

# Selected Policy Issues That Keep Me Up at Night

Susan N. Kelly  
President and CEO  
American Public Power Association

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# APPA in a Nutshell

- APPA=American Public Power Association
- APPA is the trade association that represents the interests of our nation's some 2000 electric utilities owned and operated by units of state and local government
- Member utilities range in size from very large to very tiny, located in 49 states
- Celebrating our 75<sup>th</sup> anniversary this year

# I Am a Newly Minted CEO

- Took over as CEO of APPA on 4/1/14
- Had been General Counsel/SVP of Policy Analysis since 2004
- Spent 2014 on the road speaking to member groups—more than 25 stops, from CA to SC, TX to WI, and many points in between
- Gave me a new appreciation for the diversity of our membership, and our business model

# Selected Policy Issues Keeping Me Up at Night

- EPA's Proposed Rule for CO2 emissions from existing power plants ("111(d)")
- Cyber and Physical Security
- Mandatory Centralized Capacity Markets
- Continued Access to Tax Exempt Financing
- Municipal Broadband Deployment

# Selected APPA Concerns with EPA's Proposed 111(d) Rule

- Scope exceeds EPA's legal authorities
- Lack of State role in setting reduction "goals"
- Use of 2012 as baseline year—fails to give credit for early action/prior investments
- Treatment of nuclear and hydro generation
- "Front-end" loaded design of state goals
- Lack of consideration of possible load growth

# Filing of 12/1/14 Comments Was Just the “End of the Beginning”

- Continued interactions with EPA
- Interagency review process
- 2/19 FERC Technical Conference on reliability issues associated with EPA proposal
- Comments to EPA on model FIP
- Congressional oversight and potential legislation
- Eventual court review

# Cyber and Physical Security

- Issue keeps getting bigger and bigger (Sony hack, Paris attacks, CentCom Twitter hack, and now “Blackhat”—thank you Hollywood!)
- Working with federal government on many fronts to address security issues, including Electricity Subsector Coordinating Council, FERC/NERC (Critical Infrastructure Protection Standards), DOE, DHS, Congress

# Security Wish List

- Better, faster channels to disseminate information on threats
- Better tools and technologies to detect intrusions and deflect/address them
- Liability protection to protect industry if it shares information, takes appropriate steps
- Bottom Line: Must work together to defend against attacks by nation states/lone wolves

# Mandatory Centralized Capacity Markets

- Run by certain FERC-regulated Regional Transmission Organizations (RTOs)—PJM, ISO NE, NY ISO (in constrained zones, e.g., NYC)
- Market rules protect incumbent generators, can discourage new entry and self supply by not-for-profit utilities, allow attempts to exercise market power (ISO NE FCM No. 8)
- Rules may impact efforts to deal with 111(d)

# Tax-Exempt Financing

- Continued access to tax-exempt financing important to public power as we invest in 21<sup>st</sup> century transmission, distribution, generation
- Any time tax reform is discussed, tax-exempt financing can appear on the menu
- Not just a tax shelter for high income earners—many in middle class invest in them
- Loss of tax-exempt bonds would directly impact rates to public power utility customers

# Municipal Broadband Deployment

- Many smaller cities/towns APPA members serve have no high speed broadband or only limited service—poor quality, too expensive
- Some APPA members have very successfully provided such services; it is a foundation for economic development (and supports smart grid deployments!)
- Incumbent cable/phone companies not pleased by prospect of municipal competition

# Possible Regulatory/Congressional Actions

- FCC Chairman Wheeler has suggested using FCC authorities under Section 706 of the Telecommunications Act of 1996 to invalidate state laws that restrict municipalities from providing broadband services
- Could see proposed legislation to restrict the FCC from doing this as part of Telecom Act rewrite or attached to other bills

# Broadband—the 21<sup>st</sup> Century Equivalent of Electricity?

- High speed internet/communications services are already absolutely vital to our nation's businesses and will only get more so
- Smaller cities and towns deserve equivalent access—in fact, they must have it to maintain their economic viability and quality of life
- Just as with electricity 100 years ago, if incumbents are not providing it, we need to

# Conclusion—A Veritable Smorgasbord of Issues...

- This is just a sampling of the issues facing the industry/APPA members--see also:
  - Ozone, coal ash, mercury, Waters of the US, NEPA regulations rewrite, etc.
  - CFTC regulations for hedging/swaps
  - Distributed Energy Resources
  - NERC standards/compliance
- More than enough to say grace over!