

1 Title: To amend the Federal Power Act to require the President to designate certain geographical
2 areas as national renewable energy zones, and for other purposes.
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5 Be it enacted by the Senate and House of Representatives of the United States of America in
6 Congress assembled,

7 SECTION 1. SHORT TITLE.

8 This Act may be cited as the “Clean Renewable Energy Transmission and Economic
9 Development Act”.

10 SEC. 2. FINDINGS.

11 Congress finds that—

12 (1) electricity produced from renewable resources—

13 (A) helps to reduce emissions of greenhouse gases and other air pollutants;

14 (B) enhances national energy security;

15 (C) conserves water and finite resources; and

16 (D) provides substantial economic benefits, including job creation and technology
17 development;

18 (2) the potential exists for a far greater percentage of electricity generation in the United
19 States to be achieved through the use of renewable resources, as compared to the percentage
20 of electricity generation using renewable resources in existence as of the date of enactment
21 of this Act;

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

24 (4) many of the best potential renewable energy resources are located in rural areas far
25 from population centers;

26 (5) the lack of adequate electric transmission capacity is a primary obstacle to the
27 development of electric generation facilities fueled by renewable energy resources;

28 (6) the economies of many rural areas would substantially benefit from the increased
29 development of water-efficient electric generation facilities fueled by renewable energy
30 resources;

31 (7) more efficient use of existing transmission capacity, better integration of resources,
32 and greater investments in distributed generation and off-grid solutions may increase the
33 availability of transmission and distribution capacity for adding renewable resources and
34 help keep ratepayer costs low;

35 (8) the Federal Government has not adequately invested in or implemented an integrated
36 approach to accelerating the development, commercialization, and deployment of renewable
37 energy technologies and renewable electricity generation, including through enhancing
38 distributed generation or through vehicle- and transportation-sector use; and

(9) it is in the national interest for the Federal Government to implement policies that would enhance the quantity of electric transmission capacity available to take full advantage of the renewable energy resources available to generate electricity, and to more fully integrate renewable energy into the energy policies of the United States, and to address the tremendous national security and global warming challenges of the United States.

SEC. 3. NATIONAL RENEWABLE ENERGY ZONES AND GREEN TRANSMISSION.

(a) In General.—Title II of the Federal Power Act (16 U.S.C. 824 et seq.) is amended—

(1) by inserting before the section heading of section 201 (16 U.S.C. 824 et seq.) the following:

“Subpart A—Regulation of Electric Utility Companies”;

and

(2) by adding at the end the following:

“Subpart B—National Renewable Energy Zones and Green Transmission

“SEC. 231. DEFINITIONS.

“In this subpart:

“(1) BIOMASS.—

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

“(i) any lignin waste material that is segregated from other waste materials and is determined to be nonhazardous by the Administrator of the Environmental Protection Agency; and

“(ii) any solid, nonhazardous, cellulosic material that is derived from—

“(I) mill residue, precommercial thinnings, slash, brush, or nonmerchantable material;

“(II) solid wood waste materials, including a waste pallet, a crate, dunnage, manufacturing and construction wood wastes, and landscape or right-of-way tree trimmings;

“(III) agriculture waste, including an orchard tree crop, a vineyard, a grain, a legume, sugar, other crop byproducts or residues, and livestock waste nutrients; or

“(IV) a plant that is grown exclusively as a fuel for the production of electricity.

“(B) INCLUSIONS.—The term ‘biomass’ includes animal waste that is converted to a fuel rather than directly combusted, the residue of which is converted to a biological fertilizer, oil, or activated carbon.

- 1 “(C) EXCLUSIONS.—The term ‘biomass’ does not include—
- 2 “(i) municipal solid waste;
- 3 “(ii) paper that is commonly recycled; or
- 4 “(iii) pressure-treated, chemically-treated, or painted wood waste.
- 5 “(2) COMMISSION.—The term ‘Commission’ means the Federal Energy Regulatory
- 6 Commission.
- 7 “(3) DISTRIBUTED GENERATION.—The term ‘distributed generation’ means—
- 8 “(A) reduced electricity consumption from the electric grid because of use by a
- 9 customer of renewable energy generated at a customer site; and
- 10 “(B) electricity or thermal energy production from a renewable energy resource for a
- 11 customer that is not connected to an electric grid or thermal energy source pipeline.
- 12 “(4) ELECTRICITY-CONSUMING AREA.—The term ‘electricity-consuming area’ means the
- 13 area within which electric energy would be consumed if new high-voltage electric
- 14 transmission facilities were to be constructed to access renewable electricity in a national
- 15 renewable energy zone.
- 16 “(5) ELECTRICITY FROM RENEWABLE ENERGY.—The term ‘electricity from renewable
- 17 energy’ means electric energy generated from—
- 18 “(A) solar energy, wind, biomass, landfill gas, geothermal energy, or municipal solid
- 19 waste from which recyclable materials and hazardous materials have been separated;
- 20 “(B) new hydroelectric generation capacity achieved from increased efficiency, or
- 21 an addition of new capacity, at an existing hydroelectric project; or
- 22 “(C) marine and hydrokinetic energy, including—
- 23 “(i) waves, tides, and currents in oceans, estuaries, and tidal areas;
- 24 “(ii) free flowing water in rivers, lakes, and streams;
- 25 “(iii) free flowing water in man-made channels, including projects that use
- 26 nonmechanical structures to accelerate the flow of water for electric power
- 27 production purposes; or
- 28 “(iv) differentials in ocean temperature through ocean thermal energy
- 29 conversion.
- 30 “(6) FEDERAL TRANSMITTING UTILITY.—The term ‘Federal transmitting utility’ means—
- 31 “(A) a Federal power marketing agency that owns or operates an electric
- 32 transmission facility; and
- 33 “(B) the Tennessee Valley Authority.
- 34 “(7) GREEN TRANSMISSION GRID PROJECT.—
- 35 “(A) IN GENERAL.—The term ‘green transmission grid project’ means a project
- 36 for—
- 37 “(i) a new transmission line rated at or above 345 kilovolts that is part of an

