

**AMENDMENT TO COMMITTEE PRINT #2
OFFERED BY MR. INSLEE OF WASHINGTON**

Page 46, after the table of contents, insert the following and make the necessary conforming changes in the table of contents:

1 **Subtitle C—Rural Clean Energy**

2 **SEC. 112. SHORT TITLE.**

3 This subtitle may be cited as the “Rural Clean En-
4 ergy Superhighways Act”.

5 **SEC. 113. FINDINGS.**

6 The Congress finds that—

7 (1) electricity produced from renewable re-
8 sources helps to reduce greenhouse gas emissions,
9 and limits emissions of other pollutants regulated
10 pursuant to the Clean Air Act, enhances national en-
11 ergy security, and provides substantial economic
12 benefits;

13 (2) the potential exists for a far greater per-
14 centage of electric production in the United States
15 to be generated through the use of renewable re-
16 sources than current levels;

1 (3) many of the best potential renewable energy
2 resources are located in rural areas far from popu-
3 lation centers;

4 (4) the lack of adequate electric transmission
5 capacity is one of the primary obstacles to the devel-
6 opment of electric generation facilities fueled by re-
7 newable energy resources;

8 (5) the economies of many rural areas would
9 substantially benefit from the increased development
10 of electric generation facilities fueled by renewable
11 energy resources; and

12 (6) it is in the national interest for the Federal
13 government to implement policies that will enhance
14 the amount of electric transmission capacity avail-
15 able to take full advantage of renewable energy re-
16 sources to generate electricity.

17 **SEC. 114. NATIONAL RENEWABLE ENERGY ZONES.**

18 (a) **IN GENERAL.**—Title II of the Federal Power Act
19 (16 U.S.C. 824 et seq.) is amended—

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

“SUBTITLE A—REGULATION OF ELECTRIC UTILITY COMPANIES”; AND

22 (2) by adding at the end the following:

1 **“Subtitle B—National Renewable**
2 **Energy Zones**

3 **“SEC. 231. DEFINITIONS.**

4 “In this subtitle:

5 “(1) The term ‘Commission’ means the Federal
6 Energy Regulatory Commission.

7 “(2) The term ‘electricity from renewable
8 energy’ means electric energy generated from ___

9 “(A) solar, wind, geothermal or ocean en-
10 ergy;

11 “(B) biomass (as defined in section 203(a)
12 of the Energy Policy Act of 2005);

13 “(C) landfill gas; or

14 “(D) incremental hydropower.

15 “(3) The term ‘Federal Power Marketing Ad-
16 ministration’ means any agency or instrumentality
17 of the United States (other than the Tennessee Val-
18 ley Authority) which sells electric energy.

19 “(4) The term ‘Federal Transmitting Utility’
20 means a Federal Power Marketing Administration
21 that owns or operates electric transmission facilities
22 or the Tennessee Valley Authority.

23 “(5) The term ‘geothermal energy’ means en-
24 ergy derived from a geothermal deposit (within the

1 meaning of section 613(e)(2) of the Internal Rev-
2 enue Code of 1986).

3 “(6) The term ‘renewable energy trunkline’
4 shall mean a radial transmission line at a voltage of
5 115 kV or above, including all associated trans-
6 mission facilities and equipment within a National
7 Renewable Energy Zone that is used to deliver elec-
8 tricity from renewable energy to the point where the
9 trunkline connects to a high-voltage electric trans-
10 mission facility, including any modifications, addi-
11 tions or upgrades to such facilities and equipment.
12 A renewable energy trunkline shall not include net-
13 work upgrades.

14 “(7) The term ‘high-voltage electric trans-
15 mission facility’ means those electric facilities with a
16 capability in excess of 200 kilovolts.

17 “(8) The term ‘network upgrades’ shall mean
18 the additions or modifications to the transmission
19 provider’s high-voltage transmission system other
20 than ‘renewable energy trunkline facilities.

