

Notes to Co-op Nation

February 7, 2014

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

FROM: Jo Ann Emerson

Great Visit with Wisconsin Electric Co-ops!

A big thank you to the Wisconsin electric co-ops for their hospitality during their [education and lobby day](#) in Madison this week. There was plenty of discussion about our pension legislation, the farm bill, climate change issues and water heater efficiency standards. I also got a tour of the Management Internship Program at the University of Wisconsin.

Farm Bill Clears Congress!

We applaud the Senate for clearing a full, five-year farm bill (H.R. 2642) [conference report](#). The President signed the bill today during a tour of agriculture research facilities at Michigan State University, Senate Agriculture Chairwoman Stabenow's (D-MI) alma mater. The Rural Utilities Service (RUS) will again be able to make baseload generation loans. The new Rural Energy Savings Program authorization will allow RUS to make zero-interest loans to co-ops to relend to members for energy efficiency upgrades. And, the Guaranteed Underwriter Loan Program is reauthorized. Now, we'll focus on other legislation to secure language to prevent lawsuits over RUS lien accommodations and fix duplicative pesticide permit requirements.

'All-of-the-Above' Campaign Update: Get Our Message Heard!

You've sent more than 160,000 comments! Help keep ramping up our efforts to raise grassroots pressure on EPA and its climate change agenda. 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 – like the chambers of commerce and agriculture groups – and the public as a way to join us. (See attached counts.)

NRECA Urges EPA to Fix Problems with Power Plant GHG Proposal

We highlighted the problems (attached) with EPA's proposed new power plant greenhouse gas regulation at a hearing in Washington, D.C. We strongly disagreed with EPA's plan to require carbon capture technology that is costly and not commercially viable. We emphasized the need for an "all-of-the-above" energy policy that lets utilities to continue to use coal generation as a hedge against volatile natural gas and wholesale markets – as the nation has seen this winter.

Cybersecurity Bill Clears House Committee

We welcome the House Homeland Security Committee's approval of cybersecurity legislation (H.R. 3696) that would reinforce how the Department of Homeland Security (DHS) works with

the private sector. H.R. 3696 would allow DHS to maintain existing agency partnerships with the private sector on information sharing, sector coordinating councils, and codifies the National Cybersecurity and Communications Integration Center. The bill would also extend existing liability protection in the SAFETY Act to cover qualifying cybersecurity incidents. There is no Senate companion bill. We're working to ensure that any legislation won't duplicate existing reliability and cybersecurity standards, regulations and processes. Attached is the new cybersecurity checklist the Electricity Subsector Coordinating Council (ESCC), DHS and the Energy Department developed to help utility CEOs identify strengths and weaknesses in their systems and make security decisions. The ESCC agreed to it last week.

Energy Secretary Urged to Maintain PMAs' Core Mission

We've joined the American Public Power Association on a letter (attached) to Energy Secretary Moniz opposing proposals from a clean energy initiative led by former Colorado Gov. Bill Ritter that would negatively impact Power Marketing Administrations (PMAs) and the Tennessee Valley Authority. That "Powering Forward" report recommends using PMAs and TVA as test cases in clean and renewable energy demonstration projects. But, that would undermine the PMAs' and TVA's core mission to provide lowest-cost electricity to preference customers. The report urges the President to use executive authority to bypass Congress to launch initiatives like those outlined in a controversial March 2012 PMA restructuring memo. While the Energy Department has not made any public statement, our letter puts electric co-op concerns on record.

Endangered Species Working Group Report Lists Areas to Improve Law

I issued a [statement](#) supporting the House Endangered Species Act (ESA) Working Group's [report](#) on updating the ESA law to provide greater stakeholder input and transparency. The Working Group's findings are based on three field hearings last year. NRECA and member co-ops provided testimony and other input. House Resources Chairman Hastings (R-WA) and Rep. Lummis (R-WY) created the ESA Working Group to find ways to improve the law. We expect environmental groups will be very critical of the report.

NRECA Backs Iowa Co-op in Wind Power Flap at FERC – It's Time to say 'Enough'

We're backing Midland Power Cooperative again at the Federal Energy Regulatory Commission (FERC) in an ongoing challenge by operators of a small wind turbine regarding how much the co-op would pay as an "avoided cost" for the power produced by the turbine. Long-time FERC precedent holds that under the Public Utility Regulatory Policies Act, Midland does not have to pay more than the avoided-cost rate of its all-requirements G&T supplier. However, the wind turbine operators have argued in multiple proceedings that Midland should be required to pay its avoided cost (i.e., the price at which Midland purchases power from its supplier). We filed comments urging FERC to dismiss the claim. Midland's position has been upheld in several challenges by these folks over the past 10 years at FERC and in federal and state courts.

RUS Administrator to Explain Energy Efficiency Loan Program in Webinar

Join us and RUS Administrator John Padalino for a free [webinar](#) on February 18 (1 p.m. EST) on the new RUS Energy Efficiency and Conservation Loan Program. Administrator Padalino and RUS staff will answer questions about this program that starts February 3. This is a current tool for co-ops in addition to the new Rural Energy Savings Program authorized by the farm bill.

Attached: Action.coop counts; NRECA comments, CEO checklist, letter to Secretary Moniz.