

**(5) Transmission system**

The term “transmission system” means an electric transmission facility owned, leased, or contracted for by the United States and operated by a Federal utility.

**(b) Transfer**

The appropriate Federal regulatory authority may enter into a contract, agreement, or other arrangement transferring control and use of all or part of the transmission system of a Federal utility to a Transmission Organization.

**(c) Contents**

The contract, agreement, or arrangement shall include—

(1) performance standards for operation and use of the transmission system that the head of the Federal utility determines are necessary or appropriate, including standards that ensure—

(A) recovery of all of the costs and expenses of the Federal utility related to the transmission facilities that are the subject of the contract, agreement, or other arrangement;

(B) consistency with existing contracts and third-party financing arrangements; and

(C) consistency with the statutory authorities, obligations, and limitations of the Federal utility;

(2) provisions for monitoring and oversight by the Federal utility of the Transmission Organization's terms and conditions of the contract, agreement, or other arrangement, including a provision for the resolution of disputes through arbitration or other means with the Transmission Organization or with other participants, notwithstanding the obligations and limitations of any other law regarding arbitration; and

(3) a provision that allows the Federal utility to withdraw from the Transmission Organization and terminate the contract, agreement, or other arrangement in accordance with its terms.

**(d) Commission**

Neither this section, actions taken pursuant to this section, nor any other transaction of a Federal utility participating in a Transmission Organization shall confer on the Commission jurisdiction or authority over—

(1) the electric generation assets, electric capacity, or energy of the Federal utility that the Federal utility is authorized by law to market; or

(2) the power sales activities of the Federal utility.

**(e) Existing statutory and other obligations****(1) System operation requirements**

No statutory provision requiring or authorizing a Federal utility to transmit electric power or to construct, operate, or maintain the transmission system of the Federal utility prohibits a transfer of control and use of the transmission system pursuant to, and subject to, the requirements of this section.

**(2) Other obligations**

This subsection does not—

(A) suspend, or exempt any Federal utility from, any provision of Federal law in effect on August 8, 2005, including any requirement or direction relating to the use of the transmission system of the Federal utility, environmental protection, fish and wildlife protection, flood control, navigation, water delivery, or recreation; or

(B) authorize abrogation of any contract or treaty obligation.

(Pub. L. 109-58, title XII, § 1232, Aug. 8, 2005, 119 Stat. 956.)

**Editorial Notes****CODIFICATION**

Section is comprised of section 1232 of Pub. L. 109-58. Subsec. (e)(3) of section 1232 of Pub. L. 109-58 repealed section 824n of Title 16, Conservation.

**§ 16432. Study on the benefits of economic dispatch****(a) Study**

The Secretary, in coordination and consultation with the States, shall conduct a study on—

(1) the procedures currently used by electric utilities to perform economic dispatch;

(2) identifying possible revisions to those procedures to improve the ability of nonutility generation resources to offer their output for sale for the purpose of inclusion in economic dispatch; and

(3) the potential benefits to residential, commercial, and industrial electricity consumers nationally and in each State if economic dispatch procedures were revised to improve the ability of nonutility generation resources to offer their output for inclusion in economic dispatch.

**(b) Definition**

The term “economic dispatch” when used in this section means the operation of generation facilities to produce energy at the lowest cost to reliably serve consumers, recognizing any operational limits of generation and transmission facilities.

**(c) Report to Congress and the States**

Not later than 90 days after August 8, 2005, and on a yearly basis following, the Secretary shall submit a report to Congress and the States on the results of the study conducted under subsection (a), including recommendations to Congress and the States for any suggested legislative or regulatory changes.

(Pub. L. 109-58, title XII, § 1234, Aug. 8, 2005, 119 Stat. 960.)

**PART C—TRANSMISSION RATE REFORM****§ 16441. 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 824d and 824e of title 16.

(Pub. L. 109-58, title XII, § 1242, Aug. 8, 2005, 119 Stat. 962.)

**PART D—REPEAL OF PUBLIC UTILITY HOLDING COMPANY ACT OF 1935**

**§ 16451. Definitions**

For purposes of this part:

**(1) Affiliate**

The term “affiliate” of a company means any company, 5 percent or more of the outstanding voting securities of which are owned, controlled, or held with power to vote, directly or indirectly, by such company.

**(2) Associate company**

The term “associate company” of a company means any company in the same holding company system with such company.

**(3) Commission**

The term “Commission” means the Federal Energy Regulatory Commission.

**(4) Company**

The term “company” means a corporation, partnership, association, joint stock company, business trust, or any organized group of persons, whether incorporated or not, or a receiver, trustee, or other liquidating agent of any of the foregoing.

**(5) Electric utility company**

The term “electric utility company” means any company that owns or operates facilities used for the generation, transmission, or distribution of electric energy for sale.

**(6) Exempt wholesale generator and foreign utility company**

The terms “exempt wholesale generator” and “foreign utility company” have the same meanings as in sections 79z-5a and 79z-5b of title 15, as those sections existed on the day before the effective date of this part.

**(7) Gas utility company**

The term “gas utility company” means any company that owns or operates facilities used for distribution at retail (other than the distribution only in enclosed portable containers or distribution to tenants or employees of the company operating such facilities for their own use and not for resale) of natural or manufactured gas for heat, light, or power.

**(8) Holding company**

**(A) In general**

The term “holding company” means—

- (i) any company that directly or indirectly owns, controls, or holds, with power to vote, 10 percent or more of the outstanding voting securities of a public-utility company or of a holding company of any public-utility company; and

- (ii) any person, determined by the Commission, after notice and opportunity for

hearing, to exercise directly or indirectly (either alone or pursuant to an arrangement or understanding with one or more persons) such a controlling influence over the management or policies of any public-utility company or holding company as to make it necessary or appropriate for the rate protection of utility customers with respect to rates that such person be subject to the obligations, duties, and liabilities imposed by this part upon holding companies.

**(B) Exclusions**

The term “holding company” shall not include—

- (i) a bank, savings association, or trust company, or their operating subsidiaries that own, control, or hold, with the power to vote, public utility or public utility holding company securities so long as the securities are—

- (I) held as collateral for a loan;
- (II) held in the ordinary course of business as a fiduciary; or

- (III) acquired solely for purposes of liquidation and in connection with a loan previously contracted for and owned beneficially for a period of not more than two years; or

- (ii) a broker or dealer that owns, controls, or holds with the power to vote public utility or public utility holding company securities so long as the securities are—

- (I) not beneficially owned by the broker or dealer and are subject to any voting instructions which may be given by customers or their assigns; or

- (II) acquired within 12 months in the ordinary course of business as a broker, dealer, or underwriter with the bona fide intention of effecting distribution of the specific securities so acquired.

**(9) Holding company system**

The term “holding company system” means a holding company, together with its subsidiary companies.

**(10) Jurisdictional rates**

The term “jurisdictional rates” means rates accepted or established by the Commission for the transmission of electric energy in interstate commerce, the sale of electric energy at wholesale in interstate commerce, the transportation of natural gas in interstate commerce, and the sale in interstate commerce of natural gas for resale for ultimate public consumption for domestic, commercial, industrial, or any other use.

**(11) Natural gas company**

The term “natural gas company” means a person engaged in the transportation of natural gas in interstate commerce or the sale of such gas in interstate commerce for resale.

**(12) Person**

The term “person” means an individual or company.

**(13) Public utility**

The term “public utility” means any person who owns or operates facilities used for trans-