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The Clean Electricity Performance Program

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The Clean Electricity Performance Program (CEPP) is one of the most critical proposed climate priorities in the Build Back Better package. This program would be designed to increase the use of clean electricity by a specific deadline while also being fully in compliance with the requirements of [the reconciliation process](#). With the impacts of climate change [intensifying](#), Congress has a very short window to prevent the worst outcomes. While there are a number of additional climate policy [priorities](#) that progressives would like to see included in this legislation, passing the CEPP is an important first step toward meeting the demand to reduce emissions.

The CEPP Explained

At its core, the CEPP is a payment program designed to achieve the goals of a clean energy standard by incentivizing a specific percentage of electricity to be generated from clean sources. States have paved the way on clean energy standards. Currently, 30 states and the District of Columbia have a clean energy standard, and 9 of those states and the District of Columbia will eventually require 100 percent of all electricity to come from clean energy.¹

The Biden Administration has supported a clean energy standard since the very beginning. President Biden issued an [executive order in January](#), calling for 100 percent of electricity generation to come from clean energy sources by the year 2035. Despite state-level progress and Administration support, the United States has a long way to go in achieving a clean energy future. As of 2019, 18 percent of US electricity came from renewable sources, 20 percent from nuclear power, 38 percent from natural gas, and 24 percent from coal.² A federal standard would help close the gap faster, bringing a much needed acceleration to the progress under way.

In the absence of an agreed-upon definition of what constitutes a clean energy source, state standards vary widely. Some of these standards include only renewable energy sources, while others include sources like nuclear power, certain forms of natural gas, and fossil fuel sources that include carbon capture and storage. Progressives have pushed to ensure that the CEPP standard prioritizes renewable energy and specifically excludes fossil fuels, including natural gas.

¹ These states are California, Colorado, Hawaii, Massachusetts, New Jersey, New Mexico, New York, Virginia, and Washington. Additionally, Connecticut, Maine, Nevada, Rhode Island, and Wisconsin have non-binding goals of 100% covered electricity sales from eligible clean energy sources.

² Clean Energy Standards: Selected Issues for the 117th Congress, Congressional Research Service, March 26, 2021, <https://crsreports.congress.gov/product/pdf/R/R46691>.

How does the CEPP work?

The CEPP is structured differently than the clean energy standards found in many states. Indeed, it is not actually a specific regulatory standard at all, but a system of fines and payments to encourage utilities to increase the percentage of electricity they generate from clean, renewable sources. Utilities that add clean power at the necessary pace and scale would receive a payment for doing so, while those that do not would be forced to pay a fine.³ Notably, because this system of payments and fines is based on the ability of utilities to bring a set amount of clean energy online each year, utilities starting with a dirtier energy mix may not reach the same percentage of clean energy as a utility starting with more clean power.⁴ So while they would still be penalized if they did not meet their annual growth requirements, they would not be penalized based on their starting point.

The program is also technology-neutral, meaning all zero- or low-carbon electricity sources would be considered clean energy.⁵ Finally, the payments would be intended for the express purpose of lowering consumer bills, funding clean energy projects, and for retiring dirty energy sources. Because this is a payment program and not a regulatory standard, the federal government and not ratepayers will bear the increased cost.

This system of fines and payments is designed to incentivize utilities to increase their proportion of clean, renewable energy to meet the target of 80 percent decarbonization of US electricity generation by 2030. Because utilities are starting from different points, the 80 percent target is not meant to be met by each individual utility, but on an overall power sector level.

The CEPP was included in the [memo](#) circulated by Senate Democrats regarding the budget resolution and what they hoped to include as part of that framework. While this document is not binding and is subject to change, it serves as explanation of what the budget resolution is expected to allow through the reconciliation process.

Passing the CEPP Through Reconciliation

Because the reconciliation process does not allow the inclusion of regulatory standards or mandates, the CEPP is designed as a budget-based approach for increasing clean energy electricity generation. Under the Byrd rule, a provision is ineligible for reconciliation if its budgetary components are “merely incidental” to its non-budgetary components. As a part of this process, the Parliamentarian will consider whether the primary purpose or motive of the provision is budgetary or whether it is an attempt to make non-budgetary policy, and specifically prohibit any provisions in which policy changes plainly overwhelm the deficit changes. This is

³ “Payments or fines: How Dems’ CES would affect utilities,” E&E News Climatewire. July, 15 2021. <https://www.eenews.net/articles/payments-or-fines-how-dems-ces-would-affect-utilities/>

⁴ “Clean Electricity Payment Program,” Clean Air Task Force. August 2021. https://www.catf.us/wp-content/uploads/2021/08/CATF_CEPP_2Pager_08.05.21.pdf

⁵ This means while nuclear facilities and fossil fuel power plants equipped with carbon capture and sequestration could qualify as clean energy sources; in practice, utilities would likely for the most part only be incentivized to produce renewable energy.

why the CEPP does not include regulatory mechanisms or binding mandates to shift utilities to clean energy sources, but only budgetary financial incentives.

