

111TH CONGRESS
1ST SESSION

S. 539

To amend the Federal Power Act to require the President to designate certain geographical areas as national renewable energy zones, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 5, 2009

Mr. REID introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To amend the Federal Power Act to require the President to designate certain geographical areas as national renewable energy zones, 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 “Clean Renewable En-
5 ergy and Economic Development Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds that—

8 (1) electricity produced from renewable re-
9 sources—

1 (A) helps to reduce emissions of green-
2 house gases and other air pollutants;

3 (B) enhances national energy security;

4 (C) conserves water and finite resources;
5 and

6 (D) provides substantial economic benefits,
7 including job creation and technology develop-
8 ment;

9 (2) the potential exists for a far greater per-
10 centage of electricity generation in the United States
11 to be achieved through the use of renewable re-
12 sources, as compared to the percentage of electricity
13 generation using renewable resources in existence as
14 of the date of enactment of this Act;

15 (3) the President has set out a goal that at
16 least 25 percent of the electricity used in the United
17 States by 2025 come from renewable sources;

18 (4) many of the best potential renewable energy
19 resources are located in rural areas far from popu-
20 lation centers;

21 (5) the lack of adequate electric transmission
22 capacity is a primary obstacle to the development of
23 electric generation facilities fueled by renewable en-
24 ergy resources;

1 (6) the economies of many rural areas would
2 substantially benefit from the increased development
3 of water-efficient electric generation facilities fueled
4 by renewable energy resources;

5 (7) more efficient use of existing transmission
6 capacity, better integration of resources, and greater
7 investments in distributed renewable generation and
8 off-grid solutions may increase the availability of
9 transmission and distribution capacity for adding re-
10 newable resources and help keep ratepayer costs low;

11 (8) the Federal Government has not adequately
12 supported or implemented an integrated approach to
13 accelerating the development, commercialization, and
14 deployment of renewable energy technologies, renew-
15 able electricity generation, and transmission to bring
16 renewable energy to market, including through en-
17 hancing distributed renewable generation or through
18 vehicle and transportation sector use;

19 (9) it is in the national interest for the Federal
20 Government to implement policies that would en-
21 hance the quantity of electric transmission capacity
22 available to take full advantage of the renewable en-
23 ergy resources available to generate electricity, and
24 to more fully integrate renewable energy into the en-
25 ergy policies of the United States, and to address

1 the tremendous national security and global warm-
 2 ing challenges of the United States; and

3 (10) existing transmission planning processes
 4 are fragmented across many jurisdictions, which re-
 5 sults in difficult coordination between jurisdictions,
 6 delays in implementation of plans, and complex ne-
 7 gotiations on sharing of costs.

8 **SEC. 3. NATIONAL RENEWABLE ENERGY ZONES AND**
 9 **GREEN TRANSMISSION.**

10 (a) IN GENERAL.—The Federal Power Act (16
 11 U.S.C. 791a et seq.) is amended by adding at the end the
 12 following:

13 **“PART IV—NATIONAL RENEWABLE ENERGY**
 14 **ZONES AND GREEN TRANSMISSION**

15 **“SEC. 401. DEFINITIONS.**

16 “In this part:

17 “(1) BIOMASS.—

18 “(A) IN GENERAL.—The term ‘biomass’
 19 means—

20 “(i) any lignin waste material that is
 21 segregated from other waste materials and
 22 is determined to be nonhazardous by the
 23 Administrator of the Environmental Pro-
 24 tection Agency; and

1 “(ii) any solid, nonhazardous, cellu-
 2 losic material that is derived from—

3 “(I) mill residue, precommercial
 4 thinnings, slash, brush, or non-
 5 merchantable material;

6 “(II) solid wood waste materials,
 7 including a waste pallet, a crate,
 8 dunnage, manufacturing and con-
 9 struction wood wastes, and landscape
 10 or right-of-way tree trimmings;

11 “(III) agriculture waste, includ-
 12 ing an orchard tree crop, a vineyard,
 13 a grain, a legume, sugar, other crop
 14 byproducts or residues, and livestock
 15 waste nutrients; or

16 “(IV) a plant that is grown ex-
 17 clusively as a fuel for the production
 18 of electric energy.

19 “(B) INCLUSIONS.—The term ‘biomass’ in-
 20 cludes animal waste that is converted to a fuel
 21 rather than directly combusted, the residue of
 22 which is converted to a biological fertilizer, oil,
 23 or activated carbon.

24 “(C) EXCLUSIONS.—The term ‘biomass’
 25 does not include—

1 “(i) municipal solid waste from which
 2 hazardous and recyclable materials have
 3 not been separated;

4 “(ii) paper that is commonly recycled;
 5 or

6 “(iii) pressure-treated, chemically-
 7 treated, or painted wood waste.

8 “(2) DISTRIBUTED RENEWABLE GENERA-
 9 TION.—The term ‘distributed renewable generation’
 10 means—

11 “(A) reduced electric energy consumption
 12 from the electric grid because of use by a cus-
 13 tomer of renewable energy generated at or near
 14 a customer site; and

15 “(B) electric energy or thermal energy pro-
 16 duction from a renewable energy resource for a
 17 customer that is not connected to an electric
 18 grid or thermal energy source pipeline.

19 “(3) ELECTRICITY-CONSUMING AREA.—The
 20 term ‘electricity-consuming area’ means an area of
 21 significant electrical load.

22 “(4) ELECTRICITY FROM RENEWABLE EN-
 23 ERGY.—The term ‘electricity from renewable energy’
 24 means electric energy generated from—

1 “(A) solar energy, wind, biomass, landfill
2 gas, renewable biogas, or geothermal energy;

3 “(B) new hydroelectric generation capacity
4 achieved from increased efficiency, or an addi-
5 tion of new capacity, at an existing hydro-
6 electric project; or

7 “(C) hydrokinetic energy, including—

8 “(i) waves, tides, and currents in
9 oceans, estuaries, and tidal areas;

10 “(ii) free flowing water in rivers,
11 lakes, and streams;

12 “(iii) free flowing water in man-made
13 channels, including projects that use non-
14 mechanical structures to accelerate the
15 flow of water for electric power production
16 purposes; or

17 “(iv) differentials in ocean tempera-
18 ture through ocean thermal energy conver-
19 sion.

20 “(5) ERCOT.—The term ‘ERCOT’ means the
21 Electric Reliability Council of Texas.

22 “(6) FEDERAL LAND MANAGEMENT AGENCY.—
23 The term ‘Federal land management agency’
24 means—

1 “(A) the Department of the Interior and
 2 the bureaus of the Department that manage
 3 Federal land and water, including—

4 “(i) the Bureau of Land Management;

5 “(ii) the Bureau of Reclamation;

6 “(iii) the United States Fish and
 7 Wildlife Service; and

8 “(iv) the National Park Service;

9 “(B) the Forest Service of the Department
 10 of Agriculture; and

11 “(C) if applicable and appropriate, the De-
 12 partment of Defense.

13 “(7) FEDERAL TRANSMITTING UTILITY.—The
 14 term ‘Federal transmitting utility’ means—

15 “(A) a Federal power marketing agency
 16 that owns or operates an electric transmission
 17 facility; and

18 “(B) the Tennessee Valley Authority.

19 “(8) GREEN TRANSMISSION GRID PROJECT.—

20 “(A) IN GENERAL.—The term ‘green
 21 transmission grid project’ means a project for—

22 “(i) a new transmission facility rated
 23 at or above 345 kilovolts that is part of an
 24 Interconnection-wide plan developed pursu-
 25 ant to section 403 for an extra high volt-

age transmission grid to enable transmission of electricity from renewable energy (including existing or projected renewable generation) to electricity-consuming areas; or

“(ii) a new renewable feeder line that an Interconnection-wide plan or the Commission determines is needed to connect renewable generation to the extra high voltage transmission grid.

