

May 15, 2015

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

FROM: Jo Ann Emerson



WORKFORCE FACT: Not surprisingly, college students graduating with an engineering degree make more than their non-engineering counterparts. The median base salary for a 2014 graduate with a bachelor's degree was \$50,050; the average salary for a student graduating with an engineering degree was \$64,891, according to the National Association of Colleges and Employers [Class of 2014 Student Survey](#).

House Passes WOTUS Bill to Restore Common Sense to EPA Water Rules

We applaud the House 261-155 vote to pass legislation (H.R. 1732) directing EPA and the Army Corps of Engineers to withdraw the Waters of the U.S. (WOTUS) proposed rule. The measure would give the agencies 30 days to withdraw the rule and three months to consult with state and local officials on resolving problems and confusion before moving forward. We will now turn to working the bipartisan Senate bill (S. 1140), which will be the focus of a Senate Environment and Public Works Committee hearing next Tuesday. This is one of the issues co-op leaders worked at last week's Legislative Conference and on [Action.coop](#).

House Bill Passes with ESA Language, Lesser Prairie Chicken Provision Included

We welcome the House vote (269-151) for a defense authorization bill (H.R. 1735) that includes language to delay an Endangered Species Act (ESA) listing of the greater sage-grouse for 10 years and allow continued development and operation of range-wide collaborative conservation plans. The House also voted 229-190 for an amendment to delay ESA enforcement for the lesser prairie chicken listed as threatened last year. The National Defense Authorization Act became a vehicle for ESA provisions because endangered species regulations impact military installations.

Senate Bill Introduced to Stop Proposed GHG Rules

We support bipartisan Senate legislation (S. 1324) introduced by Sen. Capito (R-WV) with 26 cosponsors to address EPA's proposed GHG rules for new and existing power plants. The Senate bill would prevent EPA from issuing standards for new power plants unless the technology has been demonstrated for at least six months. The Senate bill would also provide a "safe harbor time out" for states to delay implementing EPA's existing power plants rule until courts rule on legal challenges, similar to the Ratepayer Protection Act (H.R. 2042) the House Energy and Commerce Committee approved in April. Co-op voices at the Legislative Conference and on [Action.coop](#) helped both bills' momentum.

CFTC Ruling on Contracts Addresses Co-op Concerns

In a win for electric co-ops, the Commodity Futures Trading Commission (CFTC) addressed electric co-op concerns in its final interpretation that physically-settled forward contracts containing embedded volumetric optionality should not be regulated by the agency. The decision addresses an issue we've been working to get resolved since CFTC issued regulations in 2012. The ruling eliminates uncertainty surrounding certain types of contracts in which the quantity of electricity varies over the contract term. These contracts, which meet certain other requirements, are now considered "forward contracts" excluded from CFTC jurisdiction. These contracts are common when G&Ts use other counterparties to help them meet their members' needs and fulfill reliability obligations.

Co-op Urges Improvements to End-User Rules; House Committee Moves Bill

A big thank you to Jeff Walker, Senior V.P. and Chief Risk Officer for ACES Power Marketing, for testifying to the Senate Agriculture Committee on ways to improve risk management for end-users of derivatives – like ACES – through the upcoming CFTC reauthorization bill. Walker urged improvements to the 2010 Dodd-Frank Act that will lift burdensome and unnecessary financial regulations for end-users. In related news, we welcome the House Agriculture Committee's voice vote to pass a bipartisan bill (H.R. 2289) to reauthorize and improve CFTC operations, including clarifications to onerous reporting requirements and restrictions on forward contracts with volumetric options (see item above). It now goes to the House floor.

Co-ops Emphasize Concerns with GHG Plan at Small Business Impacts Review

Thank you to Arizona Electric Power (AZ), Golden Spread Electric (TX), San Miguel Electric (TX), Sunflower Electric (KS), Western Farmers Electric (OK), Central Iowa Power, Dairyland Power (WI), Hoosier Energy (IN), Southern Illinois Power and Wabash Valley Power (IN) for speaking at the Small Business Advocacy Review on the federal implementation plan that EPA will develop for its proposed existing plants GHG rule. They joined NRECA in raising concern about the potential elimination of 25 percent of co-op coal generation if EPA's federal plan does not consider the remaining useful life of those coal plants as regulated by the Clean Air Act.

The co-ops also explained the significant barriers to using a federal plan to implement the renewable and energy efficiency building blocks, because EPA has no authority to mandate end-user efficiency or switching from coal to renewables.

Senate and House Panels Start Work on Energy Legislation; Chairs Plan Bills Before Recess

We welcome Senate Energy and Natural Resources Committee Chairwoman Murkowski's (R-AK) saying that cost and affordability will be major factors in how she evaluates energy-related bills being considered for a broader energy package this year. While noting the excitement about new technologies and measures to improve energy infrastructure, she said, "But I don't want us to get carried away with the excitement and forget that affordability has to be an absolutely critical component, if not the driving part of this." Senate Energy Chairwoman Murkowski and House Energy Chairman Upton (R-MI) said they plan to report comprehensive energy legislation before August recess starts.

Co-ops Oppose Proposed Changes to Environmental Review Process

We applaud House Natural Resources Chairman Bishop (R-UT) for urging the Administration to withdraw its draft National Environmental Policy Act (NEPA) guidelines that recommend federal agencies include GHG emissions and climate change in environmental reviews. During a hearing, he said the Council on Environmental Quality's draft guidance "will force more delays, more costs onto economic and energy-related activities nationwide, and uncertainty for those that want to balance needs important to all Americans with protecting the environment" and frustrate Administration goals to modernize the electric grid to improve energy reliability and resiliency. NRECA opposes the expanded NEPA review that would make it more difficult to build electric transmission and natural gas projects needed to comply with EPA's existing plants GHG plan.

FERC Proposes Rule on Geomagnetic Disturbances

We're reviewing the Federal Energy Regulatory Commission's (FERC) proposed reliability standard for protecting the electric grid from geomagnetic disturbances caused by solar activity. The proposed rule would require transmission operators to study vulnerabilities for a "benchmark" geomagnetic event estimated to happen once every 100 years. A 60-day comment period on the proposal starts when it appears in the *Federal Register*.