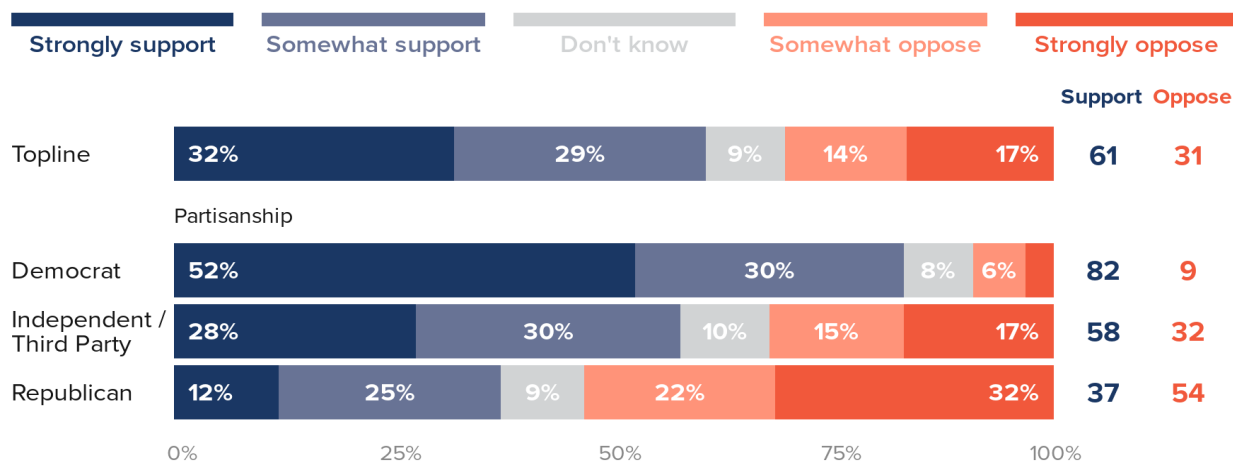
Similarly, while President Biden has proposed for 100 percent of electricity generation to come from clean energy sources by the year 2035, the CEPP would reduce emissions by 80 percent by 2030. This is because the Byrd rule similarly bars any increase of the deficit outside the ten-year budget window, and 2030 is within the budget window.

The CEPP is Popular

Polling has demonstrated that clean energy standards are [popular](#) with voters.

A Majority of National Voters Support Moving to a 100% Clean Energy Electricity Grid by 2035

pooled over 13 surveys Would you support or oppose the government moving the country to a 100% clean energy electricity grid by 2035?



Feb 5 to Mar 21, 2021 survey of 16895 likely voters

DATA FOR PROGRESS

A Data for Progress [poll](#) shows that moving to a 100 percent clean energy electricity grid by 2035 has the support of 61 percent of all voters. Additional polling demonstrates support for this policy in [Arizona](#), [Colorado](#), [Georgia](#), [Montana](#), [New Hampshire](#), and [West Virginia](#),

Conclusion

CEPP is by no means the only climate priority in the Build Back Better legislative package. However, it could help deliver 100% clean, renewable electricity as our economy transitions to electric sources of power (e.g. electrifying vehicles, buildings). Climate groups and progressives have also pushed for additional policies like the creation of a Civilian Climate Corps, ending fossil fuel subsidies, and enacting nationwide environmental justice programs. The CEPP is designed to work in concert with the many other priorities of the climate movement. While it uses a system of incentives to create a target and demand for clean energy electricity

generation, other programs are needed to address both greenhouse gases and other forms of toxic air pollution, including expanding clean energy tax credits and strengthening clean air standards.

President Biden has set the [goal](#) of cutting US carbon emissions by 50%-52% of 2005 levels by 2030, and this month's report from the Intergovernmental Panel on Climate Change (IPCC) has only reinforced the need for dramatic and bold action on climate. The CEPP is an integral part of doing so and the United States will not achieve its climate goals unless it pursues such a policy.