“(B) INCLUSIONS.—The term ‘green transmission grid project’ includes any network upgrades associated with a facility described in clause (i) or (ii) of subparagraph (A) that are required to ensure the reliability or efficiency of the underlying transmission network, including inverters, substations, transformers, switching units, storage units, and related facilities necessary for the development, siting, transmission, storage, and integration of electricity generated from renewable energy sources.

“(9) GRID-ENABLED VEHICLE.—The term ‘grid-enabled vehicle’ means an electric drive vehicle or fuel cell vehicle that has the ability to communicate electronically with an electric power provider

1 or with a localized energy storage system with re-
2 spect to charging or discharging an onboard energy
3 storage device, such as a battery.

4 “(10) INDIAN LAND.—The term ‘Indian land’
5 means—

6 “(A) any land within the limits of any In-
7 dian reservation, pueblo, or rancharia;

8 “(B) any land not within the limits of any
9 Indian reservation, pueblo, or rancharia title to
10 which was, on the date of enactment of this
11 part—

12 “(i) held in trust by the United States
13 for the benefit of any Indian tribe or indi-
14 vidual; or

15 “(ii) held by any Indian tribe or indi-
16 vidual subject to restriction by the United
17 States against alienation;

18 “(C) any dependent Indian community;
19 and

20 “(D) any land conveyed to any Alaska Na-
21 tive corporation under the Alaska Native
22 Claims Settlement Act (42 U.S.C. 1601 et
23 seq.).

24 “(11) INTERCONNECTION.—The term ‘Inter-
25 connection’ has the meaning given the term in sec-

1 tion 215(a) of the Federal Power Act (16 U.S.C.
2 824o(a)).

3 “(12) LOAD-SERVING ENTITY.—The term ‘load-
4 serving entity’ means any person, Federal, State, or
5 local agency or instrumentality, or electric coopera-
6 tive that delivers electric energy to end-use cus-
7 tomers.

8 “(13) REGIONAL PLANNING ENTITY.—The term
9 ‘regional planning entity’ means an entity certified
10 by the Commission to coordinate regional planning
11 for an Interconnection.

12 “(14) RENEWABLE FEEDER LINE.—

13 “(A) IN GENERAL.—The term ‘renewable
14 feeder line’ means all transmission facilities and
15 equipment within a national renewable energy
16 zone owned, controlled, or operated by a trans-
17 mission provider that are capable of being used
18 to deliver electricity from multiple renewable
19 energy resources to the point at which the
20 transmission provider connects to a high-voltage
21 transmission facility.

22 “(B) INCLUSIONS.—The term ‘renewable
23 feeder line’ includes any associated modifica-
24 tions, additions, or upgrades to or associated

1 with the facilities and equipment described in
 2 subparagraph (A).

3 “(C) EXCLUSIONS.—The term ‘renewable
 4 feeder line’ does not include—

5 “(i) a generator lead line capable of
 6 connecting only 1 generator; or

7 “(ii) equipment owned by a generator.

8 “(15) SECRETARY.—The term ‘Secretary’
 9 means the Secretary of Energy.

10 “(16) TRANSMISSION PROVIDER.—The term
 11 ‘transmission provider’ means an entity that owns,
 12 controls, or operates a transmission facility.

13 **“SEC. 402. DESIGNATION OF NATIONAL RENEWABLE EN-**
 14 **ERGY ZONES.**

15 “(a) DESIGNATIONS.—

16 “(1) IN GENERAL.—Except as provided in para-
 17 graph (2), not later than 90 days after the date of
 18 enactment of this part for the Western Interconnec-
 19 tion and not later than 270 days after the date of
 20 enactment of this part for the Eastern Interconnec-
 21 tion, the President shall designate as a national re-
 22 newable energy zone each geographical area that, as
 23 determined by the President—

24 “(A) has the potential to generate in ex-
 25 cess of 1 gigawatt of electricity (or a lower

1 quantity of electricity determined by the Presi-
2 dent) from renewable energy, a significant por-
3 tion of which could be generated in a rural area
4 or on Federal land within the geographical
5 area;

6 “(B) has an insufficient level of electric
7 transmission capacity to achieve the potential
8 described in subparagraph (A); and

9 “(C) has the capability to contain addi-
10 tional renewable energy electric generating fa-
11 cilities that would generate electric energy con-
12 sumed in 1 or more electricity-consuming areas
13 if there were a sufficient level of transmission
14 capacity.

15 “(2) INCLUSION.—The President may include
16 in any national renewable energy zone designated
17 under paragraph (1) a military installation.

18 “(3) EXCLUSIONS.—The President shall not in-
19 clude in any national renewable energy zone des-
20 ignated under paragraph (1) any of the following
21 areas:

22 “(A) National parks, national marine sanc-
23 tuaries, reserves, recreation areas, and other
24 similar units of the National Park System.

1 “(B) Designated wilderness, designated
2 wilderness study areas, and other areas man-
3 aged for wilderness characteristics.

4 “(C) National historic sites and historic
5 parks.

6 “(D) Inventoried roadless areas and sig-
7 nificant noninventoried roadless areas within
8 the National Forest System.

9 “(E) National monuments.

10 “(F) National conservation areas.

11 “(G) National wildlife refuges and areas of
12 critical environmental concern.

13 “(H) National historic and national scenic
14 trails.

15 “(I) Areas designated as critical habitat.

16 “(J) National wild, scenic, and recreational
17 rivers.

18 “(K) Any area in which Federal law pro-
19 hibits energy development, or that the Federal
20 agency or official exercising authority over the
21 area exempts from inclusion in a national re-
22 newable energy zone through land use, plan-
23 ning, or other public process.

1 “(L) Any area in which applicable State
 2 law enacted prior to the date of enactment of
 3 this section prohibits energy development.

4 “(b) RENEWABLE ENERGY REQUIREMENTS.—In
 5 making the designations required by subsection (a), the
 6 President shall take into account Federal and State re-
 7 quirements for utilities to incorporate renewable energy as
 8 part of meeting the load of load-serving entities.

9 “(c) CONSULTATION.—Before making any designa-
 10 tion under subsection (a) or (e), the President shall con-
 11 sult with—

12 “(1) the Governors of affected States;

13 “(2) the public;

14 “(3) Federal transmitting utilities, public utili-
 15 ties and transmission providers, and cooperatives;

16 “(4) State regulatory authorities and regional
 17 electricity planning organizations;

18 “(5) Federal land management agencies, Fed-
 19 eral energy and environmental agencies, and State
 20 land management, energy, and environmental agen-
 21 cies;

22 “(6) renewable energy companies;

23 “(7) local government officials;

24 “(8) renewable energy and energy efficiency in-
 25 terest groups;

1 “(9) Indian tribes; and

2 “(10) environmental protection and land, water,
3 and wildlife conservation groups.

4 “(d) RECOMMENDATIONS.—Not earlier than 3 years
5 after the date of enactment of this part, and triennially
6 thereafter, the Secretary and the Secretary of the Interior
7 shall, after consultation with the Federal transmitting
8 utilities, the Commission, the Chief of the Forest Service,
9 the Secretary of Commerce, the Secretary of Defense, the
10 Council on Environmental Quality, and the Governors of
11 the States, shall recommend to the President and Con-
12 gress—

13 “(1) specific areas with the greatest potential
14 for environmentally acceptable renewable energy re-
15 source development that the President could des-
16 ignate as renewable energy zones, considering such
17 factors as the impact on sensitive wildlife species,
18 the impact on sensitive resource areas, and the pres-
19 ence of already disturbed or developed land; and

20 “(2) any modifications of laws (including regu-
21 lations) and resource management plans necessary
22 to fully achieve that potential, including identifying
23 improvements to permit application processes involv-
24 ing military and civilian agencies.

1 “(e) EXISTING PROCESSES.—In carrying out this
2 section, the President may use existing processes that des-
3 ignate renewable energy zones.