1 interconnection-wide plan for an extra high voltage transmission grid to enable
2 transmission of electricity from renewable energy (including existing or projected
3 renewable generation) to electricity-consuming areas; or

4 “(ii) a new renewable feeder line that an interconnection-wide plan determines
5 is needed to connect renewable generation to the extra high voltage transmission
6 grid.

7 “(B) INCLUSIONS.—The term ‘green transmission grid project’ includes any network
8 upgrades associated with a line described in clause (i) or (ii) of subparagraph (A) that
9 are required to reliably interconnect the new line.

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

11 “(A) any land within the limits of any Indian reservation, pueblo, or rancheria;

12 “(B) any land not within the limits of any Indian reservation, pueblo, or rancheria
13 title to which was, on the date of enactment of this subpart—

14 “(i) held in trust by the United States for the benefit of any Indian tribe or
15 individual; or

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

18 “(C) any dependent Indian community; and

19 “(D) any land conveyed to any Alaska Native corporation under the Alaska Native
20 Claims Settlement Act (42 U.S.C. 1601 et seq.).

21 “(9) INTERCONNECTION.—The term ‘interconnection’ means a geographical area in which
22 the operation of bulk-power system components is synchronized so that the failure of 1 or
23 more of the components may adversely affect the ability of the operators of other
24 components within the system to maintain reliable operation of the facilities within the
25 control of the operators.

26 “(10) RENEWABLE FEEDER LINE.—

27 “(A) IN GENERAL.—The term ‘renewable feeder line’ means all transmission
28 facilities and equipment within a national renewable energy zone owned, controlled, or
29 operated by a transmission provider that are used to deliver electricity from multiple
30 renewable energy resources to the point at which the transmission provider connects to
31 a high-voltage transmission facility.

32 “(B) INCLUSIONS.—The term ‘renewable feeder line’ includes any associated
33 modifications, additions, or upgrades to or associated with the facilities and equipment
34 described in subparagraph (A).

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

36 “(i) any generator lead line connecting an individual generator to a renewable
37 feeder line; or

38 “(ii) any equipment owned, controlled, or operated by a generator.

39 “(11) SECRETARY.—The term ‘Secretary’ means the Secretary of Energy.

1 “(12) TRANSMISSION PROVIDER.—The term ‘transmission provider’ means an entity that
2 owns, controls, or operates a transmission facility used for the transmission of electricity in
3 interstate commerce.

4 “SEC. 232. DESIGNATION OF NATIONAL RENEWABLE
5 ENERGY ZONES.

6 “(a) Designations.—

7 “(1) IN GENERAL.—Except as provided in paragraph (2), not later than 90 days after the
8 date of enactment of this subpart for the Western interconnection and not later than 270
9 days after the date of enactment of this subpart for the Eastern interconnection, the
10 President shall designate as a national renewable energy zone each geographical area that,
11 as determined by the President—

12 “(A) has the potential to generate in excess of 1 gigawatt of electricity at least 30
13 percent of a year from renewable energy, a significant portion of which could be
14 generated in a rural area or on Federal land within the geographical area;

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

17 “(C) has the capability to contain additional renewable energy electric generating
18 facilities that would generate electricity consumed in 1 or more electricity-consuming
19 areas if there were a sufficient level of transmission capacity.

20 “(2) EXCLUSIONS.—The President shall not include in any national renewable energy
21 zone designated under paragraph (1)—

22 “(A) any area in which Federal law prohibits energy development, or that the
23 Federal agency or official exercising authority over the area exempts from inclusion in
24 a national renewable energy zone through land use, planning, or other processes,
25 including areas such as—

26 “(i) national parks, national marine sanctuaries, reserves, recreation areas, and
27 other similar units of the National Park System;

28 “(ii) designated wilderness, designated wilderness study areas, and other areas
29 managed for wilderness characteristics;

30 “(iii) national historic sites and historic parks;

31 “(iv) inventoried roadless areas and significant noninventoried roadless areas
32 within the National Forest System;

33 “(v) national monuments;

34 “(vi) national conservation areas;

35 “(vii) national wildlife refuges and areas of critical environmental concern;

36 “(viii) national historic and national scenic trails;

37 “(ix) areas designated as critical habitat; and

38 “(x) national wild, scenic, and recreational rivers; or

1 “(B) any area in which applicable State law or policy prohibits energy development.

2 “(b) Renewable Energy Requirements.—In making the designations required by subsection
3 (a), the President shall take into account Federal and State requirements for utilities to
4 incorporate renewable energy as part of meeting the load of load-serving entities.

