

**PROPOSED HOUSE OFFER**

**1 Subtitle A—Regional Coordination**

**2 SEC. 101. POLICY ON REGIONAL COORDINATION.**

3 (a) STATEMENT OF POLICY.—It is the policy of the  
4 Federal Government to encourage States to coordinate, on  
5 a regional basis, State energy policies to provide reliable  
6 and affordable energy services to the public while mini-  
7 mizing the impact of providing energy services on commu-  
8 nities and the environment.

9 (b) DEFINITION OF ENERGY SERVICES.—For pur-  
10 poses of this section, the term “energy services” means—

11 (1) the generation or transmission of electric  
12 energy,

13 (2) the transportation, storage, and distribution  
14 of crude oil, residual fuel oil, refined petroleum prod-  
15 uct, or natural gas, or

16 (3) the reduction in load through increased effi-  
17 ciency, conservation, or load control measures.

**18 SEC. 102. FEDERAL SUPPORT FOR REGIONAL COORDINA-  
19 TION.**

20 (a) TECHNICAL ASSISTANCE.—The Secretary of En-  
21 ergy shall provide technical assistance to States and re-  
22 gional organizations formed by two or more States to as-  
23 sist them in coordinating their energy policies on a re-



1           (2) Section 214 of the Federal Power Act (16 U.S.C.  
2 824m) is amended by striking "1935" and inserting  
3 "2002".

4 **SEC. 156. EFFECT ON INVESTMENT COMPANY ACT REGULA-**  
5 **TION.**

6           (a) GRANDFATHER OF EXISTING HOLDINGS.—A per-  
7 son that, on December 31, 2001—

8                 (1) had all of its outstanding voting securities  
9 held directly by a holding company that—

10                         (A) claimed exemption from the Public  
11 Utility Holding Company Act of 1935 (the  
12 "1935 Act") pursuant to rule 2 thereunder;  
13 and

14                         (B) was engaged in the "electric utility  
15 business in the United States";

16                 (2) was incorporated in a State of the United  
17 States;

18                 (3) held a majority of the outstanding voting  
19 securities of a company engaged in a business other  
20 than that of an electric or gas utility company and  
21 had filed a schedule 13D with the Securities and Ex-  
22 change Commission (hereinafter in this section re-  
23 ferred to as the "SEC") with respect to its owner-  
24 ship of such securities;



1 (4) beneficially owned (determined in accord-  
2 ance with the rule 13d-3 promulgated under the Se-  
3 curities Exchange Act of 1934) more than 5 percent  
4 of the outstanding voting securities of 1 or more  
5 public utility companies that—

6 (A) operated as such in 1 or more States  
7 of the United States contiguous to each other;  
8 and

9 (B) had outstanding common stock reg-  
10 istered under the Securities Exchange Act of  
11 1934 and had filed a schedule 13D with the  
12 SEC with respect to such voting securities; and

13 (5) beneficially owned 5 percent or more of the  
14 outstanding shares of common stock of its parent  
15 holding company and filed a schedule 13D with the  
16 SEC reporting such beneficial ownership,

17 shall not be treated as being an investment company under  
18 section 3(a)(1)(C) of the Company Act of 1940 (15 U.S.C.  
19 80a-3(a)(1)(C)) on the basis of investing, reinvesting,  
20 owning, holding, or trading any investment securities  
21 issued by companies satisfying the criteria in paragraph  
22 (4) in which such person held such investment securities  
23 as of such date.

24 (b) DEFINITIONS.—As used in subsection (a), the fol-  
25 lowing definitions apply:



1 (1) HOLDING COMPANY.—The term “holding  
2 company” has the meaning provided in section  
3 2(a)(7) of the Public Utility Holding Company Act  
4 of 1935 (15 U.S.C. 79b(a)(7)).

5 (2) INVESTMENT SECURITIES.—The term “in-  
6 vestment securities” has the meaning provided in  
7 section 3(a)(2) of the Investment Company Act of  
8 1940 (15 U.S.C. 80a-3(a)(2)).

9 (3) PUBLIC UTILITY COMPANY.—The term  
10 “public utility company” has the meaning provided  
11 in section 2(a)(5) of the Public Utility Holding Com-  
12 pany Act of 1935 (15 U.S.C. 79b(a)(5)).