4 “(f) REVISION OF DESIGNATIONS.—The President
5 may modify the designation of renewable energy zones, in-
6 cluding modification based on the recommendations re-
7 ceived under subsection (d).

8 “(g) ELECTION.—The ERCOT Interconnection may
9 elect to participate in the process described in this section.

10 “(h) ADMINISTRATION.—The designation of a renew-
11 able energy zone shall not be considered a major Federal
12 action under Federal law.

13 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
14 authorized to be appropriated to carry out this section (in-
15 cluding renewable energy resource assessments)
16 \$25,000,000 for each of fiscal years 2009 through 2019.

17 **“SEC. 403. INTERCONNECTION-WIDE GREEN TRANSMISSION**
18 **GRID PROJECT PLANNING.**

19 “(a) IN GENERAL.—To achieve Interconnection-wide
20 coordination of planning to integrate renewable energy re-
21 sources from renewable energy zones into the interstate
22 electric transmission grid and make the renewable energy
23 resources fully deliverable to electricity consuming areas,
24 not later than 60 days after the date of enactment of this
25 part, the Commission shall, by regulation or order, issue

1 a request for 1 or more organizations to be certified as
2 the regional planning entity for each Interconnection.

3 “(b) CONTENTS OF APPLICATION.—The application
4 shall include proposals for provisions for an open, inclu-
5 sive, transparent, and nondiscriminatory planning process
6 that—

7 “(1) includes consultation with affected Federal
8 land management agencies and States within the
9 Interconnection;

10 “(2) builds on planning undertaken by States,
11 Federal transmitting utilities, regional transmission
12 organizations, independent system operators, utili-
13 ties, and other interested parties;

14 “(3) takes account of corridor designation work
15 and other planning carried out by Federal land man-
16 agement agencies, the Department of Energy, and
17 other interested parties;

18 “(4) solicits input from transmission owners,
19 regional transmission organizations, independent
20 system operators, States, generator owners, prospec-
21 tive developers of new transmission and generation
22 resources, regional entities, Federal land manage-
23 ment agencies, environmental protection and land,
24 water, and wildlife conservation groups, and other
25 interested parties; and

1 “(5) includes an interim process to expedi-
 2 tiously evaluate whether new renewable feeder lines
 3 should be added to the green transmission grid
 4 project plan.

5 “(c) DESIGNATION.—Not later than 120 days after
 6 the date of enactment of this part, the Commission shall
 7 designate 1 or more appropriate organizations to serve as
 8 the regional planning entity to represent the Interconnec-
 9 tion under this part.

10 “(d) INTERCONNECTION-WIDE GREEN TRANS-
 11 MISSION GRID PROJECT PLAN.—Not later than 1 year
 12 after the date of the deadline for designations under sec-
 13 tion 402(a), the regional planning entity in each Inter-
 14 connection shall produce and submit to the Commission
 15 an Interconnection-wide green transmission grid project
 16 plan.

17 “(e) TERM; REQUIREMENTS.—An Interconnection-
 18 wide green transmission grid project plan shall—

19 “(1) enhance transmission access for electricity
 20 from renewable energy in renewable energy zones;

21 “(2) include identification of green transmission
 22 grid projects (both high-voltage and renewable feed-
 23 er lines) needed to interconnect renewable energy
 24 zones with electricity-consuming areas;

1 “(3) fully consider national reliability, eco-
2 nomic, environmental, and security needs;

3 “(4) take into account transmission infrastruc-
4 ture required for efficient and reliable delivery of the
5 output of new renewable generation resources need-
6 ed to meet established and projected Federal and
7 State renewable energy policies and targets;

8 “(5) provide a plan for a period of at least 10
9 years into the future;

10 “(6) consider alternatives to new transmission,
11 including energy efficiency, demand response, energy
12 storage, and distributed renewable generation;

13 “(7) include a timeline for construction of
14 projects; and

15 “(8) be filed with the Commission annually for
16 approval consistent with this section.

17 “(f) PARTICIPATION OF SECRETARY.—The Secretary
18 shall provide technical expertise to States and regional
19 planning entities in development of Interconnection-wide
20 plans through—

21 “(1) analysis for the green transmission grid
22 project planning process; and

23 “(2) demonstration and commercial application
24 activities of new technologies in the green trans-
25 mission grid project plan.

1 “(g) PARTICIPATION OF FEDERAL TRANSMITTING
2 UTILITIES.—

3 “(1) IN GENERAL.—A Federal transmitting
4 utility shall participate in the planning process in
5 the applicable Interconnection.

6 “(2) GREEN TRANSMISSION GRID PROJECT FA-
7 CILITIES.—Not later than 1 year after the date a re-
8 gional planning entity files a plan, a Federal trans-
9 mitting utility that owns or operates 1 or more elec-
10 tric transmission facilities in a State with a national
11 renewable energy zone shall identify specific green
12 transmission grid project facilities that are required
13 to substantially increase the generation of electricity
14 from renewable energy in the national renewable en-
15 ergy zone.

16 “(h) FAILURE TO SUBMIT PLAN.—

17 “(1) IN GENERAL.—If a State in an Inter-
18 connection does not participate in a timely manner
19 in an Interconnection-wide green transmission grid
20 project planning process in accordance with this sec-
21 tion, or if such a planning process is established but
22 fails to result in the submission by the regional plan-
23 ning entity of the requisite components of the Inter-
24 connection-wide green transmission grid project plan
25 by the date specified in subsection (d), the Commis-

1 sion shall develop through a rulemaking, after con-
 2 sultation with the Secretary, Federal transmitting
 3 utilities, the Secretary of the Interior, regional
 4 transmission organizations, the electric reliability or-
 5 ganization, regional entities, and municipal and co-
 6 operative entities, an Interconnection-wide green
 7 transmission grid project plan on behalf of the 1 or
 8 more nonsubmitting States or regional planning en-
 9 tity in the Interconnection.

10 “(2) DEADLINE.—Any final rule required under
 11 paragraph (1) shall be completed not later than 1
 12 year after the date on which the Commission deter-
 13 mines that—

14 “(A) the regional planning entity has failed
 15 to submit an Interconnection-wide green trans-
 16 mission project plan on a timely basis; or

17 “(B) a State has failed to participate in a
 18 timely manner in the planning process.

19 “(i) EVALUATION AND RECOMMENDATIONS.—The
 20 Commission shall—

21 “(1) periodically evaluate whether green trans-
 22 mission grid projects to enable the delivery of renew-
 23 able energy are being constructed in accordance with
 24 the Interconnection-wide green transmission grid

1 project plan for both the Western and Eastern
2 Interconnections;

3 “(2) take any necessary actions to address any
4 identified obstacles to investment, siting, and con-
5 struction of projects identified as needed under an
6 Interconnection-wide plan; and

7 “(3) not later than 2 years after the date of en-
8 actment of this part, submit to Congress rec-
9 ommendations for any further actions or authority
10 needed to ensure the effective and timely develop-
11 ment of transmission infrastructure necessary to en-
12 sure the integration and deliverability of renewable
13 energy from renewable energy zones to electricity-
14 consuming areas in the United States.

15 “(j) RECOVERY OF COSTS ASSOCIATED WITH INTER-
16 CONNECTION-WIDE GREEN TRANSMISSION GRID
17 PROJECT PLANNING.—

18 “(1) IN GENERAL.—A regional planning entity
19 and a State shall be permitted to recover prudently
20 incurred costs to carry out Interconnection-wide
21 planning activities required under this section pursu-
22 ant to a Federal transmission surcharge that will be
23 established by the Commission for the purposes of
24 carrying out this section.

1 “(2) SURCHARGE.—A regional planning entity,
2 in consultation with States in an Interconnection,
3 shall—

4 “(A) recommend the Federal transmission
5 surcharge based on a formula rate that is sub-
6 mitted to the Commission for approval; and

7 “(B) adjust the formula and surcharge on
8 an annual basis.