5 “(c) Consultation.—Before making any designation under subsection (a) or (e), the President
6 shall consult with—

7 “(1) the Governors of affected States;

8 “(2) the public;

9 “(3) Federal transmitting utilities, public and private electricity and transmission utilities,
10 and cooperatives;

11 “(4) public utilities commissions and regional electricity planning organizations;

12 “(5) Federal and State land management and energy and environmental agencies;

13 “(6) renewable energy companies;

14 “(7) local government officials;

15 “(8) renewable energy and energy efficiency interest groups;

16 “(9) Indian tribes; and

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

18 “(d) Recommendations.—Not sooner than 3 years after the date of enactment of this subpart,
19 and triennially thereafter, the Secretary and the Federal transmitting utilities, in cooperation with
20 the Director of the Bureau of Land Management, the Director of the United States Geological
21 Survey, the Commissioner of Reclamation, the Chief of the Forest Service, the Director of the
22 United States Fish and Wildlife Service, the Secretary of Commerce (as appropriate), and the
23 Secretary of Defense, and after consultation with the Governors of the States, shall recommend
24 to the President and Congress—

25 “(1) specific areas with the greatest potential for environmentally acceptable renewable
26 energy resource development; and

27 “(2) any modifications of laws (including regulations) and resource management plans
28 necessary to fully achieve that potential, including identifying improvements to permit
29 application processes involving military and civilian agencies.

30 “(e) Existing Processes.—In carrying out this section, the President may use existing processes
31 that designate renewable energy zones.

32 “(f) Revision of Designations.—Based on the recommendations received under subsection (d),
33 the President may revise the designations made under subsection (a), as appropriate.

34 “(g) Election.—The Electric Reliability Council of Texas Interconnection may elect to
35 participate in the process described in this section.

36 “(h) Authorization of Appropriations.—There is authorized to be appropriated to carry out this
37 section (including renewable energy resource assessments) \$25,000,000 for each of fiscal years
38 2009 through 2019.

1 “SEC. 233. INTERCONNECTION-WIDE GREEN
2 TRANSMISSION GRID PROJECT PLANNING.

3 “(a) In General.—To achieve interconnection-wide coordination of planning to integrate
4 renewable energy from renewable energy zones, the Commission shall, by regulation—

5 “(1)(A) request proposals from each interconnection area for 1 or more organizations to
6 adequately represent the stakeholders in the interconnection area; and

7 “(B) not later than 60 days after the date of enactment of this subpart, designate 1 or more
8 appropriate organizations to serve as the planning entity to represent the interconnection
9 area under this subpart;

10 “(2) require each State and planning entity and Federal transmitting utility in each
11 interconnection to coordinate an open, transparent, nondiscriminatory planning process to
12 produce and submit to the Commission, not later than 1 year after the date of the
13 designations under section 232(a), an interconnection-wide green transmission grid project
14 plan; and

15 “(3) not later than 180 days after the date of enactment of this subpart, establish process
16 and governance rules for that planning process to ensure that—

17 “(A) the process builds on—

18 “(i) planning undertaken by States, Federal transmitting utilities, regional
19 transmission operators, utilities, and others; and

20 “(ii) corridor designation work carried out by Federal land agencies, the
21 Department of Energy, and others;

22 “(B) the planning process—

23 “(i) includes an interim process to expeditiously evaluate whether new
24 renewable feeder lines are appropriately added to the green transmission grid
25 project plan; and

26 “(ii) solicits input from transmission owners, regional transmission
27 organizations, independent system operators, State commissions, electricity
28 generators, prospective developers of new transmission and generation resources,
29 regional reliability organizations, environmental protection and land, water, and
30 wildlife conservation groups, and other interested parties.

31 “(b) Term; Requirements.—An interconnection-wide green transmission grid project plan
32 shall—

33 “(1) provide a plan for a period of at least 10 years into the future;

34 “(2) be filed with the Commission annually, for informational purposes;

35 “(3) be based on established and projected Federal and State renewable energy policies
36 and targets;

37 “(4) enhance transmission access for electricity from renewable energy in renewable
38 energy zones;

1 “(5) optimize environmental, consumer, economic, reliability (including distributed
2 generation), national security, and energy efficiency benefits; and

3 “(6) include—

4 “(A) an identification of green transmission grid projects needed to connect
5 renewable energy zones to the transmission grid;

6 “(B) an identification of needed green transmission grid projects (both high-voltage
7 and renewable feeder lines); and

8 “(C) alternatives to new transmission, including energy efficiency, demand
9 response, energy storage, and distributed generation.

10 “(c) Green Transmission Grid Project Planning.—The Secretary, after consultation with the
11 Commission and participants in the planning process, shall support—

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

13 “(2) demonstration and commercial application activities of new technologies in the
14 green transmission grid project plan.

15 “(d) Failure to Establish Process.—If a State in an interconnection does not establish and
16 participate in a timely manner in an interconnection-wide green transmission grid project
17 planning process in accordance with this section, or if such a planning process is established but
18 fails to result in the submission by the State of the components of the State for an
19 interconnection-wide green transmission grid project plan by the date specified in subsection
20 (a)(1), the Commission, in consultation with the Secretary, Federal transmitting utilities, regional
21 transmission organizations, the electric reliability organization, and regional reliability entities,
22 may carry out the planning process and develop an interconnection-wide green transmission grid
23 project plan on behalf of the States in the interconnection.

24 “(e) Evaluation and Recommendations.—The Commission shall—

25 “(1) periodically evaluate whether green transmission grid projects are being constructed
26 in a timely manner;

27 “(2) take such action as is authorized to address any identified obstacles to investment
28 and construction; and

29 “(3) provide to Congress recommendations for any further actions or authority needed to
30 ensure development of planned green transmission grid project facilities.

