

II. Clean Transmission for Rural Communities

This bill modifies two bond programs to allow rural communities to finance transmission needed for renewable energy development with tax-exempt or tax-credit bonds.

Clean Renewable Energy Bonds

Clean Renewable Energy Bonds cover qualified generation facilities, but only transmission dedicated to a qualified generator is eligible for CREB funding under current law. Local governments and rural electric cooperatives are eligible to issue CREBs.

This section would clarify that transmission facilities primarily for the purpose of interconnecting one or more renewable energy facilities to a high-voltage transmission line are considered qualified facilities for CREB financing for bonds issued after the date of enactment.

Exempt Facility Bonds

Exempt facility bonds are available to states, counties, and municipalities to finance a variety of infrastructure, including natural gas systems. Currently, these bonds are not available to finance electric transmission.

This section would add electric transmission facilities primarily for the purpose of interconnecting one or more renewable energy facilities to a high-voltage transmission line to the list of qualified facilities for exempt facility bonds. This section would cover transmission owned by a state or local government entity that provides electric service, such as a municipal or public power organization; or an entity expressly authorized under State law to finance and own electric transmission facilities, such as a state transmission authority or state energy authority. This section would apply to bonds issued after the date of enactment and before December 31, 2011.