9 “(3) COST RESPONSIBILITY.—Cost responsi-
10 bility under the surcharge shall be assigned based on
11 energy usage to all load-serving entities within the
12 United States portion of the Eastern and Western
13 Interconnections.

14 “(4) LIMITATION.—The total amount of sur-
15 charges that may be imposed or collected nationally
16 under this subsection shall not exceed \$80,000,000
17 in any calendar year.

18 “(5) DISTRIBUTION.—The Secretary shall, in
19 accordance with the regulations promulgated under
20 paragraph (1), distribute on an equitable basis funds
21 received under that paragraph among States and
22 planning entities, if the Governor of the receiving
23 State—

24 “(A) in the case of the first year of dis-
25 tribution, certifies to the Secretary that the

1 State will participate in an Interconnection-wide
2 green transmission grid project planning proc-
3 ess; and

4 “(B) in the case of the second and subse-
5 quent years of distribution—

6 “(i) is part of an Interconnection-wide
7 planning process that submits to the Com-
8 mission timely Interconnection-wide green
9 transmission grid project plans under this
10 section; and

11 “(ii) certifies annually to the Sec-
12 retary that all load-serving entities in the
13 State—

14 “(I) offer a fairly-priced renew-
15 able power purchase option to all the
16 customers of the entities; or

17 “(II) have demonstrated an in-
18 crease in the number of customers
19 above the previous year participating
20 in a demand-side management pro-
21 gram that reduces peak demand, in-
22 creases reliability, and reduces con-
23 sumer costs.

24 “(6) APPLICABILITY.—

1 “(A) IN GENERAL.—Subject to subpara-
 2 graphs (B) and (C), this subsection applies to
 3 all users, owners, and operators of the bulk-
 4 power system within the United States portion
 5 of the Eastern and Western Interconnections.

6 “(B) EXCLUSIONS.—This subsection does
 7 not apply to the State of Alaska or Hawaii or
 8 to the ERCOT, unless the State or ERCOT
 9 voluntarily elects to participate in the planning
 10 process, and to be responsible for a pro rata
 11 portion of the Federal transmission surcharge
 12 imposed under this subsection.

13 “(C) PROJECT DEVELOPERS.—Nothing in
 14 this section or part prevents a project developer
 15 from carrying out a transmission project to en-
 16 able renewable development if the project devel-
 17 oper assumes all of the risk and cost of the pro-
 18 posed project.

19 **“SEC. 404. FEDERAL SITING OF GREEN TRANSMISSION**
 20 **GRID PROJECT FACILITIES.**

21 “(a) IN GENERAL.—The Commission, after consulta-
 22 tion with affected States, may issue 1 or more permits
 23 for the construction or modification of an electric trans-
 24 mission facility if the Commission finds that—

25 “(1) the transmission facility—

1 “(A) is included in an Interconnection-wide
2 green transmission grid project plan submitted
3 under section 403; or

4 “(B) is proposed by a project developer to
5 integrate renewable energy resources from re-
6 newable energy zones or to integrate renewable
7 resources from other geographic areas, if the
8 project developer assumes all of the risk and
9 cost of the proposed facilities;

10 “(2) the transmission facility optimizes trans-
11 mission capability based on the assessment by the
12 Commission of technical constraints, project econom-
13 ics, land use limitations, and the potential genera-
14 tion capacity of renewable energy zones inter-
15 connected to the project; and

16 “(3) the owner or operator of the transmission
17 facility has failed to make reasonable progress in
18 siting the facility based on timelines in the plan.

19 “(b) EVIDENCE OF NEED.—Inclusion of a project in
20 an Interconnection-wide green transmission grid project
21 plan submitted under section 403 shall be considered to
22 be sufficient evidence of need for the project to warrant
23 the granting of a construction permit under subsection
24 (a).

25 “(c) PERMIT APPLICATION.—

1 “(1) IN GENERAL.—A permit application under
2 subsection (a) shall be made in writing to the Com-
3 mission.

4 “(2) ADMINISTRATION.—The Commission shall
5 promulgate regulations specifying—

6 “(A) the form of the application;

7 “(B) the information to be contained in
8 the application; and

9 “(C) the manner of service of notice of the
10 permit application on interested persons.

11 “(d) GRANTING OF CONSTRUCTION PERMIT.—

12 “(1) IN GENERAL.—A construction permit may
13 be issued to any applicant described in subsection
14 (a)(1)(B) if the Commission finds that—

15 “(A) the applicant is able and willing to
16 take actions and perform the services proposed
17 in accordance with this part (including the re-
18 quirements, rules, and regulations of the Com-
19 mission under this part); and

20 “(B) the proposed operation, construction,
21 or expansion is or will be required by the
22 present or future public convenience and neces-
23 sity.

24 “(2) ADMINISTRATION.—The Commission shall
25 have the power to attach to the issuance of the con-

1 struction permit, and to the exercise of rights grant-
 2 ed under the permit, such reasonable terms and con-
 3 ditions as the public convenience and necessity may
 4 require.

5 “(e) CONSTRUCTION PERMIT FOR AN AREA ALREADY
 6 BEING SERVED.—Nothing in this section limits the power
 7 of the Commission to grant construction permits for serv-
 8 ice of an area already being served by another trans-
 9 mission provider.

10 “(f) RIGHTS-OF-WAY.—

11 “(1) IN GENERAL.—In the case of a permit
 12 under subsection (a) for an electric transmission fa-
 13 cility to be located on property other than property
 14 owned by the United States, if the permit holder
 15 cannot acquire by contract, or is unable to agree
 16 with the owner of the property to the compensation
 17 to be paid for, the necessary right-of-way to con-
 18 struct or modify the transmission facility, the permit
 19 holder may acquire the right-of-way by the exercise
 20 of the right of eminent domain in the United States
 21 district court for the district in which the property
 22 concerned is located, or in the appropriate court for
 23 the State in which the property is located.

24 “(2) USE.—Any right-of-way acquired under
 25 paragraph (1) shall be used exclusively for the con-

struction, modification, operation, or maintenance of
 an electric transmission facility, and any appropriate
 mitigation measures or other uses approved by the
 Commission, within a reasonable period of time after
 acquisition of the right-of-way.

“(3) PRACTICE AND PROCEDURE.—The practice
 and procedure in any action or proceeding under
 this subsection in the United States district court
 shall conform, to the maximum extent practicable, to
 the practice and procedure in a similar action or
 proceeding in the courts of the State in which the
 property is located.

“(4) LIMITATIONS.—

“(A) IN GENERAL.—Nothing in this sub-
 section authorizes the use of eminent domain to
 acquire a right-of-way for any purpose other
 than the construction, modification, operation,
 or maintenance of an electric transmission facil-
 ity included in a green transmission grid project
 plan or related facility.

“(B) ADMINISTRATION.—The right-of-
 way—

“(i) shall not be used for any purpose
 not described in subparagraph (A) or para-
 graph (2); and

1 “(ii) shall terminate on the termi-
2 nation of the use for which the right-of-
3 way is acquired.

4 “(g) STATE AUTHORITY.—

5 “(1) IN GENERAL.—Except as provided in para-
6 graph (3), in granting a construction permit under
7 subsection (a), the Commission shall—

8 “(A) permit State regulatory agencies to
9 identify siting constraints and mitigation meas-
10 ures, based on habitat protection, environ-
11 mental considerations, or cultural site protec-
12 tion; and

13 “(B)(i) incorporate those identified con-
14 straints or measures in the construction permit;
15 or

16 “(ii) if the Commission determines that
17 such a constraint or measure is inconsistent
18 with the purposes of this part, infeasible, or not
19 cost-effective—

20 “(I) consult with State regulatory
21 agencies to seek to resolve the issue; and

22 “(II) incorporate into the construction
23 permit such siting constraints and mitiga-
24 tion measures as are determined to be ap-
25 propriate by the Commission, based on

1 consultation by the Commission with State
 2 regulatory agencies, the purposes of this
 3 part, and the record before the Commis-
 4 sion.