21 “(9) The term ‘President’ means the President
22 of the United States.

23 “(10) The term ‘Indian lands’ means—

24 “(A) any land within the limits of any In-
25 dian reservation, pueblo or Rancheria,

1 Zone each area that meets each of the following condi-
2 tions:

3 “(1) The potential to generate in excess of one
4 gigawatt of electricity from renewable energy with-
5 out having a material detrimental impact on reli-
6 ability.

7 “(2) An insufficient level of electric trans-
8 mission capacity to achieve the potential identified
9 pursuant to paragraph (1).

10 “(3) Access, for renewable energy to be gen-
11 erated in the National Renewable Energy Zone, to
12 one or more electricity consuming areas if there were
13 a sufficient level of transmission capacity.

14 “(b) FACTORS.—In making the designations required
15 by subsection (a), the Secretary take into account the fol-
16 lowing:

17 “(1) State and Federal requirements for utili-
18 ties to incorporate renewable energy as part of serv-
19 ing load; and

20 “(2) The impact of electric transmission facility
21 development on the aesthetic and environmental val-
22 ues of land contained in an area eligible for National
23 Renewable Energy Zone designation.

24 “(c) ADDITIONAL FACILITIES.—Within six months of
25 the designation of a National Renewable Energy Zone, the

1 President or the President's designee shall identify, and
2 provide public notice of, specific additional high-voltage
3 electric transmission facilities and other nontransmission
4 alternatives required to substantially increase the genera-
5 tion of electricity from renewable energy within each Na-
6 tional Renewable Energy Zone.

7 “(d) PUBLIC VIEWS.—Before designating an area as
8 a National Renewable Energy Zone, the President or the
9 President's designee shall afford each affected State, In-
10 dian Tribe and other interested persons a reasonable op-
11 portunity to present their views and recommendations be-
12 fore a designation shall be effective.

13 “(e) EXPANSION.—The President or the President's
14 designee shall every three years after the date of enact-
15 ment consider whether to expand an existing National Re-
16 newable Energy Zone or designate a new National Renew-
17 able Energy Zone pursuant to the criteria set forth in sub-
18 section (a).

19 **“SEC. 233. ENCOURAGING CLEAN ENERGY SUPERHIGHWAY**
20 **DEVELOPMENT IN NATIONAL RENEWABLE**
21 **ENERGY ZONES.**

22 “(a) COST RECOVERY.—(1) The Commission shall
23 issue and enforce such regulations as are necessary to en-
24 sure that a public utility transmission provider that fi-
25 nances transmission capacity to transmit electricity from

1 renewable energy from a National Renewable Energy Zone
2 to an electricity consuming area after the date of enact-
3 ment of this subtitle recovers through its rates for trans-
4 mission service all costs and a reasonable return on equity
5 associated with the construction and operation of such new
6 transmission capacity.

7 “(2) A regulation under paragraph (1) shall be en-
8 forceable in accordance with the provisions of law applica-
9 ble to enforcement of regulations under this Act.

10 “(b) ALTERNATIVE TRANSMISSION FINANCING
11 MECHANISM.—The Commission shall permit a renewable
12 energy trunkline built by a public utility transmission pro-
13 vider in a National Renewable Energy Zone to, in advance
14 of generation interconnection requests, be initially funded
15 through a transmission charge imposed upon all trans-
16 mission customers of the transmission provider or, if the
17 renewable energy trunkline is built in an area served by
18 a regional transmission organization or independent sys-
19 tem operator, all of the transmission customers of such
20 transmission operator, if the Commission makes each of
21 the following findings:

22 “(1) The renewable energy resources that would
23 utilize the renewable energy trunkline are remote
24 from the grid and load centers.