31 “(f) Surcharge.—

32 “(1) IN GENERAL.—Subject to paragraph (2), the Commission shall by regulation—

33 “(A) impose on all transmission customers (including load-serving entities and
34 generators) in an interconnection area a Federal transmission surcharge to fund the
35 interconnection-wide planning required under this section for the area; and

36 “(B) establish requirements for the distribution to States and use of funds received
37 under subparagraph (A) in applicable areas.

38 “(2) LIMITATION.—The Commission shall not impose or collect surcharges under
39 paragraph (1) that exceed a total amount of \$80,000,000 in any calendar year.

1 “(3) DISTRIBUTION.—The Secretary, acting through the Commission, shall, in accordance
2 with the regulations promulgated under paragraph (1), distribute on an equitable basis funds
3 received under that paragraph among States and planning entities, if the Governor of the
4 receiving State—

5 “(A) in the case of the first year of distribution, certifies to the Secretary that the
6 State will participate in an interconnection-wide green transmission grid project
7 planning process;

8 “(B) in the case of the second and subsequent years of distribution—

9 “(i) submits to the Secretary timely interconnection-wide green transmission
10 grid project plans under this section; and

11 “(ii) certifies annually to the Secretary that all load-serving entities in the State
12 offer a fairly-priced renewable power purchase option to all the customers of the
13 entities; and

14 “(C) demonstrates that the planning entities are able to effectively represent a wide
15 spectrum of stakeholders, including organizations established for consumer protection
16 and for the protection and conservation of land, fish, and wildlife.

17 “(g) Applicability.—

18 “(1) IN GENERAL.—Except as provided in paragraph (2), this section applies to each user,
19 owner, and operator of a bulk-power system.

20 “(2) EXCLUSIONS.—This section does not apply to the State of Alaska, Hawaii, or Texas,
21 unless the State voluntarily elects to participate in the planning process, and impose the
22 planning surcharge, required under this section.

23 “SEC. 234. FEDERAL SITING OF GREEN TRANSMISSION 24 GRID PROJECT FACILITIES.

25 “(a) In General.—The Commission, after consultation with affected States, may issue 1 or
26 more permits for the construction or modification of an electric transmission facility if the
27 Commission finds that the project—

28 “(1) is included in an interconnection-wide green transmission grid project plan
29 submitted under section 233; and

30 “(2) maximizes transmission capability based on technical constraints, land use
31 limitations, and the potential generation capacity of renewable energy zones interconnected
32 to the project.

33 “(b) Evidence of Need.—Inclusion of a project in an interconnection-wide green transmission
34 grid project plan submitted under section 233 shall be considered to be sufficient evidence of
35 need for the project to warrant the granting of a construction permit under subsection (a).

36 “(c) Permit Application.—

37 “(1) IN GENERAL.—A permit application under subsection (a) shall be made in writing to
38 the Commission.

39 “(2) ADMINISTRATION.—The Commission, in consultation with States, shall promulgate

1 regulations specifying—

2 “(A) the form of the application;

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

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

5 “(d) Rights-of-Way.—

6 “(1) IN GENERAL.—In the case of a permit under subsection (a) for an electric
7 transmission facility to be located on property other than property owned by the United
8 States or a State, if the permit holder cannot acquire by contract, or is unable to agree with
9 the owner of the property to the compensation to be paid for, the necessary right-of-way to
10 construct or modify the transmission facility, the permit holder may acquire the right-of-
11 way by the exercise of the right of eminent domain in the United States district court for the
12 district in which the property concerned is located, or in the appropriate court for the State
13 in which the property is located.

14 “(2) USE.—Any right-of-way acquired under paragraph (1) shall be used exclusively for
15 the construction or modification of an electric transmission facility within a reasonable
16 period of time after acquisition of the right-of-way.

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

21 “(4) LIMITATIONS.—

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

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

27 “(i) shall not be used for any purpose not described in subparagraph (A); and

28 “(ii) shall terminate on the termination of the use for which the right-of-way is
29 acquired.

30 “(e) State Authority.—

31 “(1) IN GENERAL.—Except as provided in paragraph (2), in granting a construction permit
32 under subsection (a), the Commission shall—

33 “(A) permit State regulatory agencies to identify siting constraints and mitigation
34 measures based on habitat protection, environmental considerations, or cultural site
35 protection; and

36 “(B)(i) incorporate those identified constraints or measures in the construction
37 permit; or

38 “(ii) if the Commission determines that such a constraint or measure is inconsistent
39 with the purposes of this subpart, consult with State regulatory agencies to seek to

1 resolve the issue, giving due deference to the expertise of the State regulatory agencies.

2 “(2) INTERCONNECTION-WIDE GREEN TRANSMISSION GRID PROJECT PLANNING PROCESS.—
3 The Commission shall not be required to include constraints or measures described in
4 paragraph (1) that are identified by a State that does not participate in an interconnection-
5 wide green transmission grid project planning process under section 233.

6 “(f) Environmental Reviews.—With respect to any project for which a construction permit is
7 granted under subsection (a), Secretary, acting through the Commission, shall—

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

11 “(2) in consultation with other affected agencies, prepare a single environmental review
12 document that would be used as the basis for all decisions under Federal law relating to the
13 proposed project, in accordance with section 216(h) of this Act.

14 “(g) Restricted Areas.—In granting a construction permit under subsection (a), the
15 Commission shall—

16 “(1) avoid granting a construction permit for areas described in section 232(a)(2); and

17 “(2) consider and, to the maximum extent practicable, select alternative routes to avoid
18 those areas.

