

Notes to Co-op Nation

January 17, 2014

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

FROM: Jo Ann Emerson

‘Co-ops Working Together’ Focus of CEO Close-Up; Great Visit with South Dakota Co-ops

This week’s CEO Close-Up gave me so many opportunities to speak one-on-one with co-op CEOs. I emphasized that co-ops can make their jobs of serving members easier by embracing the sixth Cooperative Principle – cooperation among cooperatives. Working together, we have a better chance of taking on regulatory, political and logistical challenges.

And a big thank you to the South Dakota co-ops for their hospitality at the state association meeting. I participated in a lot of good discussions about the President’s climate agenda and other issues.

‘All-of-the-Above’ Campaign Update: Time to Step Up Our Game

We need to step up our game. Yesterday, 18 environmental groups sent a letter (attached) urging the President to drop any mention of an “all-of-the-above” in his energy strategy. They claim the Administration’s policies are doing too much to benefit fossil fuels and not enough to boost renewable energy and reduce the use of fossil fuels like coal. I’m so glad that we chose this slogan for our campaign!

With more than 120,000 comments you’ve collected, we’re gaining momentum in our grassroots pressure on the Environmental Protection Agency’s (EPA) and its climate change agenda. But, we need to ramp up efforts to get your consumer-members, co-op employees and directors to use Action.coop to send EPA a loud and clear message opposing its climate change agenda. Also highlight TellEPA.com to your partner organizations and the public as a way to join us. (Action.coop message counts attached.)

NRECA Meets with EPA on Problems with Power Plant GHG Proposal

We and other industry groups delivered some straight talk to Acting EPA Assistant Administrator Janet McCabe about mandating carbon capture and sequestration (CCS) technology in its proposed new power plant greenhouse gas regulation. We told her that CCS is “not ready for primetime.” EPA must allow more time and demonstration projects before it says CCS technology has been “adequately demonstrated” and must be used on coal plants. We highlighted electric co-ops’ active participation in CCS research and development. We’re urging EPA to withdraw its proposal and work with co-ops on a practical approach. This issue was also raised at a Senate Environment and Public Works Committee hearing. And, several electric co-

op leaders will take it up when the EPA's Science Advisory Board meets next week.

NRECA Supports Bill to Limit Power Plant GHG Regulations

We signed an industry letter (attached) supporting legislation to stop EPA from issuing new coal and natural gas plant GHG regulations until there is congressional action. The House Energy and Power Subcommittee approved the Electric Security and Affordability Act (H.R. 3826) on an 18-11 vote and sent it to the full House Energy and Commerce Committee. The bill also would require EPA coal plant standards be achievable with technology used for a full year by at least six power plants. This bill is unlikely to pass in the Senate, but we'll use the opportunity to voice our message in Congress.

Key Co-op Wins in FY14 Spending Bill

We got several wins for electric co-ops in the FY14 appropriations package passed this week. The bill includes \$5 billion in Rural Utilities Service electric loan levels, which will cover loan applications expected this year. We applaud Congress for rejecting an Administration proposal that would have limited lending to renewable energy projects, eliminating distribution and transmission lending. The bill includes an increase for the Low Income Home Energy Assistance Program to \$3.42 billion. It also maintains \$10 million for the Cooperative Development Program, key for NRECA's International efforts.

Our Pension Flexibility Legislation Moving to Senate Floor

I'm excited that our pension flexibility legislation (S. 1302) is ready to move to the Senate floor after the Senate Finance and Senate Health, Education, Labor and Pensions committees resolved all of their substantive and jurisdictional issues. A special thanks goes to Sens. Harkin (D-IA) and Roberts (R-KS) for leading this tireless effort specifically for electric co-ops. The bill eliminates the Deficit Reduction Contribution for NRECA's Retirement Security (RS) Plan, and makes our Pension Protection Act exemption permanent. Without this bipartisan legislation, our RS Plan could see dramatic cost increases, more volatility in employer minimum contributions, and restriction or elimination of current benefits. S. 1302 has 51 Democratic and Republican cosponsors (list attached).

Subcommittee Approves Cybersecurity Legislation with Voluntary Standards

Cybersecurity legislation (H.R. 3696) that would further define how the Department of Homeland Security (DHS) works with the private sector cleared a House subcommittee markup. The bill would maintain existing agency partnerships with the private sector, including information sharing and sector coordinating councils. It would also extend an existing liability protection program, the SAFETY Act, to cover cybersecurity incidents. The outlook for this bill is low, but we'll continue to work to ensure that any legislation does not interfere with or complicate existing reliability and cybersecurity standards, regulations and processes. I and several electric co-op CEOs will discuss cybersecurity issues at an Electricity Subsector Coordinating Council meeting with DHS, Energy Department and White House officials on January 30.

Attached: Environmentalists' letter to President, industry letter on H.R. 3826, S. 1302 cosponsors list, Action.coop message count.