

### ***Notes to Co-op Nation***

September 27, 2013

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

FROM: Jo Ann Emerson

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#### ***‘All-of-the-Above’ Campaign Update – Pushing Back on Unrealistic EPA Climate Rule***

We have launched our grassroots effort to encourage people to urge EPA to withdraw its misguided proposal to regulate greenhouse gases from new coal and natural gas power plants. We are up against strong forces pushing for these new limits (which will effectively prohibit the use of coal in new power plants – resulting in an “all-but-one” energy plan, rather than the “all-of-the-above” rhetoric we have heard). The Natural Resources Defense Council (NRDC) started running television ads in Washington, D.C., this week, featuring pictures of extreme weather and asthmatic children in an effort to get people to “like” the EPA’s Facebook page.

I expect NRDC’s ads are just the tip of the iceberg in this campaign waged on EPA’s behalf, and we have to match that level of effort with our grassroots campaign. We’re also engaging lawmakers on Capitol Hill as well as other allies (including energy groups, labor groups, and consumer groups) in this effort to push back this EPA effort.

Please get the word out across Co-op Nation and beyond to visit [www.action.coop](http://www.action.coop) to help push back on this proposal.

#### ***Co-op Testifies on Importance of Hydropower as a Clean, Renewable Resource***

A big thank you goes to Leslie James, Executive Director of the Colorado River Energy District Association, for her testimony to a House Natural Resources subcommittee on keeping federal hydropower affordable and reliable. While federal hydropower is a valuable clean, renewable resource, there are several challenges, such as Endangered Species Act requirements and drought conditions.

#### ***Emergency Preparedness Summit to Focus on Co-op Nation Perspective***

I’m excited that NRECA is working with NTCA – The Rural Broadband Association to present an Emergency Preparedness Summit on November 17-19 in Washington, D.C. Speakers and forums will provide information on emergency planning and recovery and insights on how co-ops can help each other. You’ll also hear about using social media to send community updates and network with other utilities. Federal Energy and Homeland Security officials are very interested in improved resiliency since Hurricane Sandy. [Registration](#) is limited, so sign up now!

#### ***NRECA Challenges FERC Demand Response Compensation Rule***

We joined other utility groups in a federal appeals court hearing to overturn a Federal Energy

Regulatory Commission (FERC) rule requiring demand-response incentive rates for companies that voluntarily use less power. We pointed out that FERC's 2011 rule intrudes into areas of state jurisdiction, which is outside FERC's Federal Power Act jurisdiction. The rule requires transmission operators to pay retail customers market rates for unused electricity, which increases wholesale rates that electric co-ops pay and impacts co-op members' electric bills.

### ***Affordability and Local Control Emphasized at Technical Conference on Capacity Markets***

We asked FERC to recognize that centralized capacity markets should be “residual” – an option, but not the only option, for buying and selling capacity. Co-ops and other load-serving entities that wish to build or contract long-term to meet capacity needs shouldn't have options limited by the market design. They shouldn't be at risk of paying twice for transmission capacity – once for their own resources and again for capacity purchased on the centralized capacity market. We're pleased that 13 House Energy and Commerce Committee members signed a letter (attached) asking FERC for a broad review of capacity markets and to fulfill its duty to promote wholesale market efficiency and affordable and reliable power for consumers.

### ***Coalition Urges More Guidance and Time to Comply with 'Buy America' Rule***

We're in a broad coalition that wrote to Transportation Secretary Anthony Foxx about how 2012 highway bill “Buy America” requirements are burdening utilities doing transit and highway relocation projects, including electric co-ops. We urged three actions: 1. Issue regulations or guidelines to clarify “Buy America” requirements for utility relocations; 2. Provide training and technical assistance on the new requirements; 3. Ensure reasonable time to comply.

### ***Wastewater Proposal Changes Needed to Address Cost Impacts on Small Utilities***

We're urging EPA to revise its proposed wastewater guidelines for coal-based power plants to reduce the harmful cost impacts, especially at small utilities like electric co-ops. EPA made multiple and significant analytical errors in the steam electric effluent limitation guideline proposal. If corrected, a final rule could not justify dry-handling of ash or biological treatment of scrubber water. EPA did not review small business impacts, which NRECA demonstrated to be significant for coal units and their distribution cooperative owners.

NRECA also urged EPA to coordinate the water and coal ash management rules, encourage centralized wastewater treatment and water recycling, and allow sufficient time and flexibility for plants to make any upgrades required to meet new guidelines. EPA proposed the guidelines in June and is under a sue-and-settle agreement to issue a final rule in May 2014.

### ***Impressive Tour of Delaware Electric Highlights Renewable Energy Project***

Many thanks to NRECA Delaware Board Member Woody Noel and Delaware Electric Co-op CEO Bill Andrew for hosting a tour of their operations. Their new “home-grown” 4-megawatt solar farm produces enough to power 500 homes. The co-op project helped boost the state's renewable generation while supporting local construction and manufacturing jobs. The co-op's irrigation grant program has helped local farmers cut their electric bills by two-thirds.

**Attached:** House letter to FERC.