

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1016

To direct the Secretary of Energy to make incentive payments to the owners or operators of qualified desalination facilities to partially offset the cost of electrical energy required to operate the facilities, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 12, 2005

Mr. MARTINEZ introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

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## A BILL

To direct the Secretary of Energy to make incentive payments to the owners or operators of qualified desalination facilities to partially offset the cost of electrical energy required to operate the facilities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Desalination Water  
5       Supply Shortage Prevention Act of 2005”.

6       **SEC. 2. DEFINITIONS.**

7       In this Act:

1           (1) QUALIFIED DESALINATION FACILITY.—The  
2 term “qualified desalination facility” means a facil-  
3 ity that—

4           (A) produces for sale to domestic cus-  
5 tomers—

6           (i) desalinated seawater;

7           (ii) brackish groundwater; or

8           (iii) surface water the source water of  
9 which is greater than 1,000 parts per mil-  
10 lion total dissolved solids;

11          (B) is owned or operated by—

12          (i) a State or any political subdivision,  
13 agency, authority, or instrumentality of a  
14 State; or

15          (ii) a corporation responsible for pro-  
16 viding municipal water service in accord-  
17 ance with State law; and

18          (C) is first used to produce desalinated  
19 water during the 10-year period beginning on  
20 October 1 of the first full fiscal year occurring  
21 after the date of the enactment of this Act.

22          (2) SECRETARY.—The term “Secretary” means  
23 the Secretary of Energy.

1 **SEC. 3. DESALINATED WATER PRODUCTION INCENTIVE**  
2 **PAYMENTS.**

3 (a) **INCENTIVE PAYMENTS.**—The Secretary shall  
4 make incentive payments in an amount determined under  
5 subsection (d) to the owners or operators of qualified de-  
6 salination facilities to partially offset the cost of electrical  
7 energy required to operate the facilities.

8 (b) **REQUIREMENTS.**—The Secretary may not make  
9 a payment to the owner or operator of a qualified desalina-  
10 tion facility under this section unless—

11 (1) not later than the end of fiscal year 2015,  
12 the Secretary enters into a written agreement with  
13 the owner or operator to make the payment; and

14 (2) the owner or operator submits an applica-  
15 tion to the Secretary in such form, at such time, and  
16 containing such information and assurances as the  
17 Secretary may require.

18 (c) **PAYMENT PERIOD.**—The Secretary may make  
19 payments to the owner or operator of a qualified desalina-  
20 tion facility under this section for a period not to exceed  
21 10 years—

22 (1) beginning on the date on which the facility  
23 is first used to produce desalinated water; and

24 (2) ending not later than September 30, 2025.

25 (d) **AMOUNT OF PAYMENT.**—

1           (1) IN GENERAL.—A payment made by the Sec-  
2           retary under this section to the owner or operator of  
3           a qualified desalination facility shall be based on the  
4           amount of desalinated water produced by the facility  
5           during the payment period described in subsection  
6           (c).

7           (2) BASE PAYMENT.—For any facility, the  
8           amount of a payment described in paragraph (1)  
9           shall be 62 cents for every 14 kilowatt hours of elec-  
10          tricity used to produce desalinated water, as ad-  
11          justed under paragraph (3).

12          (3) ADJUSTMENTS.—The amount of the pay-  
13          ment described in paragraph (2) shall be adjusted  
14          for inflation for fiscal year 2007 and each subse-  
15          quent fiscal year—

16                (A) using the inflation adjustment factor  
17                defined in section 29(d)(2)(B) of the Internal  
18                Revenue Code of 1986; but

19                (B) substituting calendar year 2005 for  
20                calendar year 1979.

21          (e) LIMITATION.—In any fiscal year, not more than  
22          60 percent of the funds made available by the Secretary  
23          under this section shall be made available to the owners  
24          or operators of qualified desalination facilities that obtain

1 source water directly from the sea, an estuary, or an in-  
2 bank extraction well that is of seawater origin.

3 (f) BUDGET ACT COMPLIANCE.—The authority pro-  
4 vided by this section may be exercised only in such  
5 amounts or to such extent as provided in advance in an  
6 appropriations Act.

7 (g) AUTHORIZATION OF APPROPRIATIONS.—There is  
8 authorized to be appropriated to the Secretary to carry  
9 out this section \$200,000,000.

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