5 “(2) NONADOPTION OF RECOMMENDATIONS.—

6 If, after taking the actions required under para-
 7 graph (1), the Commission does not adopt in whole
 8 or in part a recommendation of an agency, the Com-
 9 mission shall publish a statement of a finding that
 10 the adoption of the recommendation is infeasible,
 11 not cost-effective, or inconsistent with this part or
 12 other applicable provisions of law.

13 “(3) INTERCONNECTION-WIDE GREEN TRANS-

14 MISSION GRID PROJECT PLANNING PROCESS.—The

15 Commission shall not be required to include con-
 16 straints or measures described in paragraph (1) that
 17 are identified by a State that does not participate in
 18 an Interconnection-wide green transmission grid
 19 project planning process under section 403.

20 “(h) ENVIRONMENTAL REVIEWS.—

21 “(1) IN GENERAL.—With respect to any project
 22 or group of projects for which a construction permit
 23 is granted under subsection (a), the Commission
 24 shall—

1 “(A) serve as the lead agency for purposes
2 of coordinating any Federal authorizations and
3 environmental reviews or analyses required for
4 the project, including those required under the
5 National Environmental Policy Act of 1969 (42
6 U.S.C. 4321 et seq.);

7 “(B) in consultation with other affected
8 agencies, prepare a single environmental review
9 document that would be used as the basis for
10 all decisions under Federal law relating to the
11 proposed project, in accordance with section
12 216(h) of this Act, including siting constraints
13 and mitigation measures;

14 “(C) not later than 90 days after the date
15 of filing of an application for a permit under
16 this section, enter into a memorandum of un-
17 derstanding with affected Federal agencies to
18 carry out this subsection, including—

19 “(i) a schedule for environmental re-
20 view and a budget necessary to comply
21 with the schedule for each project or group
22 of projects; and

23 “(ii) the budget resources necessary to
24 carry out the memorandum; and

1 “(D) ensure that, once an application has
2 been submitted with such data as the Commis-
3 sion considers to be necessary, all permit deci-
4 sions and related environmental reviews under
5 applicable Federal laws shall be completed not
6 later than 1 year after the date of submission
7 of a complete application.

8 “(2) APPEAL.—If any Federal agency has de-
9 nied a Federal authorization required for a certified
10 project under this part or has failed to determine
11 whether to issue the authorization not later than 1
12 year after the date of submission of a complete ap-
13 plication, the applicant or any State in which the fa-
14 cility would be located may file an appeal with the
15 President, who shall, in consultation with the af-
16 fected agency, review the denial or failure to take ac-
17 tion on the pending application.

18 “(i) RESTRICTED AREAS.—In granting a construc-
19 tion permit under subsection (a), the Commission shall
20 consider and, to the maximum extent practicable, select
21 alternative routes to avoid areas described in section
22 402(a)(3).

23 “(j) ACCESS TO TRANSMISSION.—

24 “(1) IN GENERAL.—Subject to paragraph (2),
25 the owner or operator of any project described in

1 subsection (a) that traverses multiple States that
2 participate in an Interconnection-wide green trans-
3 mission grid project planning process under section
4 403 shall ensure that each State in which the green
5 transmission grid project traverses shall have access
6 to transmission under the project, unless the access
7 would make the project technically or economically
8 impractical.

9 “(2) ADDITIONAL FUNDS.—If a project owner
10 or operator described in paragraph (1) cannot make
11 the assurances described in that paragraph for a
12 State, the State shall be eligible for additional funds
13 under section 405.

14 “(k) MINIMUM RENEWABLE REQUIREMENT.—

15 “(1) IN GENERAL.—Except as provided in para-
16 graphs (2) and (3), the transmission provider for a
17 green transmission grid project sited through the
18 granting of a construction permit under subsection
19 (a) shall certify annually to the Commission, in ac-
20 cordance with regulations promulgated by the Com-
21 mission, that at least 75 percent of the transmission
22 capacity of the project is available to renewable re-
23 sources.

1 “(2) APPLICATION.—The requirements shall be
2 applicable only to generators directly interconnecting
3 to the project.

4 “(3) ADJUSTMENT.—

5 “(A) IN GENERAL.—Subject to subpara-
6 graph (B), the Commission may reduce the
7 minimum percentage specified in paragraph (1)
8 in any case in which the Commission deter-
9 mines that it is necessary for a specific renew-
10 able feeder line to have less than 75 percent of
11 generation resources interconnecting to the re-
12 newable feeder line be renewable resources in
13 order to maintain compliance with Commission-
14 approved reliability standards.

15 “(B) COST-EFFECTIVE ENERGY STORAGE
16 OPTIONS.—In making a determination on a re-
17 duction for a proposed project under subpara-
18 graph (A), the Commission shall consider cost-
19 effective energy storage options in the area cov-
20 ered by the project, including detailed reports
21 developed by the project developer or inter-
22 connecting generators at the direction of the
23 Commission.

24 “(1) FIRM TRANSMISSION RIGHTS.—The Commission
25 shall adopt, by rule, regulations requiring transmission

1 providers to offer, on a priority basis, firm or equivalent
 2 financial transmission rights for any green transmission
 3 grid project sited under this section for transmission of
 4 energy from renewable resources to a load-serving entity
 5 that contracts to purchase renewable resources, or to re-
 6 newable energy generation owners.

7 “(m) ADMINISTRATION.—Nothing in this section
 8 waives the application of any applicable Federal environ-
 9 mental law.

10 “(n) STATE SITING AUTHORITY.—Nothing in this
 11 section precludes a transmission project developer from
 12 seeking siting authority from a State.

13 **“SEC. 405. GRANTS FOR INTERCONNECTION-WIDE GREEN**
 14 **TRANSMISSION GRID PROJECT PLANS.**

15 “(a) IN GENERAL.—The Secretary, in consultation
 16 with the Commission, shall make grants to States and
 17 planning entities that submit or implement Interconnec-
 18 tion-wide green transmission grid project plans required
 19 to be developed pursuant to this part in a timely manner
 20 for (as appropriate)—

21 “(1) implementation of sections 403 and 404;

22 “(2) transmission improvements (including
 23 smart grid investments) for States and planning en-
 24 tities that meet deadlines in implementing those
 25 plans;

1 “(3) training for State regulatory authority
2 staff and local workforces relating to renewable gen-
3 eration resources, smart grid, or new transmission
4 technologies;

5 “(4) mitigation of landowner concerns and im-
6 pacts;

7 “(5) habitat and wildlife conservation;

8 “(6) security upgrades to the transmission sys-
9 tem and authorized uses under title XIII of the En-
10 ergy Independence and Security Act of 2007 (15
11 U.S.C. 17381 et seq.);

12 “(7) energy storage, reliability, or distributed
13 renewable generation projects; and

14 “(8) other programs and projects that are con-
15 sistent with the purposes of this part.

16 “(b) AUTHORIZATION OF APPROPRIATIONS.—There
17 is authorized to be appropriated to carry out this section
18 \$500,000,000, including amounts made available—

19 “(1) under the American Recovery and Rein-
20 vestment Act of 2009; or

21 “(2) through the sale of carbon allowances in a
22 law enacted after the date of enactment of this Act
23 that imposes a limitation on greenhouse gas emis-
24 sions.

1 **“SEC. 406. COST ALLOCATION.**

2 “(a) IN GENERAL.—As part of an Interconnection-
3 wide green transmission grid project plan submitted under
4 section 403, the regional planning entity, after consulta-
5 tion with affected State regulatory authorities, shall file
6 with the Commission under this section a cost allocation
7 plan for sharing the costs of developing and operating
8 green transmission grid projects that are identified and
9 built pursuant to an Interconnection-wide green trans-
10 mission project plan to enable delivery of electric energy
11 from renewable energy resources in renewable energy
12 zones.

