

August 29, 2014

TO: NRECA Board of Directors  
Distribution CEOs  
Statewide Managers  
G&T Managers

FROM: Jo Ann Emerson

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### ***Co-op Focus on Affordability, Reliability Highlighted to State Officials***

I highlighted the electric co-op focus on affordability and reliability in my speech today to a Council of State Governments net metering policy session in Washington. I emphasized that dependable and affordable electric power relies on sound state policies. I also shared the ongoing electric co-op efforts to add more renewable energy resources, including solar. I urged the group to ensure that their states' renewable policies accurately value rooftop and backyard power systems and don't unfairly raise the electric bills of consumers who can't afford renewable systems.

### ***NRECA Following Up with Congress on Social Cost of Carbon Report***

We're following up with Congress about a Government Accountability Office report on how the Administration uses "social cost of carbon" estimates in impact analyses for regulations. GAO's report says the Office of Management and Budget's carbon cost estimates are in line with federal standards and allowed ample opportunity for public comment. We're telling lawmakers that OMB should stop using those estimates in rulemaking cost-benefit analyses because they are very subjective and will result in arbitrary increases to consumers' energy costs. Senate and House leaders requested the report after hearing concerns about OMB putting a dollar value on carbon emission impacts, increasing on paper the net benefits of federal rules that limit carbon emissions. OMB is using higher carbon cost estimates to claim positive economic benefits for tighter regulations.

### ***State Officials Ask EPA to Withdraw GHG Rule***

We support the request by 14 state attorneys general for EPA to withdraw its proposed existing power plant carbon regulations. The states say EPA's proposal did not include key technical information needed to assess the plan's impacts and make meaningful comments. This deficiency violates the Clean Air Act provisions requiring EPA to provide ample information to allow meaningful comment on the proposal. Flaws in EPA's proposal were also highlighted by the *Washington Post*, a supporter of the Administration climate agenda, in an [editorial](#) that called the proposed rules "a cumbersome and expensive way to slash emissions."

### ***All-of-the-Above' Campaign Update: Heading into Final Weeks for Messages***

You've collected nearly 800,000 grassroots comments through [Action.coop](#) and [TellEPA.com](#). We're nearing the final weeks to get 1 million messages to EPA by the October 16 deadline. Please remind your co-op grassroots and our coalition friends to visit Action.coop and

TellEPA.com. Check your progress on [messages](#) and [state](#) tallies. (These special read-only links let you see the information without logging on to Cooperative.com. You must log on for sensitive and confidential information.) Withlacoochee River Electric (FL) is pushing for more messages to EPA by reaching out at neighborhood events and has a total of nearly 7,000 cards.

### ***House Science Committee Release EPA Maps on Waters Rule***

We welcome the House Science Committee's release of U.S. Geological Survey [maps](#) that show how much private property could be impacted by the EPA-U.S. Army Corps of Engineers' proposed Waters of the U.S. rule. In a [letter](#) to EPA, committee Chairman Smith (R-TX) said the maps show EPA's plan would "control a huge amount of private property across the country." He also urged EPA and the Corps of Engineers to extend the public comment period beyond the October 20 deadline. We oppose the proposal to expand the Clean Water Act's scope to include ditches, flood plains, wetlands and seasonal streams, which could present problems for many co-ops and their consumer-owners

### ***Co-ops Emphasize Need to Improve Transmission Siting Process***

A big thank you to Powder River Energy CEO Mike Easley and Tri-State G&T Transmission Rights and Permitting Senior Manager Rick Thompson for their great job speaking on the need to speed up and simplify grid infrastructure siting at DOE's Quadrennial Energy Review meeting in Wyoming. They highlighted the need for improved federal and state agency coordination and less complex processes to reduce project review delays. They also urged action on improving access to federal lands for power line maintenance and siting.

### ***White House says Arkansas PSC Chairman will be Nominated to FERC***

I issued a [statement](#) welcoming the announcement that President Obama will nominate Arkansas Public Service Commission Chairman Colette Honorable to FERC. As a state PSC official and President of the National Association of Regulatory Utility Commissioners, she has worked to improve the quality and effectiveness of public utility regulation. The Senate considers the nomination after it is officially submitted.

### ***Regional Meetings Kick-Off Next Week***

I'm excited about the upcoming [Regional Meetings](#) that start with Regions 1 and 4 in Indianapolis next week. Your work on developing resolutions to be considered at our Annual Meeting is important to our resolutions process. Presentations include the "Always On" strategic communications that boosts member relationships and how all co-ops can benefit from working together on technology strategies. You'll hear results of the Smart Grid Demonstration [Project](#) involving 23 co-ops in 12 states. We'll also update you on legislative and regulatory issues. USDA will provide a Rural Development update.

### ***Uplift ('Make-whole') Payments First Topic in FERC Sessions on RTO Market Issues***

We'll be among utility industry leaders speaking at a September 8 FERC staff workshop on [Uplift Payments](#). An uplift payment is an additional charge by regional transmission operators ("RTO") for "make-whole" payments to generators and is intended to ensure they don't lose money when required by must-run contracts to provide power to RTO markets. The session will focus on what causes uplift payments, the impacts and ways to reduce them. Uplift payments

were a major cost for utilities that struggled to meet demand during the extreme cold weather last winter. The workshop is first of several on regional power market rules and practices.

***Energy Storage Market Webinar Looks at Emerging Technologies and Vendors***

Hear about emerging energy storage technologies and potential impacts for the next 3-5 years during a free Energy Storage Market Update [webinar](#) on Wednesday, September 17, at 1 p.m. (Eastern). NRECA will have experts discuss energy storage costs, vendor offerings and questions to ask them, and deployment opportunities and obstacles.