19 “(h) Access to Transmission.—

20 “(1) IN GENERAL.—Subject to paragraph (2), any project described in subsection (a) that
21 traverses multiple States that participate in an interconnection-wide green transmission grid
22 project planning process under section 233 shall guarantee the interconnection of generation
23 or load to each green transmission grid project in each State the project traverses, unless
24 additional interconnection points would make the project technically or economically
25 infeasible.

26 “(2) ADDITIONAL FUNDS.—If a project described in paragraph (1) cannot make the
27 guarantee described in that paragraph for a State, the State shall be eligible for additional
28 funds under section 235.

29 “(i) Minimum Renewable Requirement.—

30 “(1) IN GENERAL.—Except as provided in paragraph (2), the transmission provider for a
31 green transmission grid project sited through the granting of a construction permit under
32 subsection (a) shall certify annually to the Commission, in accordance with regulations
33 promulgated by the Commission, that at least 75 percent of new generation resources
34 interconnecting to the project are renewable generation resources (other than resources
35 constructed before the date of enactment of this subpart).

36 “(2) ADJUSTMENT.—

37 “(A) IN GENERAL.—Subject to subparagraph (B), the Commission may reduce the
38 minimum percentage specified in paragraph (1) in any case in which the Commission
39 determines that it is necessary for a specific renewable feeder line to have less than 75
40 percent of generation resources interconnecting to the renewable feeder line be

1 renewable resources in order to maintain compliance with Commission-approved
2 reliability standards.

3 “(B) COST-EFFECTIVE ENERGY STORAGE OPTIONS.—To be eligible for a reduction for
4 a proposed project under subparagraph (A), the applicant for the reduction shall
5 investigate and submit to the Commission a detailed report on cost-effective energy
6 storage options in the area covered by the project.

7 “(j) Firm Transmission Rights.—

8 “(1) IN GENERAL.—The Commission shall adopt, by rule, regulations requiring
9 transmission providers to allocate, on a priority basis, firm or equivalent financial
10 transmission rights for any green transmission grid project sited under this section for
11 transmission of energy from renewable resources to a load-serving entity that contracts to
12 purchase renewable resources.

13 “(2) PRIORITY ALLOCATION.—The priority allocation shall be in proportion to the
14 quantity of electricity from renewable energy that a load-serving entity purchases or
15 generates compared to the total load of the load-serving entity.

16 “(3) VERIFICATION.—

17 “(A) AREAS WITH REGIONAL TRANSMISSION ORGANIZATIONS.—In a regional bulk
18 power market with a regional transmission organization that is approved by the
19 Commission, the regional transmission organization shall verify the extent to which
20 load-serving entities receiving priority transmission rights purchase and use electricity
21 from renewable energy.

22 “(B) OTHER AREAS.—In a region without a regional transmission organizations, the
23 Commission shall establish and approve acceptable means by which transmission
24 providers shall verify the extent to which each load-serving entity receiving priority
25 transmission rights purchases and uses electricity from renewable energy.

26 “(k) Administration.—Nothing in this section waives the application of any applicable
27 environmental law (including a regulation).

28 “SEC. 235. GRANTS FOR INTERCONNECTION-WIDE 29 GREEN TRANSMISSION GRID PROJECT PLANS.

30 “(a) In General.—The Secretary, in consultation with the Commission, shall make grants to
31 States and planning entities that submit or implement interconnection-wide green transmission
32 grid project plans required to be developed pursuant to this subpart in a timely manner for (as
33 appropriate)—

34 “(1) implementation of sections 233 and 234;

35 “(2) transmission improvements (including smart grid investments) for States and
36 planning entities that meet deadlines in implementing those plans;

37 “(3) training for State public utility commission staff and local workforces relating to
38 renewable generation resources, smart grid, or new transmission technologies;

39 “(4) mitigation of landowner concerns and impacts;

1 “(5) habitat and wildlife conservation;

2 “(6) security upgrades to the transmission system and authorized uses under title XIII of
3 the Energy Independence and Security Act of 2007 (15 U.S.C. 17381 et seq.);

4 “(7) energy storage, reliability, or distributed projects; and

5 “(8) other programs and projects that are consistent with the purposes of this subpart.

6 “(b) Authorization of Appropriations.—There is authorized to be appropriated to carry out this
7 section \$500,000,000, including amounts made available—

8 “(1) under the American Recovery and Reinvestment Act of 2009; or

9 “(2) through the sale of carbon allowances in a law enacted after the date of enactment of
10 this Act that imposes a limitation on greenhouse gas emissions.

11 “SEC. 236. COST ALLOCATION.

12 “(a) In General.—As part of an interconnection-wide green transmission grid project plan
13 submitted under section 233, the State utility commissioners or other appropriate bodies having
14 jurisdiction over the plan may jointly propose to the Commission, and file under section 205, a
15 cost allocation plan for high-voltage electric transmission facilities built by a public utility
16 transmission provider that would serve the electricity-consuming area.

17 “(b) Approval.—The Commission may approve a cost allocation plan proposed under
18 subsection (a) if the Commission determines that—

19 “(1) taking into account the users of the transmission facilities, the plan will result in rates
20 that are just and reasonable; and

21 “(2) the plan would not unduly inhibit the development of renewable energy electric
22 generation projects.

23 “(c) No Approval of Allocation Plan.—Unless a cost allocation plan is approved by the
24 Commission under subsection (b), not later than 90 days after the date of the informational filing
25 of the green transmission grid project plan under section 233(b), the Commission shall fairly
26 allocate the costs of new high-voltage electric transmission facilities built in the area by 1 or
27 more public utility transmission providers (recognizing the national and regional benefits
28 associated with increased access to electricity from renewable energy) pursuant to a rolled-in
29 transmission charge.

