

November 20, 2015

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

Senate Passes Disapproval Resolutions on GHG Rules, House Resolutions Moving

A Senate majority voted (52-46) to pass two resolutions to block EPA's Clean Power Plan final rules for existing and new power plants. NRECA's letter (attached) urged senators to vote for both resolutions: S.J. Res. 24 to stop the final existing power plants rule and S.J. Res. 23 to stop the new plants final rule. We stressed that the GHG rules will adversely impact electric co-ops' ability to provide safe, reliable and affordable electricity and have the harshest economic impact on rural Americans living on fixed incomes or in poverty. Our points were supported by over 7,500 co-op grassroots messages through Action.coop urging members of Congress to vote for the disapproval resolutions. We thank Sens. McConnell (R-KY) and Manchin (D-WV) for leading S.J. Res. 23 and Sens. Capito (R-WV) and Heitkamp (D-ND) for leading S.J. Res. 24.

The House Energy and Commerce Committee passed similar disapproval resolutions (H.J. Res 71 and 72) on party line 28-21 votes. House Majority Leader McCarthy (R-CA) said floor votes are planned after the Thanksgiving recess. Our House letter (attached) also urges lawmakers to pass the resolutions. The White House issued a veto threat before the Senate voted and it's unlikely there are 67 Senate votes and 290 in the House to override it. These resolutions are a symbolic message to emphasize that a congressional majority (along with a majority of states) oppose the Administration's climate regulations before the U.N. climate conference completes an international GHG emissions agreement in early December.

Repeal 'Cadillac Tax' is Unified Message from Congress

"Work with us to eliminate this tax" is the bipartisan [message](#) from Senate and House sponsors of four competing "Cadillac Tax" repeal bills in a letter to the President. Sens. Brown (D-OH), Heinrich (D-NM) and Heller (R-NV) and Reps. Courtney (D-CT) and Guinta (R-NH) urged the President to repeal the Affordable Care Act's 40-percent excise tax on health plans. While the lawmakers' bills take different approaches, they and almost 270 bill cosponsors agree the "Cadillac Tax" repeal is a "bipartisan and bicameral end-of-year priority." They stressed that businesses are changing their employee health benefit packages now to prepare for when the tax starts in 2018. NRECA is pushing for [legislation](#) with several coalitions to fully repeal the tax.

Co-ops Support Hydropower Provisions in House Energy Bill, Seek Other Improvements

We joined an electric industry [letter](#) supporting bipartisan hydropower modernization provisions in the House energy bill (H.R. 8) expected to go to floor votes in early December. Our letter and a [white paper](#) highlight how H.R. 8 will improve federal agency review processes to provide timely and efficient permit decisions. We also support other H.R. 8 provisions, including

language to protect utilities from potential environmental penalties and private citizen lawsuits for voluntarily complying with DOE emergency orders. The bill also has provisions that would protect and improve government and industry cybersecurity information sharing. We worked with the committee to remove a fuel assurance mandate for the PJM capacity markets. The bill also includes an independent reliability impact statement for major proposed or final rules that impact electricity generation. We're working with House members for other bill improvements.

Co-ops Stress Harmful Impacts of GHG Rule; Study Shows Reliability is Top Co-op Priority

We joined G&T cooperative leaders in delivering a strong [message](#) to EPA on how its power plant GHG final rules will hurt electric co-ops and their members during three public hearings on its draft Federal Plan for complying with the regulations. Basin Electric Power, Tri-State G&T, Deseret Power, Oglethorpe Power and Georgia Transmission Corp. were among co-ops voicing concerns. We stressed that EPA's proposed Federal Plan and Model Trading Rules fail to address concerns about stranded assets and remaining useful service life that NRECA and co-ops raised in prior statements and in meetings with EPA and other Administration officials. Electric co-op members will see substantial increases in electricity rates whether the GHG rules are implemented under the proposed Federal Implementation Plan or a state plan – particularly in states where emission reductions will be much higher. NRECA released a [national survey](#) that shows maintaining electric reliability is electric co-op members' top priority, followed by cost.

