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NATURAL RESOURCES COMMITTEE REPUBLICANS

CONGRESSMAN DOC HASTINGS, RANKING MEMBER

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Hastings' WAPA Bill Increases Transparency, Eliminates Taxpayer Bailouts

WASHINGTON D.C. – Today, the House Natural Resources Water and Power Subcommittee held a hearing on H.R. 6107, *the American Taxpayer and Western Area Power Administration Firm Power Customer Protection and Government Accountability Act of 2010*.

The bill, sponsored by Ranking Committee Republican Doc Hastings (WA-04), would eliminate the taxpayer bailout provision included in the “stimulus bill” that gave the Western Area Power Administration (WAPA) up to \$3.25 billion in new loan authority to integrate renewable energies into the electricity transmission grid. Under current law, U.S. taxpayers are on the hook for any failed loans that WAPA provides for renewable energy transmission projects. The bill also keeps WAPA from requiring its current customers to pay for these failed loan balances and increases the program’s transparency so decisions are better understood by the public and Congress.

Despite being invited, the Administration failed to send a witness to testify at today’s hearing and has yet to state its position on the legislation.

“The bill not only removes the taxpayer bailout, but protects existing customers from being forced to pay for projects that will not benefit them. These customers have not asked to pay for, nor should they pay for transmission lines to nowhere,” said Ranking Member Hastings. *“Washington, D.C. does not know best, which is why we have consulted extensively with customers throughout the West on this bill so that those who build and benefit from a project must bear its full costs. For this reason, my bill installs financial firewalls and ensures that a project must stand on its own or not stand at all. This re-affirmation of the ‘beneficiaries pay’ policy is an important principle and that’s why I’m proud to have customer groups supporting this bill.”*

“This new authority could impose enormous additional costs both on taxpayers and ratepayers who receive no additional benefit. This bill attempts to restore accountability to the financing of this system by striking the bail-out provisions of current law and requiring that beneficiaries alone bear the cost of these projects protecting both existing customers and taxpayers from being milked dry by these mandates and new missions.” said Water and Power Subcommittee Ranking Member Tom McClintock.

At the hearing, WAPA customer George Caan, Executive Director of the Colorado River Commission of Nevada, offered his need for the bill: *“The increased transparency required*

by this bill will provide more information about project costs and benefits. This bill addresses the concern of WAPA's existing federal hydropower customers about what would happen if a project was not completed or a project participant decided to terminate its participation."

BACKGROUND

The American Recovery and Reinvestment Act (the "stimulus bill") included a provision that allows WAPA to borrow up to \$3.25 billion to provide federal loans to renewable energy developers to integrate their projects into the transmission grid. However, the provision also includes a clause that makes American taxpayers responsible for paying for any failed projects. The statute states that, "*If, at the end of the useful life of a project, there is a remaining balance owed to the Treasury under this section, the balance shall be forgiven.*"

This is in stark contrast to the borrowing authority of the Bonneville Power Administration (BPA) and the Tennessee Valley Authority, which are both fully responsible for repaying their debt.

H.R. 6107 amends the WAPA borrowing authority by:

1. Striking the debt forgiveness provision;
2. Requiring agreements to ensure that developers/beneficiaries are solely responsible for repaying project costs;
3. Ensuring that borrowing authority project costs will not be absorbed into existing WAPA customer rates;
4. Requiring the WAPA Administrator to justify each project in the Federal Register and to Congress; and
5. Prohibiting WAPA from executing any project contract within 90 days of Federal Register publication.

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