30 “(d) Applicability.—

31 “(1) IN GENERAL.—Except as provided in paragraph (2), each user, owner, and operator
32 of a bulk-power system shall comply with this section.

33 “(2) EXCLUSIONS.—This section does not apply in the State of Alaska, Hawaii, or Texas,
34 unless the State voluntarily elects to participate in a cost allocation plan under this section.

35 “SEC. 237. ENCOURAGING CLEAN ENERGY 36 DEVELOPMENT IN NATIONAL RENEWABLE ENERGY 37 ZONES.

1 “(a) Cost Recovery.—The Commission shall promulgate such regulations as are necessary to
2 ensure that a public utility transmission provider recovers all prudently incurred costs, and a
3 reasonable return on equity, associated with the new transmission capacity, if the transmission
4 provider finances a green transmission grid project after the date of enactment of this subpart.

5 “(b) Alternative Transmission Financing Mechanism.—

6 “(1) IN GENERAL.—The Commission shall permit a green transmission grid project built
7 by a public utility transmission provider in a national renewable energy zone to be initially
8 funded through a transmission charge imposed on all transmission customers of the
9 transmission provider or, if the green transmission grid project is built in an area served by a
10 regional transmission organization or independent system operator, all of the transmission
11 customers of the transmission operator, if the Commission finds that—

12 “(A) the renewable energy resources that would use the green transmission grid
13 project are remote from the grid and load centers;

14 “(B) the green transmission grid project will likely result in multiple individual
15 renewable energy electric generation projects being developed by multiple competing
16 developers; and

17 “(C) the green transmission grid project has at least 1 project subscribed through an
18 executed generation interconnection agreement with the transmission provider and has
19 tangible demonstration of additional interest.

20 “(2) NEW ELECTRIC GENERATION PROJECTS.—As new electric generation projects are
21 constructed and interconnected to the green transmission grid project, the transmission
22 services contract holder for the generation project shall, on a prospective basis, pay a pro
23 rata share of the facility costs of the green transmission grid project, thus reducing the effect
24 on the rates of customers of the public utility transmission provider.

25 “(c) Federal Transmitting Utilities.—

26 “(1) LACK OF PRIVATE FUNDS.—If, by the date that is 3 years after the date of enactment
27 of this subpart, no privately-funded entity has committed to financing (through self-
28 financing or through a third-party financing arrangement with a Federal transmitting utility)
29 to ensure the construction and operation of a high-voltage or other renewable electricity
30 connection facility (which the Commission has identified as an essential part of an
31 interconnection-wide green transmission project plan) by a specified date, the Federal
32 transmitting utility responsible for the identification shall finance such a transmission
33 facility if the Federal transmitting utility has sufficient bonding authority under paragraph
34 (2).

35 “(2) BONDING AUTHORITY.—

36 “(A) IN GENERAL.—In addition to any other authority to issue and sell bonds, notes,
37 and other evidence of indebtedness, a Federal transmitting utility may issue and sell
38 bonds, notes, and other evidence of indebtedness in an amount not to exceed, at any 1
39 time, an aggregate outstanding balance of \$10,000,000,000, to finance the construction
40 of transmission facilities described in paragraph (1) for the principal purposes of—

41 “(i) increasing the generation of electricity from renewable energy; and

1 “(ii) conveying that electricity to an electricity-consuming area.

2 “(B) RECOVERY OF COSTS.—A Federal transmitting utility shall recover the costs of
3 renewable electricity connection facilities financed pursuant to paragraph (1) from
4 entities using the transmission facilities over a period of 50 years.

5 “(C) NONLIABILITY OF CERTAIN CUSTOMERS.—Individuals and entities that, as of the
6 date of enactment of this subpart, are customers of a Federal transmitting utility shall
7 not be liable for the costs, in the form of increased rates charged for electricity or
8 transmission, of renewable electricity connection facilities constructed pursuant to this
9 section, except to the extent the customers are treated in a manner similar to all other
10 users of the renewable electricity connection facilities.

11 “SEC. 238. FEDERAL POWER MARKETING AGENCIES.

12 “(a) Promotion of Renewable Energy and Energy Efficiency.—Each Federal transmitting
13 utility shall—

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

16 “(2) identify opportunities to promote the development of facilities generating electricity
17 from renewable energy on Indian land within the service territory of the Federal
18 transmitting utility.

19 “(b) Wind Integration Programs.—The Bonneville Power Administration and the Western
20 Area Power Administration shall each establish a program focusing on the improvement of the
21 integration of wind energy into the transmission grids of those Administrations through the
22 development of transmission products, including through the use of Federal hydropower
23 resources, that—

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

25 “(2) do not impair electric reliability.

26 “(c) Solar Integration Program.—Each of the Federal Power Administrations and the
27 Tennessee Valley Authority shall establish a program to carry out projects focusing on the
28 integration of solar energy, through photovoltaic concentrating solar systems and other forms
29 and systems, into the respective transmission grids and into remote and distributed applications
30 in the respective service territories of the Federal Power Administrations and Tennessee Valley
31 Authority, that—

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

33 “(2) maximize the use of Federal land for generation or energy storage, where
34 appropriate; and

35 “(3) do not impair electric reliability.