13 “(b) APPROVAL.—Not later than 90 days after the
14 date of filing, the Commission shall approve a cost alloca-
15 tion plan proposed under subsection (a) unless the Com-
16 mission determines that—

17 “(1) taking into account the users of the trans-
18 mission facilities, the plan will result in rates that
19 are unduly discriminatory or preferential or are not
20 just and reasonable;

21 “(2) the plan would unduly inhibit the develop-
22 ment of renewable energy electric generation
23 projects; or

24 “(3) the plan would not allow the transmission
25 provider providing service over the facilities or the
26 entity constructing or financing the project, as ap-

1 appropriate, the opportunity to recover prudently in-
 2 curred costs, including a reasonable return on in-
 3 vestment, associated with the transmission facilities
 4 the transmission provider has committed to build
 5 pursuant to the Interconnection-wide green trans-
 6 mission plan.

7 “(c) FAILURE TO SUBMIT A COST ALLOCATION
 8 PLAN.—

9 “(1) IN GENERAL.—If a regional planning enti-
 10 ty is unable, for whatever reason, to develop and
 11 propose an acceptable cost allocation plan at the
 12 time the regional planning entity files an Inter-
 13 connection-wide green transmission grid project
 14 plan, the Commission shall institute, on the motion
 15 of the Commission, a proceeding to initially allocate
 16 the costs of new transmission facilities built pursu-
 17 ant to an Interconnection-wide green transmission
 18 project plan.

19 “(2) COST ALLOCATION.—The Commission
 20 shall allocate the costs of green transmission grid
 21 projects—

22 “(A) broadly to all load-serving entities in
 23 the Interconnection; or

24 “(B) to load-serving entities within a part
 25 of the Interconnection.

1 “(3) RENEWABLE FEEDER LINES.—

2 “(A) IN GENERAL.—A renewable feeder
3 line may be included in a broad cost allocation
4 if the Commission finds that the renewable
5 feeder line—

6 “(i) would be used by renewable en-
7 ergy resources remote from existing trans-
8 mission and load centers;

9 “(ii) will likely result in multiple indi-
10 vidual renewable energy electric generation
11 projects being developed by multiple com-
12 peting developers; and

13 “(iii) has at least 1 project subscribed
14 through an executed generator Inter-
15 connection agreement with the trans-
16 mission provider and has tangible dem-
17 onstration of additional interest.

18 “(B) NEW RENEWABLE GENERATION
19 PROJECTS.—

20 “(i) IN GENERAL.—As new renewable
21 generation projects are constructed and
22 interconnected to a renewable feeder line
23 under subparagraph (A), the 1 or more
24 new transmission services contract holders
25 shall be liable for a pro rata share of the

1 facility costs of the transmission grid
 2 project.

3 “(ii) TRANSMISSION REVENUES.—The
 4 transmission revenues shall be applied as a
 5 credit to the initial allocation of project
 6 costs.

7 “(d) COST ALLOCATION RATE FILINGS.—If a cost al-
 8 location plan is approved by the Commission in accordance
 9 with this section—

10 “(1) any public utility that has rates that are
 11 affected by the approved cost allocation plan shall
 12 file the allocation plan with the Commission pursu-
 13 ant to section 205; and

14 “(2) the cost allocation plan shall be presumed
 15 lawful under section 205 on filing, without notice or
 16 further opportunity for comment or hearing.

17 “(e) APPLICABILITY.—

18 “(1) IN GENERAL.—Except as provided in para-
 19 graph (3), the authority of the Commission under
 20 this section and section 403 to approve transmission
 21 plans and to allocate costs incurred pursuant to the
 22 plans applies to all transmission providers, genera-
 23 tors, and users, owners, and operators of the power
 24 system within the Eastern and Western Interconnec-

1 tions of the United States, including entities de-
 2 scribed in section 201(f).

3 “(2) REGIONAL PLANNING ENTITIES.—The
 4 Commission shall have authority over regional plan-
 5 ning entities to the extent necessary to carry out
 6 this section and section 403.

7 “(3) EXCLUSIONS.—

8 “(A) IN GENERAL.—This section does not
 9 apply in the State of Alaska or Hawaii or to the
 10 ERCOT, unless the State or ERCOT volun-
 11 tarily elects to participate in a cost allocation
 12 plan under this section.

13 “(B) EXISTING COST ALLOCATION AGREE-
 14 MENTS.—A project for which a cost allocation
 15 or cost recovery agreement was accepted by the
 16 Commission before the date of enactment of
 17 this part shall not be included in cost allocation
 18 under this section.

19 **“SEC. 407. FEDERAL TRANSMITTING UTILITIES ENCOUR-**
 20 **AGING CLEAN ENERGY DEVELOPMENT IN NA-**
 21 **TIONAL RENEWABLE ENERGY ZONES.**

22 “(a) LACK OF PRIVATE FUNDS.—If, by the date that
 23 is 3 years after the date of enactment of this part, no
 24 privately-funded entity has committed to financing
 25 (through self-financing or through a third-party financing

1 arrangement with a Federal transmitting utility) to ensure
 2 the construction and operation of a green transmission
 3 grid project (which the Commission has identified as an
 4 essential part of an Interconnection-wide green trans-
 5 mission project plan) by a specified date, the Federal
 6 transmitting utility responsible for the identification under
 7 section 403(d) shall finance such a transmission facility
 8 if the Federal transmitting utility has sufficient bonding
 9 authority under subsection (b).

10 “(b) BONDING AUTHORITY.—

11 “(1) IN GENERAL.—In addition to any other
 12 authority to issue and sell bonds, notes, and other
 13 evidence of indebtedness, a Federal transmitting
 14 utility may issue and sell bonds, notes, and other
 15 evidence of indebtedness in an amount not to exceed,
 16 at any 1 time, an aggregate outstanding balance of
 17 \$10,000,000,000, to finance the construction of
 18 transmission facilities described in subsection (a) for
 19 the principal purposes of—

20 “(A) increasing the generation of elec-
 21 tricity from renewable energy; and

22 “(B) conveying that electric energy to an
 23 electricity-consuming area.

24 “(2) RECOVERY OF COSTS.—A Federal trans-
 25 mitting utility shall recover the costs of green trans-

1 mission grid project facilities financed pursuant to
2 subsection (a) from entities using the transmission
3 facilities over a period of 50 years.

4 “(3) NONLIABILITY OF CERTAIN CUSTOMERS.—
5 Individuals and entities that, as of the date of enact-
6 ment of this part, are customers of a Federal trans-
7 mitting utility shall not be liable for the costs, in the
8 form of increased rates charged for electric energy
9 or transmission, of green transmission grid project
10 facilities constructed pursuant to this section, except
11 to the extent the customers are treated in a manner
12 similar to all other users of the green transmission
13 grid project facilities.

14 **“SEC. 408. FEDERAL POWER MARKETING AGENCIES.**

15 “(a) PROMOTION OF RENEWABLE ENERGY AND EN-
16 ERGY EFFICIENCY.—Each Federal transmitting utility
17 shall—

18 “(1) identify and take steps to promote energy
19 conservation and renewable energy electric resource
20 development in the regions served by the Federal
21 transmitting utility; and

22 “(2) identify opportunities to promote the de-
23 velopment of facilities generating electricity from re-
24 newable energy on Indian land within the service
25 territory of the Federal transmitting utility.

1 “(b) WIND INTEGRATION PROGRAMS.—The Bonne-
2 ville Power Administration and the Western Area Power
3 Administration shall each establish a program focusing on
4 the improvement of the integration of wind energy into
5 the transmission grids of those Administrations through
6 the development of transmission products, including
7 through the use of Federal hydropower resources, that—

8 “(1) take into account the intermittent nature
9 of wind electric generation; and

10 “(2) do not impair electric reliability.

