (as defined in section 3 of the Federal Power Act (16 U.S.C. 796)) shall have a general right of interconnection under this Act on terms comparable to the terms available to a seller of electric capacity or energy.

''(b) RATE AND FEES.—All rates and fees for interconnection of demand response energy resources under this Act, regardless of whether the demand response energy resource is a qualifying facility—

''(1) shall be just and reasonable;

''(2) shall provide for the 2-way benefit, as required by the Federal Energy Regulatory Commission, for the demand response energy resource and the electricity grid;

''(3) shall not exceed the actual cost of service, including reasonable return on investment; and

''(4) shall not be punitive.

''(c) TIMEFRAMES.—Timeframes for interconnection of demand response energy resources under this Act, regardless of whether the demand response energy resource is a qualifying facility, shall be well-defined, expeditious, not unduly protracted, and comparable to the timeframes available to a seller of electric capacity or energy.''.

(b) IMPROVED INTERCONNECTION STANDARDS FOR DEMAND RESPONSE ENERGY RESOURCES.—Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) is amended by adding at the end the following:

''(20) DEMAND RESPONSE ENERGY RESOURCES.—Each State regulatory authority or nonregulated electric utility shall consider requiring that demand response energy resources (as defined in section 3 of the Federal Power Act (16 U.S.C. 796)) be eligible to receive just and reasonable energy and rate treatment for—

''(A) the societal value of demand response energy resources; and

''(B) any other benefits of demand response energy resources that the State regu-

latory authority or nonregulated electric utility considers to be appropriate.

''(21) IMPROVED INTERCONNECTIONS STANDARDS FOR DEMAND RESPONSE ENERGY RESOURCES.—Each State regulatory authority or nonregulated electric utility, acting under State authority in a State that has determined not to establish standards under paragraph (20), shall consider—

''(A) removing discriminatory rate barriers for demand response energy resources by setting rates that exceed the incremental cost of alternative electric energy for purchases from any demand response energy resource (as defined in section 3 of the Federal Power Act (16 U.S.C. 796)) that is, under this Act, a qualifying facility interconnected with—

''(i) the rates to be established at the full retail rate; and

''(ii) fixed monthly charges for residential electricity bills to be established at a charge of not more than 10 dollars per month, with optional reevaluations by the State authority of the amount of charge to be considered on a periodic basis;

''(B) making any demand response energy resource project exempt from filing requirements with the Commission;

''(C) ensuring that any requirements considered under this paragraph would not affect the purchase obligation under section 210 for demand response energy resource facilities; and

''(D) requiring that all rates and fees for interconnection of demand response facilities—

''(i) shall be just and reasonable;

''(ii) shall provide for the benefit of the demand response energy resource to the electricity grid and benefit of the electricity grid to the demand response energy resource; and

''(iii) shall not exceed the actual cost of service.''.

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