



June 17, 2016

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

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### ***NRECA Board Names New CEO, Sets Course for Next Challenges***

NRECA's Board of Directors selected former Utah Rep. [Jim Matheson](#) to be NRECA's new CEO. Jim comes to NRECA with a strong energy sector background, having worked in the industry before serving seven terms in Congress and then working as a public policy consultant. A native of Salt Lake City, he knows the [important role of electric co-ops](#) in the energy industry and in the communities they serve. He also has a broad knowledge of the issues facing rural America and NRECA's work to advance our member co-ops' mission.

Other issue discussions during the board meeting included our legal challenge of EPA's Clean Power Plan and next steps during the U.S. Supreme Court stay, and developments in distributed generation resources and emerging technologies. The Board also reviewed efforts on political advocacy, NRECA member engagement, benefits programs and upcoming regional meetings.

### ***Future Leaders Bring Energy to Electric Co-op Youth Tour!***

It's been exciting to have 1,691 high school juniors and seniors in Washington, D.C., for the annual [Electric Cooperative Youth Tour](#). They're headed back home excited about new friendships formed with students from co-ops across country and insights from their visit to our nation's capital, including meetings with congressional leaders and staff. We thank Rep. Todd Rokita (R-IN) for highlighting [Youth Tour](#) in his [floor speech](#). You can see many other highlights and student posts on [Facebook](#) and [Twitter](#).

### ***White House Energy Summit Highlights Community Storage Initiative***

Our [Community Storage Initiative](#) (CSI) was among efforts highlighted at the White House [summit](#) on increasing use of energy storage and renewable energy with smart power markets. We thank CSI Chairman Gary Connett of Great River Energy and Peter Muhoro of Pednerales Electric for representing electric co-ops at the summit. The effort aims to use electric water heaters as "batteries" for storing energy and enabling efficiency strategies that save energy and manage peak grid demand. A CSI-sponsored [study](#) shows community storage has the potential to help reduce overall greenhouse gas emissions. More than 40 organizations are involved in the initiative launched by NRECA, Great River Energy, American Public Power Association, Edison Electric Institute, Natural Resources Defense Council and Peak Load Management Alliance. We're sponsoring a CSI Leadership Forum in July.

### ***House, Senate Committees Clear FY17 Interior-Environment Spending Bills***

Electric co-ops support several provisions in an FY17 Interior-Environment spending bill the House Appropriations Committee passed along party lines (31-18). It continues a one-year delay

on Endangered Species Act (ESA) rulemakings for the greater sage-grouse and prevents any lesser prairie-chicken listing. It would also block funding for the Clean Power Plan, Waters of the U.S. rule and implementation of the 2015 ozone standards. It would provide 90 additional days to comment on the Bureau of Land Management's [Planning Initiative 2.0](#) proposal.

The Senate Appropriations Committee passed (16-14) its Interior-Environment spending bill with a one-year WOTUS rule delay. It would prohibit an ESA listing of the sage-grouse and increase funding for sage-grouse conservation efforts by \$10 million. Senate Democrats will likely oppose these provisions in floor debate. Neither bill is likely to be considered on the House or Senate floors.

### ***Utility Groups and EPA Settle Some Issues in Coal Ash Sites Lawsuit***

The Utility Solid Waste Activities Group, which includes NRECA, reached a settlement agreement with EPA and environmental groups on several issues in a lawsuit challenging EPA's 2015 [coal ash rule](#). Now the utility groups can better focus on the main issue – whether EPA has jurisdiction to regulate inactive surface impoundment sites. Before the rulemaking, EPA had not regulated inactive waste management sites. The settlement on industry issues makes it easier to maintain and operate coal ash impoundments. In settling with the environmental groups, EPA agreed to propose a rule on monitoring for boron in groundwater and to require impoundments that close by April 2018 to do groundwater monitoring, which will increase closing and maintenance costs.

### ***Appeals Court Affirms Decision Striking Minnesota Coal Power Import***

In a win for electric co-ops and others, a federal appeals court [rejected](#) an appeal by Minnesota to reinstate a state law banning power imports from coal power plants in other states, which affected three G&T co-ops in North Dakota and South Dakota. The Eighth Circuit Court of Appeals [upheld](#) a 2014 District Court decision that found the law void. If the law had been upheld, North Dakota utilities would not be able sell power in the Midcontinent Independent Transmission System Operator. The court noted that only the Federal Energy Regulatory Commission (FERC) can regulate interstate wholesale power sales and transmission.

### ***FERC Issues Rule Aimed at Market Pricing Reform***

We're reviewing FERC's [final rule](#) issued yesterday addressing two existing practices on market price formation in the regional power markets. It's the first FERC rule under the [market price formation review](#) launched in 2014. In revising its practice on settlement intervals, the commission [said](#) it aims to ensure rates for energy and operating reserves are just and reasonable, aligning prices with resource dispatch instructions and operating needs, providing appropriate incentives for resource performance, and maintaining reliability.

The rule also requires grid operators to pay higher "shortage" prices to power plants as soon as electricity demand spikes, rather than waiting at least a half-hour. We continue to believe that price formation revisions should be left to the RTO stakeholder processes, where other related market rules and other factors unique to each RTO can be carefully considered.

### ***House Hearing Highlights Cybersecurity Information Sharing Guidelines Release***

The House Homeland Security Committee signaled strong interest in the ongoing

implementation of cybersecurity information-sharing legislation by holding a hearing the same day Homeland Security and Justice Department officials issued [final guidelines](#). Cybersecurity Subcommittee members said they want to ensure that agency guidelines issued under the Cybersecurity Act of 2015 are clear and they want to hear from the private sector on any issues that need clarification or assistance. In related efforts, we'll engage with leaders of the new [Senate Cybersecurity Caucus](#) launched by Sens. Warner (D-VA) and Gardner (R-CO).

### ***NRECA Opposes Proposal for Third-Party Lawsuits in Wholesale Power Markets***

NRECA and the American Public Power Association filed comments at the Commodity Futures Trading Commission (CFTC) opposing a [proposed amendment](#) to allow private (third-party) lawsuits in organized wholesale power markets regulated by the Federal Energy Regulatory Commission. We stressed that CFTC's 2013 exemption order for Regional and Independent Transmission Operators (RTO/ISO) is clear, and the proposed amendment provides no additional benefit to commercial end-users that enter into RTO/ISO transactions to hedge or mitigate commercial risks arising from electric operations. CFTC and FERC together provide coordinated government regulation and enforcement "in the public interest" for these unique, regional, tariffed, electric operations-related transactions and markets.

### ***House Committee Passes Eminent Domain Legislation***

The House Natural Resource Committee passed a bill (H.R. 3062) that would prohibit the Western Area and Southwest power administrations from using eminent domain for transmission infrastructure projects without the express consent of the governor and public utility commission in the affected states. Although NRECA doesn't have a position on this legislation, we continue to update electric co-ops that may be affected by the legislation. The bill now goes to the floor.

### ***EPA Issues Clean Energy Incentive Program Proposal***

EPA issued its proposed [Clean Energy Incentive Program](#) (CEIP) to provide extra credit to states that adopt renewable and energy efficiency projects in low-income communities under the Clean Power Plan, which the U.S. Supreme Court [stayed](#) during legal challenges. Many question whether EPA can develop the CEIP during the Supreme Court stay. A 60-day public comment period starts when the [CEIP proposal](#) is published in the *Federal Register*. EPA plans a hearing in Chicago on August 3, 2016, and you must register by July 29, 2016, to speak.