36 “(d) Geothermal Integration Program.—The Bonneville Power Administration and the
37 Western Area Power Administration shall establish a joint program to carry out projects focusing
38 on the development and integration of geothermal energy and enhanced geothermal system
39 resources into the respective transmission grids of the Bonneville Power Administration and the
40 Western Area Power Administration, as well as non-grid, distributed applications in those

1 service territories, including projects combining geothermal energy resources with biofuels
2 production or other industrial or commercial uses requiring process heat inputs, that—

3 “(1) maximize the use of Federal land for the projects and activities;

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

5 “(3) improve electric reliability.

6 “(e) Renewable Electricity and Energy Security Projects.—

7 “(1) IN GENERAL.—The Federal transmitting utilities, shall, in consultation with the
8 Commission, the Secretary, the National Association of Regulatory Utility Commissioners,
9 and such other individuals and entities as are necessary, undertake geographically diverse
10 projects within the respective service territories of the Federal transmitting utilities to
11 acquire and demonstrate grid-enabled and nongrid-enabled plug-in electric and hybrid
12 electric vehicles and related technologies as part of their fleets of vehicles.

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

18 “SEC. 239. SOLAR ENERGY RESERVE PILOT PROJECT.

19 “(a) Purpose.—The purpose of this section is to establish a solar energy reserve pilot program
20 on Federal land for the advancement, development, assessment, and installation of commercial
21 utility-scale solar electric energy systems that will function as a potential model for the future
22 development of renewable energy zones identified by the Secretary of Energy and the Secretary
23 of the Interior.

24 “(b) Site Selection.—In consultation with the Secretary of the Interior, the Secretary of
25 Defense, the Commission, States, and tribal and local units of government (as appropriate), the
26 Secretary shall—

27 “(1) identify Federal land under the jurisdiction of the Bureau of Land Management that
28 is feasible and suitable for the installation of solar electric energy systems that are sufficient
29 to generate not less than 4 gigawatts and not more than 25 gigawatts;

30 “(2) initiate the process for withdrawal of land to the Department of Energy for the
31 purpose of creating the solar energy reserve or the designation of land withdrawn to the
32 Department of Energy for other purposes as a solar energy reserve;

33 “(3) not later than 180 days after the date of enactment of this subpart, initiate the
34 legislative process for withdrawal of 1 or more tracts of land for a solar energy reserve,
35 except that this paragraph shall not prevent the Secretary of the Interior from withdrawing
36 additional Federal land to the Department of Energy for additional solar energy reserves;
37 and

38 “(4) identify the needed transmission upgrades to the solar energy reserves.

39 “(c) Ineligible Federal Land.—A solar reserve shall not be established under this section on
40 any land excluded for designation under section 232(a)(2).

1 “(d) Development Within Reserves.—The Secretary of Energy shall—

2 “(1) have the sole authority to issue land use authorizations for land withdrawn under
3 subsection (b);

4 “(2) establish criteria for approving applications and developing infrastructure for solar
5 reserves;

6 “(3) not later than 2 years after the date of enactment of this subpart, work with Federal
7 agencies, States, and other interested persons to ensure, to the maximum extent practicable,
8 that adequate infrastructure is available for operation of an initial solar zone;

9 “(4) provide, to the maximum extent practicable, for a variety of utility-scale solar
10 electric energy technologies;

11 “(5) complete all necessary environmental surveys, compliance, and permitting for land
12 use authorizations; and

13 “(6) ensure, to the maximum extent practicable, that all solar energy reserves pursuant to
14 this section are permitted using an expedited permitting process.

15 “(e) Solar Electricity Systems.—In carrying out this section, the Secretary may—

16 “(1) install appropriate infrastructure, including—

17 “(A) roads;

18 “(B) collector power lines that connect to transmission lines; and

19 “(C) equipment to access public or private utility systems;

20 “(2) recover reasonable costs to pay for the management of the solar energy reserves and
21 maintenance of the infrastructure relating to the use of the land, except that the Secretary
22 shall not recover costs to pay for infrastructure if the costs have or will be paid for by
23 Federal funds, to remain available until expended; and

24 “(3) negotiate agreements on behalf of all solar energy systems within the solar energy
25 reserve for—

26 “(A) the purchase of materials and equipment;

27 “(B) the provision of public utility services and other services;

28 “(C) access to electric transmission lines; and

29 “(D) the sale of electricity generated by solar electricity systems within the solar
30 energy reserve, except that a developer of a solar electricity system shall have the
31 option, prior to the effective date of the agreement, to opt out of a power purchase
32 agreement negotiated by the Secretary.

33 “(f) Royalties and Fees.—

34 “(1) IN GENERAL.—In lieu of rental fees, each solar electricity system developer shall pay
35 to the Secretary a royalty on the sale of electricity produced from a solar electricity system
36 placed into service on a solar energy reserve established under this section.

37 “(2) AMOUNT OF ROYALTY.—The amount of the royalty payable for a solar electricity
38 system placed into service on a solar energy reserve under this subsection shall be equal to

1 1.0 mil per kilowatt-hour of electricity generated by the facility.

2 “(3) DEPOSIT IN TREASURY.—All royalties received by the United States from royalties
3 under this subsection shall be deposited in the Treasury.

4 “(4) USE OF ROYALTIES.—

5 “(A) IN GENERAL.—Subject to subparagraphs (B) and (C), of the amount of royalties
6 deposited in the Treasury from a solar energy reserve for a fiscal year under paragraph
7 (3)—

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

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

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

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

19 “(B) BLM RENEWABLE ENERGY RIGHT-OF-WAY PERMIT PROCESSING IMPROVEMENT
20 FUND.—Amounts deposited under subparagraph (A)(iii) shall be available to the
21 Secretary of the Interior for expenditure, without further appropriation and without
22 fiscal year limitation, for the purpose of paying the salaries and expenses of employees
23 of the Bureau of Land Management who are specifically dedicated to the coordination
24 and processing of renewable energy right-of-way permit and land use applications.