1 “(2) The renewable energy trunkline will likely
2 result in multiple individual renewable energy elec-
3 tric generation projects being developed by multiple
4 competing developers. The renewable energy trunk-
5 line has at least one project subscribed through an
6 executed generation interconnection agreement with
7 the transmission provider and has tangible dem-
8 onstration of additional interest. As new electric gen-
9 eration projects are constructed and interconnected
10 to the renewable energy trunkline, the transmission
11 services contract holder for such generation project
12 will, on a going forward basis, pay a pro-rata share
13 of the renewable energy trunkline facility’s costs,
14 thus reducing the effect on the rates of customers of
15 the public utility transmission provider.”.

16 (b) TRANSMISSION COST ALLOCATION.—Section 206
17 of the Federal Power Act (16 U.S.C. 824e) is amended
18 by adding the following new subsection at the end thereof:

19 “(e)(1) Within six months of the date the President
20 designates an area as a National Renewable Energy Zone,
21 the State utility commissions or other appropriate bodies
22 having jurisdiction over the public utilities providing serv-
23 ice in the National Renewable Energy Zone or an adjacent
24 electricity consuming area may jointly propose to the Com-
25 mission a cost allocation plan for high-voltage electric

1 transmission facilities built by a public utility transmission
2 provider that would serve the electricity consuming area.

3 “(2) The Commission may approve the plan proposed
4 by the States pursuant to paragraph (1) if, taking into
5 account the users of the transmission facilities, the plan
6 will result in rates that are just and reasonable and not
7 unduly discriminatory or preferential and the plan would
8 not unduly inhibit the development of renewable energy
9 electric generation projects.

10 “(3) Unless a plan has been approved by the Commis-
11 sion pursuant to paragraph (2), the Commission shall fair-
12 ly allocate the costs of new high-voltage electric trans-
13 mission facilities built in the area by one or more public
14 utility transmission providers (recognizing the national
15 and regional benefits associated with increased access to
16 electricity from renewable energy) pursuant to a rolled-
17 in transmission charge. nothing in this subsection shall ex-
18 pand, directly or indirectly, the jurisdiction of the Com-
19 mission with respect to any Federal Transmitting Util-
20 ity.”.

21 (c) FEDERAL TRANSMITTING UTILITIES.—(1) If no
22 privately or publicly funded entity commits within one
23 year of the identification required in section 232(c) of the
24 Federal Power Act to finance (either on its own or through
25 a third party financing arrangement with a Federal

1 Transmitting Utility) a high-voltage electric transmission
2 facility identified in such notice, a Federal Transmitting
3 Utility shall finance the construction of the high-voltage
4 electric transmission facility and operate and maintain
5 such facility if the Federal Transmitting Utility deter-
6 mines—

7 (A) the facility would be located within the
8 area in which the Federal Transmitting Utility
9 is statutorily authorized to construct trans-
10 mission facilities;

11 (B) the facility may be constructed and op-
12 erated without having a material detrimental
13 impact on reliability; and

14 (C) equally effective nontransmission op-
15 tions are unavailable.

16 (2)(A) Subject to the availability of appropriated
17 funds, the Department of Energy is authorized to issue
18 and sell bonds, notes, and other evidence of indebtedness
19 to the Secretary of Treasury from time to time in an
20 amount not to exceed \$10,000,000,000 outstanding at any
21 one time. The Department of Energy shall deposit the
22 amounts raised pursuant to this subsection to a Trans-
23 mission Fund, which shall be located in the U.S. Treasury.

24 (B) Amounts deposited in the Transmission Fund
25 shall be available without further appropriation or fiscal

1 year limitation to a Federal Transmitting Utility to fund
2 the construction, operation and maintenance of high-volt-
3 age electric transmission facilities authorized by sub-
4 section (1). Except as specified in subparagraph (C),
5 amounts used for construction, operation and maintenance
6 shall be recovered by the Federal Transmitting Utility and
7 repaid to the Transmission Fund over a period of 50
8 years.

