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

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

SECTION 1. SHORT TITLE.

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

SEC. 2. FINDINGS.

Congress finds that—

(1) electricity produced from renewable resources—

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

(B) enhances national energy security;

(C) conserves water and finite resources; and

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

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

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

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

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

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

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

(8) the Federal Government has not adequately invested in or implemented an integrated
approach to accelerating the development, commercialization, and deployment of renewable
energy technologies and renewable electricity generation, including through enhancing
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.
“(C) EXCLUSIONS.—The term ‘biomass’ does not include—

“(i) municipal solid waste;
“(ii) paper that is commonly recycled; or
“(iii) pressure-treated, chemically-treated, or painted wood waste.

“(2) COMMISSION.—The term ‘Commission’ means the Federal Energy Regulatory Commission.

“(3) DISTRIBUTED GENERATION.—The term ‘distributed generation’ means—

“(A) reduced electricity consumption from the electric grid because of use by a customer of renewable energy generated at a customer site; and
“(B) electricity or thermal energy production from a renewable energy resource for a customer that is not connected to an electric grid or thermal energy source pipeline.

“(4) ELECTRICITY-CONSUMING AREA.—The term ‘electricity-consuming area’ means the area within which electric energy would be consumed if new high-voltage electric transmission facilities were to be constructed to access renewable electricity in a national renewable energy zone.

“(5) ELECTRICITY FROM RENEWABLE ENERGY.—The term ‘electricity from renewable energy’ means electric energy generated from—

“(A) solar energy, wind, biomass, landfill gas, geothermal energy, or municipal solid waste from which recyclable materials and hazardous materials have been separated;
“(B) new hydroelectric generation capacity achieved from increased efficiency, or an addition of new capacity, at an existing hydroelectric project; or
“(C) marine and hydrokinetic energy, including—
“(i) waves, tides, and currents in oceans, estuaries, and tidal areas;
“(ii) free flowing water in rivers, lakes, and streams;
“(iii) free flowing water in man-made channels, including projects that use nonmechanical structures to accelerate the flow of water for electric power production purposes; or
“(iv) differentials in ocean temperature through ocean thermal energy conversion.

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

“(A) a Federal power marketing agency that owns or operates an electric transmission facility; and
“(B) the Tennessee Valley Authority.

“(7) GREEN TRANSMISSION GRID PROJECT.—

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

“(i) a new transmission line rated at or above 345 kilovolts that is part of an
interconnection-wide plan for an extra high voltage 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 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 line described in clause (i) or (ii) of subparagraph (A) that
are required to reliably interconnect the new line.

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

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

“(i) held in trust by the United States for the benefit of any Indian tribe or
individual; or
“(ii) held by any Indian tribe or individual subject to restriction by the United
States against alienation;
“(C) any dependent Indian community; and
“(D) any land conveyed to any Alaska Native corporation under the Alaska Native
Claims Settlement Act (42 U.S.C. 1601 et seq.).

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

“(10) RENEWABLE FEEDER LINE.—

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

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

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

“(i) any generator lead line connecting an individual generator to a renewable
feeder line; or
“(ii) any equipment owned, controlled, or operated by a generator.

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

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

“(a) Designations.—

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

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

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

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

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

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

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

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

“(iii) national historic sites and historic parks;

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

“(v) national monuments;

“(vi) national conservation areas;

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

“(viii) national historic and national scenic trails;

“(ix) areas designated as critical habitat; and

“(x) national wild, scenic, and recreational rivers; or
“(B) any area in which applicable State law or policy prohibits energy development.

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

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

“(1) the Governors of affected States;

“(2) the public;

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

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

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

“(6) renewable energy companies;

“(7) local government officials;

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

“(9) Indian tribes; and

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

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

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

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

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

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

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

“(h) Authorization of Appropriations.—There is authorized to be appropriated to carry out this section (including renewable energy resource assessments) $25,000,000 for each of fiscal years 2009 through 2019.
“SEC. 233. INTERCONNECTION-WIDE GREEN TRANSMISSION GRID PROJECT PLANNING.