We strongly urged EPA to reconsider adding a dynamic reliability safety valve to ensure reliability to help avoid negative impacts on co-ops and their members. We also noted that co-ops are at the forefront of developing renewable generation and energy efficiency and co-op carbon dioxide emission rates are decreasing. However, the Clean Power Plan and proposed Federal Plan does not give co-ops enough time and flexibility to transition to the GHG standards.

Appropriators Aim to Finish Omnibus by Deadline, Co-ops Asking for Coal Ash Language

We continue to raise electric co-op priorities to House and Senate appropriators as they finalize lists for conference negotiations on the FY16 omnibus package to fund the government for the year. We're working with co-op statewides and co-op leaders in another hard push to get lawmakers to include coal ash language in the final omnibus bill. That language is a modified version of H.R. 1734 the House passed in July, despite the White House issuing a veto threat. The modified coal ash language would make the non-hazardous designation of coal ash permanent and would put state regulators in charge of enforcing the regulations, rather than relying on decisions of federal judges in response to citizen lawsuits.

House Passes Electromagnetic/Geomagnetic Disturbance Bill, Senate Action May Be Next

We still have concerns with the Critical Infrastructure Protection Act (H.R. 1073) the House passed on a voice vote. The bill would require the Department of Homeland Security to incorporate electromagnetic pulses (EMP) into planning scenarios and recommend a strategy to protect the nation against EMPs. One of our concerns is the bill includes naturally-occurring geomagnetic disturbances (GMDs) in the EMP definition, which could lead to guidelines that pull needed resources away from more common threats or conflict with existing standards. A similar Senate bill (S. 1846) cleared committee review in July and awaits an opening for floor debate that isn't likely this year. We're working to get GMDs removed from the Senate bill, or at least addressed separately from EMPs, before it passes and goes to conference.

Highway Bill Extension Passed as Conference Negotiations Continue

Congress passed another highway bill extension (H.R. 3996) to extend the deadline for a multi-year authorization package (H.R. 22) to December 4. Conference leaders said they expect a final conference report by November 30. NRECA joined an industry letter (attached) urging the conferees to keep House and Senate provisions creating a working group to develop guidelines to make it easier for vehicles involved in emergency response and recovery to cross state borders. We're urging the Senate to accept House energy provisions (which are also in H.R. 8), including language that protects utilities from potential Clean Air Act penalties and private citizen lawsuits for voluntary compliance with DOE emergency orders to maintain grid reliability. We support House language that would exempt critical electric infrastructure information from Freedom of Information Act disclosure, plan for a strategic transformer reserve, and clear authorities for the Secretary of Energy to address grid security emergencies.

EPA Announces Cross-State Pollution Update for Ozone

We're reviewing EPA's [proposal](#) to update the Cross-State Air Pollution Rule to help cut ozone levels in eastern states in 2017. The proposed rule is based on the ozone standard that EPA recently tightened to 70 parts per million – down from 75 ppm. It would require power plants in 23 states from New York to Texas to curb nitrogen oxide emissions, which contribute to the formation of ground-level ozone. The proposed rule would affect portions of 913 coal, natural gas and oil-fired plants in the 23 states. EPA also proposed a federal implementation plan that would take effect if a state doesn't get a plan approved by EPA. The proposed rule will be open for a 45-day comment period once it's published in the *Federal Register*. A public hearing is planned in Washington, D.C., on December 17.

Next Update on December 4, Happy Thanksgiving!

With Congress pausing for the Thanksgiving recess, we won't send an update next week. We'll send another update on December 4. On behalf of the entire NRECA staff, we wish the electric co-op family a happy Thanksgiving and express our sincere gratitude and appreciation for the electric co-op directors, managers and employees who keep the lights on for 42 million electric co-op member-owners across America.

Attached: Letter on CRA resolutions; letter on highway bill provision.