9 (C) If a Federal Transmitting Utility determines that
10 revenue from users of the high-voltage electric trans-
11 mission facility may not be sufficient to recover its costs
12 over time, it may set a transmission rate for its use sepa-
13 rate from rates charged for the use of the Federal Trans-
14 mitting Utility's other transmission facilities. In such
15 event, power and transmission customers of the Federal
16 Transmitting Utility shall not be liable for the costs of
17 the high-voltage transmission facility except for the
18 amount of transmission capacity such customers utilize as
19 determined by each Federal Transmitting Utility. Any
20 amounts that cannot be so recovered from such separate
21 rate over a period of 50 years shall not be required to
22 be repaid by the Federal Transmitting Utility to the
23 Transmission Fund in the United States Treasury.

24 (3) The regulations promulgated pursuant to this Act
25 shall, to the maximum extent practicable, ensure that not

1 less than 75 percent of the capacity of any high-voltage
2 electric transmission line constructed by a Federal trans-
3 mitting utility pursuant to this section is used for elec-
4 tricity from renewable energy.

5 **SEC. 115. FEDERAL POWER MARKETING ADMINISTRATIONS**
6 **AND TVA.**

7 (a) **PROMOTION OF RENEWABLE ENERGY AND EN-**
8 **ERGY EFFICIENCY.**—The Western Area Power Adminis-
9 tration, the Southeastern Area Power Administration, the
10 Southwestern Area Power Administration and the Ten-
11 nessee Valley Authority shall each identify and, to the ex-
12 tent economically feasible and not inconsistent with other
13 statutory obligations, take steps to promote energy con-
14 servation and renewable energy electric resource develop-
15 ment in the regions served by such utility.

16 (b) **ACQUISITION OF RENEWABLE ENERGY AND RE-**
17 **NEWABLE ENERGY CREDITS.**—Each Federal Power Mar-
18 keting Administration and the Tennessee Valley Authority
19 may, subject to advance payment arrangements by the
20 Federal Government being in place that assure the Fed-
21 eral Power Marketing Administration is held financially
22 harmless for its actions pursuant to this section, use its
23 purchasing power to acquire on behalf of the Federal gov-
24 ernment electricity from renewable energy and renewable
25 energy credits in sufficient amounts to meet the require-

1 ments of section 203 of the Energy Policy Act of 2005.
2 The Federal agencies on behalf of which a Federal Power
3 Marketing Administration or the Tennessee Valley Au-
4 thority acquires renewable energy or renewable energy
5 credits shall fully reimburse the Federal Power Marketing
6 Administration or the Tennessee Valley Authority for such
7 transactions.

8 (c) **TRIBAL RENEWABLE ENERGY.**—Each Federal
9 Power Marketing Administration and the Tennessee Val-
10 ley Authority shall identify opportunities for promoting
11 the development of facilities generating electricity from re-
12 newable energy on Indian lands.

13 (d) **NONREIMBURSABLE FUNDS.**—The amounts ex-
14 pended by a Federal Power Marketing Administration or
15 the Tennessee Valley Authority pursuant to this section
16 shall not be subject to reimbursement by the customers
17 of such utility.

18 **SEC. 116 CONSISTENCY WITH ENVIRONMENTAL LAWS.**

19 Nothing in this Act shall be deemed to waive any ex-
20 isting Federal or State environmental protection provision,
21 including the requirements of—

22 (1) the National Forest Management Act of
23 1976 (16 U.S.C. 472a et seq.);

24 (2) the Endangered Species Act of 1973 (16
25 U.S.C. 1531 et seq.);

1 (3) the National Environmental Policy Act of
2 1969 (42 U.S.C. 4231 et. seq.);

3 (4) the Federal Water Pollution Control Act of
4 1969 (33 U.S.C. 1251 et . seq.); and

5 (5) the Federal Land Policy and Management
6 Act of 1976 (43 U.S.C. 1701 et seq.).