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

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

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

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

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

“(A) the process builds on—

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

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

“(B) the planning process—

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

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

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

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

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

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

“(4) enhance transmission access for electricity from renewable energy in renewable energy zones;
“(5) optimize environmental, consumer, economic, reliability (including distributed generation), national security, and energy efficiency benefits; and

“(6) include—

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

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

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

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

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

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

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

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

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

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

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

“(f) Surcharge.—

“(1) In general.—Subject to paragraph (2), the Commission shall by regulation—

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

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

“(2) Limitation.—The Commission shall not impose or collect surcharges under paragraph (1) that exceed a total amount of $80,000,000 in any calendar year.
“(3) DISTRIBUTION.—The Secretary, acting through the Commission, shall, in accordance
with the regulations promulgated under paragraph (1), distribute on an equitable basis funds
received under that paragraph among States and planning entities, if the Governor of the
receiving State—

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

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

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

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

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

“(g) Applicability.—

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

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

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

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

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

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

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

“(c) Permit Application.—

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

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

“(A) the form of the application;

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

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

“(d) Rights-of-Way.—

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

“(2) USE.—Any right-of-way acquired under paragraph (1) shall be used exclusively for the construction or modification of an electric transmission facility 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 subsection 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 facility 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); and

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

“(e) State Authority.—

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

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

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

“(ii) if the Commission determines that such a constraint or measure is inconsistent with the purposes of this subpart, consult with State regulatory agencies to seek to
resolve the issue, giving due deference to the expertise of the State regulatory agencies.

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

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

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

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

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

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

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

“(h) Access to Transmission.—

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

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

“(i) Minimum Renewable Requirement.—

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

“(2) ADJUSTMENT.—

“(A) IN GENERAL.—Subject to subparagraph (B), the Commission may reduce the minimum percentage specified in paragraph (1) in any case in which the Commission determines that it is necessary for a specific renewable feeder line to have less than 75 percent of generation resources interconnecting to the renewable feeder line be...
renewable resources in order to maintain compliance with Commission-approved reliability standards.

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

“(j) Firm Transmission Rights.—

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

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

“(3) VERIFICATION.—

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

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

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

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

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

“(1) implementation of sections 233 and 234;

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

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

“(4) mitigation of landowner concerns and impacts;
“(5) habitat and wildlife conservation;
“(6) security upgrades to the transmission system and authorized uses under title XIII of
“(7) energy storage, reliability, or distributed projects; and
“(8) other programs and projects that are consistent with the purposes of this subpart.
“(b) Authorization of Appropriations.—There is authorized to be appropriated to carry out this
section $500,000,000, including amounts made available—
“(1) under the American Recovery and Reinvestment Act of 2009; or
“(2) through the sale of carbon allowances in a law enacted after the date of enactment of
this Act that imposes a limitation on greenhouse gas emissions.

“SEC. 236. COST ALLOCATION.
“(a) In General.—As part of an interconnection-wide green transmission grid project plan
submitted under section 233, the State utility commissioners or other appropriate bodies having
jurisdiction over the plan may jointly propose to the Commission, and file under section 205, a
cost allocation plan for high-voltage electric transmission facilities built by a public utility
transmission provider that would serve the electricity-consuming area.
“(b) Approval.—The Commission may approve a cost allocation plan proposed under
subsection (a) if the Commission determines that—
“(1) taking into account the users of the transmission facilities, the plan will result in rates
that are just and reasonable; and
“(2) the plan would not unduly inhibit the development of renewable energy electric
generation projects.
“(c) No Approval of Allocation Plan.—Unless a cost allocation plan is approved by the
Commission under subsection (b), not later than 90 days after the date of the informational filing
of the green transmission grid project plan under section 233(b), the Commission shall fairly
allocate the costs of new high-voltage electric transmission facilities built in the area by 1 or
more public utility transmission providers (recognizing the national and regional benefits
associated with increased access to electricity from renewable energy) pursuant to a rolled-in
transmission charge.
“(d) Applicability.—
“(1) IN GENERAL.—Except as provided in paragraph (2), each user, owner, and operator
of a bulk-power system shall comply with this section.
“(2) EXCLUSIONS.—This section does not apply in the State of Alaska, Hawaii, or Texas,
unless the State voluntarily elects to participate in a cost allocation plan under this section.