### 13 **Subtitle D-PURPA Amendments**

#### 14 **SEC. 161. REAL-TIME PRICING AND TIME-OF-USE METER-** 15 **ING STANDARDS.**

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

20 “(11) REAL-TIME PRICING.—(A) Each electric  
21 utility shall, at the request of an electric consumer,  
22 provide electric service under a real-time rate sched-  
23 ule, under which the rate charged by the electric  
24 utility varies by the hour (or smaller time interval)  
25 according to changes in the electric utility’s whole-



**PROPOSED HOUSE OFFER**

1       **Subtitle A-Federal Power Act**  
2                       **Amendments**

3       **SEC. 101. REPEAL OF CERTAIN PROVISIONS OF FEDERAL**  
4                       **POWER ACT REGARDING DISPOSITION OF**  
5                       **PROPERTY, CONSOLIDATION, AND PURCHASE**  
6                       **OF SECURITIES.**

7       Section 203 of the Federal Power Act (16 U.S.C.  
8       824b) is repealed.

9       **SEC. 102. SUSTAINABLE TRANSMISSION NETWORKS RULE-**  
10                      **MAKING.**

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

14       **“SEC. 215. SUSTAINABLE TRANSMISSION NETWORKS RULE-**  
15                      **MAKING.**

16       “(a) **RULEMAKING REQUIREMENT.**—Within 1 year  
17       after the enactment of this section, the Commission shall  
18       establish, by rule, transmission pricing policies and stand-  
19       ards for promoting the expansion and improvement of  
20       interstate transmission networks through incentive-based  
21       and performance-based rate treatments to ensure reli-  
22       ability of the electric system, to support interstate whole-  
23       sale markets for electric power, and expand transmission  
24       transfer capacity needed to sustain wholesale competition.



1 **SEC. 133. EFFECTIVE DATE.**

2 This subtitle shall take effect 12 months after the  
3 date of enactment of this subtitle.

4 **SEC. 134. AUTHORIZATION OF APPROPRIATIONS.**

5 There are authorized to be appropriated such funds  
6 as may be necessary to carry out this subtitle.

7 **SEC. 135. CONFORMING AMENDMENTS TO THE FEDERAL**  
8 **POWER ACT.**

9 (a) **CONFLICT OF JURISDICTION.**—Section 318 of the  
10 Federal Power Act (16 U.S.C. 825q) is repealed.

11 (b) **DEFINITIONS.**—(1) Section 201(g) of the Federal  
12 Power Act (16 U.S.C. 824(g)) is amended by striking  
13 “1935” and inserting “2002”.

14 (2) Section 214 of the Federal Power Act (16 U.S.C.  
15 824m) is amended by striking “1935” and inserting  
16 “2002”.

17 **SEC. 136. EFFECT ON INVESTMENT COMPANY ACT REGULA-**  
18 **TION.**

19 (a) **GRANDFATHER OF EXISTING HOLDINGS.**—A per-  
20 son that, on December 31, 2001—

21 (1) had all of its outstanding voting securities  
22 held directly by a holding company that—

23 (A) claimed exemption from the Public  
24 Utility Holding Company Act of 1935 (the  
25 “1935 Act”) pursuant to rule 2 thereunder;  
26 and



1 (B) was engaged in the “electric utility  
2 business in the United States”;

3 (2) was incorporated in a State of the United  
4 States;

5 (3) held a majority of the outstanding voting  
6 securities of a company engaged in a business other  
7 than that of an electric or gas utility company and  
8 had filed a schedule 13D with the Securities and Ex-  
9 change Commission (hereinafter in this section re-  
10 ferred to as the “SEC”) with respect to its owner-  
11 ship of such securities;

12 (4) beneficially owned (determined in accord-  
13 ance with the rule 13d-3 promulgated under the Se-  
14 curities Exchange Act of 1934) more than 5 percent  
15 of the outstanding voting securities of 1 or more  
16 public utility companies that—

17 (A) operated as such in 1 or more States  
18 of the United States contiguous to each other;  
19 and

20 (B) had outstanding common stock reg-  
21 istered under the Securities Exchange Act of  
22 1934 and had filed a schedule 13D with the  
23 SEC with respect to such voting securities; and

24 (5) beneficially owned 5 percent or more of the  
25 outstanding shares of common stock of its parent



1 holding company and filed a schedule 13D with the  
2 SEC reporting such beneficial ownership,  
3 shall not be treated as being an investment company under  
4 section 3(a)(1)(C) of the Company Act of 1940 (15 U.S.C.  
5 80a-3(a)(1)(C)) on the basis of investing, reinvesting,  
6 owning, holding, or trading any investment securities  
7 issued by companies satisfying the criteria in paragraph  
8 (4) in which such person held such investment securities  
9 as of such date.

10 (b) DEFINITIONS.—As used in subsection (a), the fol-  
11 lowing definitions apply:

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13 company” has the meaning provided in section  
14 2(a)(7) of the Public Utility Holding Company Act  
15 of 1935 (15 U.S.C. 79b(a)(7)).

16 (2) INVESTMENT SECURITIES.—The term “in-  
17 vestment securities” has the meaning provided in  
18 section 3(a)(2) of the Investment Company Act of  
19 1940 (15 U.S.C. 80a-3(a)(2)).

20 (3) PUBLIC UTILITY COMPANY.—The term  
21 “public utility company” has the meaning provided  
22 in section 2(a)(5) of the Public Utility Holding Com-  
23 pany Act of 1935 (15 U.S.C. 79b(a)(5)).