25 “(C) SOLAR ENERGY LAND RECLAMATION, REMEDIATION, AND RESTORATION FUND.—
26 Amounts deposited under subparagraph (A)(iv) shall be available to the Secretary of
27 the Interior for expenditure, without further appropriation and without fiscal year
28 limitation, for the purpose of reclaiming, remediating, and restoring land within a solar
29 energy reserve on which a solar electricity facility has permanently ceased operation.

30 “(g) Authorization of Appropriations.—There are authorized to be appropriated to the
31 Secretary of Energy and the Secretary of the Interior such sums as are necessary to carry out this
32 section.

33 “SEC. 240. RELATIONSHIP TO OTHER LAWS.

34 “Nothing in this subpart supersedes or affects any Federal environmental, public health or
35 public land protection, or historic preservation law, including—

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

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

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

39 “SEC. 241. REGULATIONS.

1 “Not later than 1 year after the date of enactment of this subpart, the Commission shall
2 promulgate such regulations as are necessary to carry out this subpart.”.

3 (b) Green Transmission Infrastructure Incentive Rates.—Section 219(a) of the Federal Power
4 Act (16 U.S.C. 824s(a)) is amended by striking “purpose of” and all that follows through the end
5 of the subsection and inserting “purpose of—

6 “(1) benefitting consumers by ensuring reliability and reducing the cost of delivered
7 power by reducing transmission congestion; or

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

9 (c) Maximum Funding Amount for Third-Party Finance.—Section 1222 of the Energy Policy
10 Act of 2005 (42 U.S.C. 16421) is amended by striking subsection (g) and inserting the following:

11 “(g) Maximum Funding Amount.—The Secretary shall not accept and use more than
12 \$2,500,000,000 under subsection (c)(1) for the period of fiscal years 2009 through 2018.”.

13 (d) Conforming Amendments.—

14 (1) Section 3 of the Federal Power Act (42 U.S.C. 796) is amended by adding at the end
15 the following:

16 “(30) ELECTRIC DRIVE VEHICLE.—

17 “(A) IN GENERAL.—The term ‘electric drive vehicle’ means a vehicle that uses—

18 “(i) an electric motor for all or part of the motive power of the vehicle; and

19 “(ii) off-board electricity wherever practicable.

20 “(B) INCLUSIONS.—The term ‘electric drive vehicle’ includes—

21 “(i) a battery electric vehicle;

22 “(ii) a plug-in hybrid electric vehicle; and

23 “(iii) a plug-in hybrid fuel cell vehicle.”.

24 (2) Subpart A of part II of the Federal Power Act (as redesignated by subsection (a)) is
25 amended—

26 (A) in the heading of section 201, by striking “PART” and inserting “SUBPART”; and

27 (B) by striking “this Part” each place it appears and inserting “this subpart”.

28 SEC. 4. RENEWABLE ENERGY PILOT PROJECT OFFICES.

29 (a) In General.—Section 365 of the Energy Policy Act of 2005 (42 U.S.C. 15924) is amended
30 by adding at the end the following:

31 “(k) Pilot Project Office to Improve Federal Permit Coordination for Renewable Energy.—

32 “(1) DEFINITION OF RENEWABLE ENERGY.—In this subsection, the term ‘renewable
33 energy’ means energy derived from a wind or solar source.

34 “(2) FIELD OFFICES.—As part of the Pilot Project, the Secretary shall designate 1 field
35 office of the Bureau of Land Management in each of the following States to serve as
36 Renewable Energy Pilot Project Offices for coordination of Federal permits for renewable

1 energy projects and renewable energy transmission involving Federal land:

2 “(A) Arizona.

3 “(B) California.

4 “(C) Oregon or Washington.

5 “(D) New Mexico.

6 “(E) Nevada.

7 “(F) Montana.

8 “(G) Wyoming.

9 “(3) MEMORANDUM OF UNDERSTANDING.—

10 “(A) IN GENERAL.—Not later than 90 days after the date of enactment of this
11 subsection, the Secretary shall enter into an amended memorandum of understanding
12 under subsection (b) to provide for the inclusion of the additional Renewable Energy
13 Pilot Project Offices in the Pilot Project.

14 “(B) SIGNATURES BY GOVERNORS.—The Secretary may request that the Governors
15 of each of the States described in paragraph (2) be signatories to the amended
16 memorandum of understanding.

17 “(C) DESIGNATION OF QUALIFIED STAFF.—Not later than 30 days after the date of the
18 signing of the amended memorandum of understanding, all Federal signatory parties
19 shall, if appropriate, assign to each Renewable Energy Pilot Project Offices designated
20 under paragraph (2) an employee described in subsection (c) to carry out duties
21 described in that subsection.

22 “(D) ADDITIONAL PERSONNEL.—The Secretary shall assign to each Renewable
23 Energy Pilot Project Office additional personnel under subsection (f).”.

24 (b) Permit Processing Improvement Fund.—Section 35(c)(3) of the Mineral Leasing Act (30
25 U.S.C. 191(c)(3)) is amended—

26 (1) by striking “use authorizations” and inserting “and renewable energy use
27 authorizations”; and

28 (2) by striking “section 365(d)” and inserting “subsections (d) and (k)(2) of section 365”.