11 “(c) SOLAR INTEGRATION PROGRAM.—Each of the
12 Federal Power Marketing Administrations and the Ten-
13 nessee Valley Authority shall establish a program to carry
14 out projects focusing on the integration of solar energy,
15 through photovoltaic, concentrating solar power systems
16 and other forms and systems, into the respective trans-
17 mission grids and into remote and distributed applications
18 in the respective service territories of the Federal Power
19 Marketing Administrations and Tennessee Valley Author-
20 ity, that—

21 “(1) take into account the solar energy cycle;

22 “(2) consider the appropriate use of Federal
23 land for generation or energy storage, where appro-
24 priate; and

25 “(3) do not impair electric reliability.

1 “(d) GEOTHERMAL INTEGRATION PROGRAM.—The
 2 Bonneville Power Administration and the Western Area
 3 Power Administration shall establish a joint program to
 4 carry out projects focusing on the development and inte-
 5 gration of geothermal energy and enhanced geothermal
 6 system resources into the respective transmission grids of
 7 the Bonneville Power Administration and the Western
 8 Area Power Administration, as well as non-grid, distrib-
 9 uted applications in those service territories, including
 10 projects combining geothermal energy resources with
 11 biofuels production or other industrial or commercial uses
 12 requiring process heat inputs, that—

13 “(1) consider the appropriate use of Federal
 14 land for the projects and activities;

15 “(2) displace fossil fuel baseload generation or
 16 petroleum imports; and

17 “(3) do not impair electric reliability.

18 “(e) RENEWABLE ELECTRICITY AND ENERGY SECU-
 19 RITY PROJECTS.—

20 “(1) IN GENERAL.—The Federal transmitting
 21 utilities, shall, in consultation with the Commission,
 22 the Secretary, the States, and such other individuals
 23 and entities as are necessary, undertake geographi-
 24 cally diverse projects within the respective service
 25 territories of the Federal transmitting utilities to ac-

1 quire and demonstrate grid-enabled and nongrid-en-
 2 abled plug-in electric and plug-in hybrid electric ve-
 3 hicles and related technologies as part of their fleets
 4 of vehicles.

5 “(2) INCREASE IN RENEWABLE ENERGY USE.—
 6 To the maximum extent practicable, each project
 7 conducted pursuant to any of subsections (b)
 8 through (d) shall include a component to develop ve-
 9 hicle technology, utility systems, batteries, power
 10 electronics, or such other related devices as are able
 11 to substitute, as the main fuel source for vehicles,
 12 transportation-sector petroleum consumption with
 13 electricity from renewable energy sources.

14 “(f) REREGULATING DAMS AND PUMPED STORAGE
 15 STUDY.—The Secretary of the Interior and the Secretary
 16 of the Army (acting through Chief of Engineers), in con-
 17 sultation with the Secretary of Energy, shall—

18 “(1) study the potential for reregulating facili-
 19 ties and pumped storage units at Federal dams to
 20 identify the facilities and units that are most worthy
 21 of further evaluation; and

22 “(2) submit to Congress a report on the results
 23 of the study, including recommendations on the next
 24 steps that should be taken.

1 “(g) WIND OR SOLAR–HYDRO INTEGRATION DEM-
2 ONSTRATION PROJECT.—

3 “(1) IN GENERAL.—The Western Area Power
4 Administration may fund the construction of wind or
5 solar generation to supply firming energy to Western
6 Area Power Administration to test the economic fea-
7 sibility of wind-hydro or solar-hydro integration.

8 “(2) TRIBAL LAND.—In carrying out this sub-
9 section, the Western Area Power Administration
10 shall consider locating the wind or solar generation
11 facilities on tribal land.

12 “(3) NONREIMBURSABLE COSTS.—All costs as-
13 sociated with a demonstration under this subsection
14 shall be considered nonreimbursable to electric en-
15 ergy customers of the Western Area Power Adminis-
16 tration.

17 **“SEC. 409. SOLAR ENERGY RESERVE PILOT PROJECT.**

18 “(a) PURPOSE.—The purpose of this section is to es-
19 tablish a solar energy reserve pilot program on Federal
20 land for the advancement, development, assessment, and
21 installation of commercial utility-scale solar electric energy
22 systems that will function as a potential model for the fu-
23 ture development of renewable energy zones identified
24 under this Act.

1 “(b) SITE SELECTION.—The Secretary of Energy
2 and the Secretary of the Interior, in consultation with the
3 Secretary of Defense, the Commission, States, and tribal
4 and local units of government (as appropriate), shall—

5 “(1) identify 1 or more areas of Federal land
6 under the jurisdiction of the Bureau of Land Man-
7 agement or land withdrawn by the Secretary of En-
8 ergy for other purposes that is feasible and suitable
9 for the installation of solar electric energy systems
10 that are sufficient to generate not less than 4
11 gigawatts and not more than 25 gigawatts;

12 “(2) not later than 180 days after the date of
13 enactment of this part, initiate the process for with-
14 drawal of 1 or more tracts of land to the Secretary
15 of Energy pursuant to section 204 of the Federal
16 Land Policy and Management Act of 1976 (43
17 U.S.C. 1714) for the purpose of creating solar en-
18 ergy reserves or the designation of land withdrawn
19 to the Secretary of Energy for other purposes as a
20 solar energy reserve; and

21 “(3) identify the needed transmission upgrades
22 to connect the solar energy reserves to the trans-
23 mission grid.

1 “(c) INELIGIBLE FEDERAL LAND.—A solar energy
 2 reserve shall not be established under this section on any
 3 land excluded for designation under section 402(a)(2).

4 “(d) DEVELOPMENT WITHIN RESERVES.—The Sec-
 5 retary of Energy shall—

6 “(1) have the sole authority to issue land use
 7 authorizations for land withdrawn under subsection
 8 (b);

9 “(2) establish criteria for approving applica-
 10 tions and developing infrastructure for solar re-
 11 serves;

12 “(3) not later than 2 years after the date of en-
 13 actment of this part, work with Federal agencies,
 14 States, and other interested persons to ensure, to
 15 the maximum extent practicable, that adequate in-
 16 frastructure is available for operation of the first
 17 solar energy reserve;

18 “(4) provide, to the maximum extent prac-
 19 ticable, for a variety of utility-scale solar electric en-
 20 ergy technologies; and

21 “(5) ensure, to the maximum extent prac-
 22 ticable, that all solar energy reserves pursuant to
 23 this section are permitted using an expedited permit-
 24 ting process.

25 “(e) DEVELOPING SOLAR ENERGY RESERVES.—

1 “(1) IN GENERAL.—Subject to paragraph (2),
2 in carrying out this section, the Secretary may—

3 “(A) install appropriate infrastructure, in-
4 cluding—

5 “(i) roads;

6 “(ii) renewable feeder lines that con-
7 nect to transmission lines; and

8 “(iii) equipment to access public or
9 private utility systems;

10 “(B) recover reasonable costs to pay for
11 the management of the solar energy reserves
12 and maintenance of the infrastructure relating
13 to the use of the land, except that the Secretary
14 shall not recover costs to pay for infrastructure
15 if the costs have or will be paid for by Federal
16 funds, to remain available until expended; and

17 “(C) negotiate agreements on behalf of all
18 solar electricity systems within the solar energy
19 reserve for—

20 “(i) the purchase of materials and
21 equipment;

22 “(ii) the provision of public utility
23 services and other services; and

24 “(iii) access to electric transmission
25 facilities.

1 “(2) OPTING OUT.—A developer of a solar elec-
 2 tricity system shall have the option, prior to the ef-
 3 fective date of the agreement, to opt out of any
 4 agreement negotiated by the Secretary under para-
 5 graph (1)(C).