“SEC. 237. ENCOURAGING CLEAN ENERGY
DEVELOPMENT IN NATIONAL RENEWABLE ENERGY
ZONES.
“(a) Cost Recovery.—The Commission shall promulgate such regulations as are necessary to ensure that a public utility transmission provider recovers all prudently incurred costs, and a reasonable return on equity, associated with the new transmission capacity, if the transmission provider finances a green transmission grid project after the date of enactment of this subpart.

“(b) Alternative Transmission Financing Mechanism.—

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

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

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

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

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

“(c) Federal Transmitting Utilities.—

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

“(2) BONDING AUTHORITY.—

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

“(i) increasing the generation of electricity from renewable energy; and
“(ii) conveying that electricity to an electricity-consuming area.

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

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

“SEC. 238. FEDERAL POWER MARKETING AGENCIES.

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

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

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

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

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

“(2) do not impair electric reliability.

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

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

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

“(3) do not impair electric reliability.

“(d) Geothermal Integration Program.—The Bonneville Power Administration and the Western Area Power Administration shall establish a joint program to carry out projects focusing on the development and integration of geothermal energy and enhanced geothermal system resources into the respective transmission grids of the Bonneville Power Administration and the Western Area Power Administration, as well as non-grid, distributed applications in those
service territories, including projects combining geothermal energy resources with biofuels production or other industrial or commercial uses requiring process heat inputs, that—

“(1) maximize the use of Federal land for the projects and activities;
“(2) displace fossil fuel baseload generation or petroleum imports; and
“(3) improve electric reliability.

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

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

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

“SEC. 239. SOLAR ENERGY RESERVE PILOT PROJECT.

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

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

“(1) identify Federal land under the jurisdiction of the Bureau of Land Management that is feasible and suitable for the installation of solar electric energy systems that are sufficient to generate not less than 4 gigawatts and not more than 25 gigawatts;
“(2) initiate the process for withdrawal of land to the Department of Energy for the purpose of creating the solar energy reserve or the designation of land withdrawn to the Department of Energy for other purposes as a solar energy reserve;
“(3) not later than 180 days after the date of enactment of this subpart, initiate the legislative process for withdrawal of 1 or more tracts of land for a solar energy reserve, except that this paragraph shall not prevent the Secretary of the Interior from withdrawing additional Federal land to the Department of Energy for additional solar energy reserves; and
“(4) identify the needed transmission upgrades to the solar energy reserves.

“(c) Ineligible Federal Land.—A solar reserve shall not be established under this section on any land excluded for designation under section 232(a)(2).
“(d) Development Within Reserves.—The Secretary of Energy shall—

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

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

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

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

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

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

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

“(1) install appropriate infrastructure, including—

“(A) roads;

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

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

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

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

“(A) the purchase of materials and equipment;

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

“(C) access to electric transmission lines; and

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

“(f) Royalties and Fees.—

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

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

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

“(4) USE OF ROYALTIES.—

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

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

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

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

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

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

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

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

“SEC. 240. RELATIONSHIP TO OTHER LAWS.

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

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

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

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

“SEC. 241. REGULATIONS.
“Not later than 1 year after the date of enactment of this subpart, the Commission shall promulgate such regulations as are necessary to carry out this subpart.”.

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

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

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

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

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

(d) Conforming Amendments.—

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

“(30) ELECTRIC DRIVE VEHICLE.—

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

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

“(ii) off-board electricity wherever practicable.

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

“(i) a battery electric vehicle;

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

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

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

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

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

SEC. 4. RENEWABLE ENERGY PILOT PROJECT OFFICES.

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

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

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

“(2) FIELD OFFICES.—As part of the Pilot Project, the Secretary shall designate 1 field office of the Bureau of Land Management in each of the following States to serve as Renewable Energy Pilot Project Offices for coordination of Federal permits for renewable energy.
energy projects and renewable energy transmission involving Federal land:

“(A) Arizona.
“(B) California.
“(C) Oregon or Washington.
“(D) New Mexico.
“(E) Nevada.
“(F) Montana.
“(G) Wyoming.

“(3) MEMORANDUM OF UNDERSTANDING.—

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

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

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

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

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

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

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