

H.R. 2915 (McClintock), To repeal the Western Area Power Administration borrowing authority, and for other purposes.

H.R. 2915 was introduced by Rep. Tom McClintock (R-CA) on September 15, 2011. If enacted, H.R. 2915 would repeal Western's borrowing authority, as authorized by American Recovery and Reinvestment Act. A hearing was held on the bill on September 22, 2011.

Section 402 of the American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was signed into law by President Obama on February 17, 2009. Section 402 of the Recovery Act amended the Hoover Power Plant Act of 1984 (Public Law 98-381) to create \$3.25 billion in borrowing authority for the Western Area Power Administration (Western). The objective of the borrowing authority was to allow the construction of new transmission to deliver or facilitate the delivery of power generated by renewable energy resources. With this borrowing authority, Western can borrow funds from the Treasury to finance, facilitate, plan, construct, operate and maintain or study the construction of new or upgraded transmission lines and related facilities, as long as at least one terminus is in Western's service area. Similar borrowing authority was provided for the Bonneville Power Administration through the Recovery Act, which is not affected by this bill. The primary difference between that borrowing authority and Western's is that Western's is specifically intended to facilitate the transport of renewable energy to load centers.

On May 14, 2009, Western published in the Federal Register the creation of the Transmission Infrastructure Program to administer the new borrowing authority. The Transmission Infrastructure Program is responsible for certifying that projects approved for funding meet the following principles:

- Is in the public interest.
- Will not adversely impact system reliability or operations, or other statutory obligations.
- Offers reasonable expectation that proceeds will be adequate to meet Western's repayment obligations.
- Uses a public process to set transmission rates.
- Has the necessary capability to obtain and deliver generation-related ancillary services.
- Uses proceeds from the project to repay principal and interest of the loan from the Treasury.

Western is currently utilizing its borrowing authority for three projects, the Montana Alberta Transmission Line (MATL), the Electric District No. 5 Palo Verde Hub, and the Transwest Express (TWE) Project. These projects would be able to go forward at their current stage under H.R. 2915, but all future stages for these projects and all other projects would not be able to receive financing support from Western. One of these projects is the TransWest Express LLC transmission project which is currently in the development phase. TransWest estimates that the 725-mile transmission line will deliver 3,000 MW of renewable energy from Wyoming to the Desert Southwest, creating 1,050 construction jobs during the three-year construction phase. Approximately 3,000 to 5,000 indirect jobs will be created nationwide because of the demand for

materials and services to build the power line itself. The construction of the TWE project is dependent on Western's borrowing authority.

The majority has attempted to characterize Western's borrowing authority to that of the Department of Energy's (DOE) Solyndra loan guarantee, and that the borrowing authority poses a similar threat of default. However, the DOE loan guarantee and Western's borrowing authority are completely different funding mechanisms, and investments in transmission lines are considered a less risky investment than those targeting the development of new innovative technologies. While no projects certified under the Transmission Infrastructure Program have been completed, it is important to note that none of the projects have defaulted.

Staff Contact: Camille Calimlim Touton and Jonathan Phillips (5-6065)

Amendment #	Sponsor	Amendment Description	Project Description	Vote (Y-N)
LMS-965	Markey	Exempts all phases of the Transwest Project	The Project consists of an overhead transmission line extending approximately 725 miles from south-central Wyoming crossing Colorado and Utah, with a potential interconnection at the Intermountain Power Project near Delta, Utah, and terminating at the Marketplace Hub in southern Nevada. The line that will deliver 3,000 MW of renewable energy from Wyoming to the Desert Southwest, creating 1,050 construction jobs during the three-year construction phase. .	17-26 Not agreed to
LMS-967	Lujan	Exempts the SunZia Project	The SunZia Project is a 460-mile, double-circuit, 500-kV AC line from central New Mexico to central Arizona. Current planned capacity is 4,000 megawatts. The SunZia line was identified as one of the lines considered under the Administration's Rapid Transmission Response Team.	16-27 Not agreed to
LMS-969	Napolitano	Exempts South Slope Pumped Storage Project	The South Slope Transmission project is envisioned to consist of two primary 6,000 acre reservoirs and a 5,000 acre-feet reservoir. The project requires a new 30-mile-long, 230-kilovolt transmission line and significant transmission upgrades to the WAPA system to export power to Four Corners	16-27 Not agreed to
LMS-970	Lujan	Exempts the Centennial West Project	The Centennial West Clean Line will deliver enough clean renewable energy to power approximately 1.9 million homes. The Centennial West Clean Line is estimated to provide more than 5,000 construction jobs and more than 500 permanent jobs to maintain and operate the wind farms and the transmission line. The project will make possible more than \$7 billion of new renewable energy investments.	16-27 Not agreed to
LMS-971	Napolitano	Exempts the Solar Express Project	The Solar Express Project is developing a 122 mile, 500-kV double circuit transmission line. Solar Express will connect world class solar potential in Nye County, NV and Inyo, CA with CA-ISO's Eldorado terminal, Boulder City, NV. The Project will facilitate 1,500MW of new solar power, sufficient to power a city of 200,000 and displace more than 1 million metric tons of annual CO2 emissions.	17-26 Not agreed to

LMS-972	Holt	Exempts the Colorado Highlands Project	The Colorado Highlands Wind project will require systems upgrades including transmission line and substation from the wind site located in Logan County, Colorado.	16-27 not agreed to
LMS-974	Grijalva	Exempts the Southline Project	The South Line Transmission Project is a new high voltage transmission corridor that will run from the El Paso region across southern New Mexico, into southeast Arizona and (via upgrades) into the Palo Verde hub outside Phoenix. The Southline is a bi-directional energy corridor engineered to enable greater than 1,000 MW of renewable generation to reach load centers in California, Arizona, New Mexico and Texas.	17-26 Not agreed to
Markey-069	Markey	Repeal will not go into effect until the Administrator of Western can certify that 5,000 jobs are not lost		17-26 Not agreed to