

- “(1) firm transmission rights described in subsection (a);
or
“(2) firm transmission rights obtained by exercising contract or tariff rights associated with the firm transmission rights described in subsection (a).”.

SEC. 1236. SENSE OF CONGRESS REGARDING LOCATIONAL INSTALLED CAPACITY MECHANISM.

- (a) FINDINGS.—Congress finds that—
- (1) in regard to a proposal to develop and implement a specific type of locational installed capacity mechanism in New England pending before the Federal Energy Regulatory Commission; and
 - (2) the Governors of the States have objected to the proposed mechanism, arguing that the mechanism—
 - (A) would not provide adequate assurance that necessary electric generation capacity or reliability will be provided; and
 - (B) would impose a high cost on consumers and have a significant negative economic impact.
- (b) SENSE OF CONGRESS.—Congress—
- (1) notes the concerns of the New England States to the proposed mechanism; and
 - (2) declares that it is the sense of Congress that the Federal Energy Regulatory Commission should carefully consider the States’ objections.

Subtitle D—Transmission Rate Reform

SEC. 1241. TRANSMISSION INFRASTRUCTURE INVESTMENT.

Part II of the Federal Power Act (16 U.S.C. 824 et seq.) is amended by adding at the end the following:

“SEC. 219. TRANSMISSION INFRASTRUCTURE INVESTMENT.

“(a) RULEMAKING REQUIREMENT.—Not later than 1 year after the date of enactment of this section, the Commission shall establish, by rule, incentive-based (including performance-based) rate treatments for the transmission of electric energy in interstate commerce by public utilities for the purpose of benefitting consumers by ensuring reliability and reducing the cost of delivered power by reducing transmission congestion.

“(b) CONTENTS.—The rule shall—

“(1) promote reliable and economically efficient transmission and generation of electricity by promoting capital investment in the enlargement, improvement, maintenance, and operation of all facilities for the transmission of electric energy in interstate commerce, regardless of the ownership of the facilities;

“(2) provide a return on equity that attracts new investment in transmission facilities (including related transmission technologies);

“(3) encourage deployment of transmission technologies and other measures to increase the capacity and efficiency of existing transmission facilities and improve the operation of the facilities; and

“(4) allow recovery of—

“(A) all prudently incurred costs necessary to comply with mandatory reliability standards issued pursuant to section 215; and

“(B) all prudently incurred costs related to transmission infrastructure development pursuant to section 216.

“(c) INCENTIVES.—In the rule issued under this section, the Commission shall, to the extent within its jurisdiction, provide for incentives to each transmitting utility or electric utility that joins a Transmission Organization. The Commission shall ensure that any costs recoverable pursuant to this subsection may be recovered by such utility through the transmission rates charged by such utility or through the transmission rates charged by the Transmission Organization that provides transmission service to such utility.

“(d) JUST AND REASONABLE RATES.—All rates approved under the rules adopted pursuant to this section, including any revisions to the rules, are subject to the requirements of sections 205 and 206 that all rates, charges, terms, and conditions be just and reasonable and not unduly discriminatory or preferential.”.

SEC. 1242. FUNDING NEW INTERCONNECTION AND TRANSMISSION UPGRADES.

The Commission may approve a participant funding plan that allocates costs related to transmission upgrades or new generator interconnection, without regard to whether an applicant is a member of a Commission-approved Transmission Organization, if the plan results in rates that—

- (1) are just and reasonable;
- (2) are not unduly discriminatory or preferential; and
- (3) are otherwise consistent with sections 205 and 206 of the Federal Power Act (16 U.S.C. 824d, 824e).

Subtitle E—Amendments to PURPA

SEC. 1251. NET METERING AND ADDITIONAL STANDARDS.

(a) ADOPTION OF STANDARDS.—Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)) is amended by adding at the end the following:

“(11) NET METERING.—Each electric utility shall make available upon request net metering service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term ‘net metering service’ means service to an electric consumer under which electric energy generated by that electric consumer from an eligible on-site generating facility and delivered to the local distribution facilities may be used to offset electric energy provided by the electric utility to the electric consumer during the applicable billing period.

“(12) FUEL SOURCES.—Each electric utility shall develop a plan to minimize dependence on 1 fuel source and to ensure that the electric energy it sells to consumers is generated using a diverse range of fuels and technologies, including renewable technologies.

“(13) FOSSIL FUEL GENERATION EFFICIENCY.—Each electric utility shall develop and implement a 10-year plan to increase the efficiency of its fossil fuel generation.”.