6 “(f) ROYALTIES AND FEES.—

7 “(1) IN GENERAL.—In lieu of rental fees, each
 8 solar electricity system developer shall pay to the
 9 Secretary a royalty on the sale of electricity pro-
 10 duced from a solar electricity system placed into
 11 service on a solar energy reserve established under
 12 this section.

13 “(2) AMOUNT OF ROYALTY.—The amount of
 14 the royalty payable for a solar electricity system
 15 placed into service on a solar energy reserve under
 16 this subsection shall be equal to 1.0 mil per kilowatt-
 17 hour of electricity generated by the facility.

18 “(3) DEPOSIT IN TREASURY.—All royalties re-
 19 ceived by the United States from royalties under this
 20 subsection shall be deposited in the Treasury.

21 “(4) USE OF ROYALTIES.—

22 “(A) IN GENERAL.—Subject to subpara-
 23 graphs (B) and (C), of the amount of royalties
 24 deposited in the Treasury from a solar energy
 25 reserve for a fiscal year under paragraph (3)—

1 “(i) 20 percent shall be paid to the 1
 2 or more States within the boundaries of
 3 which the solar energy reserve is located;

4 “(ii) 30 percent shall be paid to the 1
 5 or more counties within the boundaries of
 6 which the solar energy reserve is located;

7 “(iii) 20 percent shall be deposited in
 8 a separate account in the Treasury, to be
 9 known as the ‘BLM Solar Energy Permit
 10 Processing Improvement Fund’, except
 11 that if the Fund equals \$10,000,000 or
 12 more, no additional royalties under this
 13 subsection shall be deposited in the Fund;
 14 and

15 “(iv) 5 percent shall be deposited into
 16 a separate account in the Treasury, to be
 17 known as the ‘Solar Energy Land Rec-
 18 lamation, Remediation, and Restoration
 19 Fund’.

20 “(B) BLM SOLAR ENERGY PERMIT PROC-
 21 ESSING IMPROVEMENT FUND.—Amounts depos-
 22 ited under subparagraph (A)(iii) shall be avail-
 23 able to the Secretary of the Interior for expend-
 24 iture, without further appropriation and with-
 25 out fiscal year limitation, for the purpose of

1 paying for the coordination and processing of
 2 solar energy right-of-way permit and land use
 3 applications and planning for solar energy de-
 4 velopment on land under the jurisdiction of the
 5 Bureau of Land Management.

6 “(C) SOLAR ENERGY LAND RECLAMATION,
 7 REMEDICATION, AND RESTORATION FUND.—
 8 Amounts deposited under subparagraph (A)(iv)
 9 shall be available to the Secretary of Energy for
 10 expenditure, without further appropriation and
 11 without fiscal year limitation, for the purpose of
 12 reclaiming, remediating, and restoring land
 13 within a solar energy reserve on which a solar
 14 electricity facility has permanently ceased oper-
 15 ation before disposal or for withdrawn land that
 16 is returned to the Department of the Interior.

17 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
 18 are authorized to be appropriated to the Secretary of En-
 19 ergy and the Secretary of the Interior such sums as are
 20 necessary to carry out this section.

21 **“SEC. 410. RELATIONSHIP TO OTHER LAWS.**

22 “Nothing in this part supersedes or affects any Fed-
 23 eral environmental, public health or public land protection,
 24 or historic preservation law, including—

1 “(1) the National Environmental Policy Act of
2 1969 (42 U.S.C. 4321 et seq.);

3 “(2) the Endangered Species Act of 1973 (16
4 U.S.C. 1531 et seq.); and

5 “(3) the National Historic Preservation Act (16
6 U.S.C. 470 et seq.).

7 **“SEC. 411. REGULATIONS.**

8 “Except as otherwise provided in this part, not later
9 than 1 year after the date of enactment of this part, the
10 Commission shall promulgate such regulations as are nec-
11 essary to carry out this part.”.

12 (b) GREEN TRANSMISSION INFRASTRUCTURE INCEN-
13 TIVE RATES.—Section 219(a) of the Federal Power Act
14 (16 U.S.C. 824s(a)) is amended by striking “purpose of”
15 and all that follows through the end of the subsection and
16 inserting “purpose of—

17 “(1) benefitting consumers by ensuring reli-
18 ability and reducing the cost of delivered power by
19 reducing transmission congestion; or

20 “(2) integrating renewable energy resources
21 into the transmission system.”.

22 (c) MAXIMUM FUNDING AMOUNT FOR THIRD-PARTY
23 FINANCE.—Section 1222 of the Energy Policy Act of
24 2005 (42 U.S.C. 16421) is amended by striking subsection
25 (g) and inserting the following:

1 “(g) MAXIMUM FUNDING AMOUNT.—The Secretary
 2 shall not accept and use more than \$2,500,000,000 under
 3 subsection (c)(1) for the period of fiscal years 2009
 4 through 2018.”.

5 (d) ENFORCEMENT.—Section 316A of the Federal
 6 Power Act (16 U.S.C. 825o–1) is amended by striking
 7 “part II” each place it appears and inserting “part II or
 8 IV”.

9 **SEC. 4. RENEWABLE ENERGY PILOT PROJECT OFFICES.**

10 (a) IN GENERAL.—Section 365 of the Energy Policy
 11 Act of 2005 (42 U.S.C. 15924) is amended by adding at
 12 the end the following:

13 “(k) PILOT PROJECT OFFICE TO IMPROVE FEDERAL
 14 PERMIT COORDINATION FOR RENEWABLE ENERGY.—

15 “(1) DEFINITION OF RENEWABLE ENERGY.—In
 16 this subsection, the term ‘renewable energy’ means
 17 energy derived from a wind, solar, geothermal, or
 18 biomass source.

19 “(2) FIELD PROJECT OFFICES.—As part of the
 20 Pilot Project, the Secretary shall designate 1 or
 21 more field offices of the Bureau of Land Manage-
 22 ment in each of the following States to serve as Re-
 23 newable Energy Pilot Project Offices for coordina-
 24 tion of Federal permits for renewable energy
 25 projects and renewable energy transmission involving

1 Federal land (other than permits issued by the Fed-
2 eral Energy Regulatory Commission):

3 “(A) Arizona.

4 “(B) California.

5 “(C) Colorado.

6 “(D) Oregon or Washington.

7 “(E) New Mexico.

8 “(F) Nevada.

9 “(G) Montana.

10 “(H) Wyoming.

11 “(3) MEMORANDUM OF UNDERSTANDING.—

12 “(A) IN GENERAL.—Not later than 90
13 days after the date of enactment of this sub-
14 section, the Secretary shall enter into an
15 amended memorandum of understanding under
16 subsection (b) to provide for the inclusion of the
17 additional Renewable Energy Pilot Project Of-
18 fices in the Pilot Project.

19 “(B) SIGNATURES BY GOVERNORS.—The
20 Secretary may request that the Governors of
21 each of the States described in paragraph (2)
22 be signatories to the amended memorandum of
23 understanding.

24 “(C) DESIGNATION OF QUALIFIED
25 STAFF.—Not later than 30 days after the date

1 of the signing of the amended memorandum of
 2 understanding, all Federal signatory parties
 3 shall, if appropriate, assign to each Renewable
 4 Energy Pilot Project Offices designated under
 5 paragraph (2) an employee described in sub-
 6 section (c) to carry out duties described in that
 7 subsection.

8 “(D) ADDITIONAL PERSONNEL.—The Sec-
 9 retary shall assign to each Renewable Energy
 10 Pilot Project Office additional personnel under
 11 subsection (f).”.

12 (b) PERMIT PROCESSING IMPROVEMENT FUND.—
 13 Section 35(c)(3) of the Mineral Leasing Act (30 U.S.C.
 14 191(c)(3)) is amended—

15 (1) by striking “use authorizations” and insert-
 16 ing “and renewable energy use authorizations”; and
 17 (2) by striking “section 365(d)” and inserting
 18 “subsections (d) and (k)(2) of section 365”.

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