

AMERICAN
PUBLIC
POWERTM
ASSOCIATION

Powering Strong Communities

Public Power's Perspective

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AMERICAN **PUBLIC POWER** ASSOCIATION

Trade association representing
public power utilities across the U.S.

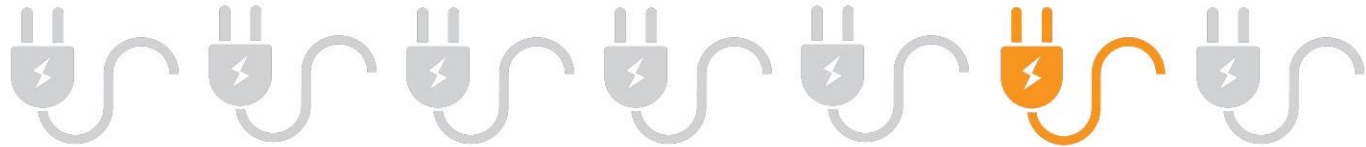
**MEMBER EDUCATION
AND INFORMATION**



**POLICY
ADVOCACY**

**BEST PRACTICES
AND RESOURCES**

**2,011 PUBLIC POWER UTILITIES PROVIDE
ELECTRICITY TO 49 MILLION PEOPLE*
IN 49 STATES AND 5 U.S. TERRITORIES**



1 IN **7** ELECTRICITY CUSTOMERS IN THE U.S. ARE SERVED BY **PUBLIC POWER**

*Based on U.S. Census Bureau stats of 2.54 people per household/meter

Public Power Priorities in 116th Congress

- Infrastructure

- Support inclusion of an energy title that promotes energy infrastructure
- Would like to see hydropower licensing and relicensing reform included to cut lengthy and duplicative processes
- Will push back against attempts to promote privatization that could threaten the public power business model

Public Power Priorities in 116th Congress

- Municipal Bonds
 - Improve tax-exempt financing
 - Reinstate tax-exempt advance refunding bonds
 - Increase small issuer exception threshold from \$10M to \$30M
 - Simplify private-use rules

Public Power Priorities in 116th Congress

- PMAs and TVA
 - APPA strongly opposes proposals to divest the transmission assets of BPA, SWPA, TVA, and WAPA and to change the PMAs' cost-based rate structure to a market-based rate structure

Public Power Priorities in 116th Congress

- Grid Security
 - Electric utility sector is only critical infrastructure with mandatory and enforceable federal regulatory regime in place for cybersecurity
 - Increased information sharing and liability protection would further enhance the industry's ability to guard against cyberattacks

Public Power Priorities in 116th Congress

- Wholesale Markets
 - APPA supports continued oversight of RTO-run wholesale electricity markets
 - APPA has sought to fully restore public power rights to self-supply within the existing mandatory capacity markets

Public Power Priorities in 116th Congress

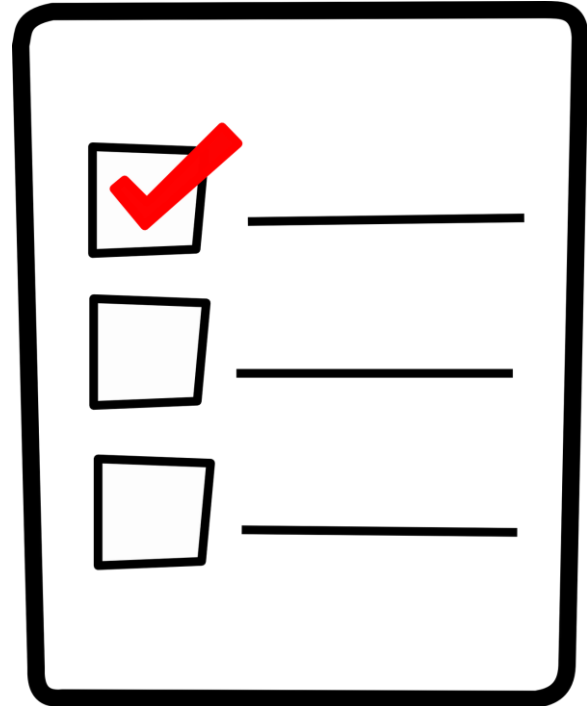
- Environment
 - Reinstitution of Select Committee on Climate Change
 - now called Select Committee on the Climate Crisis
 - Report on how to address climate change due March 2020
 - Hearings on climate change in Energy & Commerce, Natural Resources and Science Committees
 - House may also move legislation on EVs, DERs and renewables

Environment

- Working with our members as we draft comments on a slew of environmental regulations being reviewed, revised, and/or withdrawn due to the Administration's regulatory reform efforts
- Despite shifting federal regulatory landscape, state and local renewable mandates and CO2 reduction programs will result in electric utilities continuing to reduce their CO2 emissions over time

Three Key Electric Regulatory Issues

- RTO and ISO organized markets, particularly mandatory capacity markets
- Federal and state jurisdictional issues and the changing grid
- Rising transmission costs in FERC-regulated rates



RTO and ISO Markets

- Capacity market matters
 - Major developments in PJM and ISO-NE
 - Major APPA issues: retain voluntary framework; ability to self-supply; fuel mix; overall cost
- Resilience and fuel security

Federal and State Jurisdiction

- FERC Order 841 on energy storage
- Pending FERC rulemaking on aggregated DER in RTO and ISO markets
- Implement rules under which resources on the distribution system cannot participate in the wholesale markets without consent of state or local regulators

Rising Transmission Costs

Transmission Investments Subject to Full or Limited Review in ISO/RTO Regional Planning Processes

	Years Reviewed	FERC Jurisdictional Additions by Transmission Owners (nominal \$million, based on FERC Form 1 Filings)	Investments Approved Through <u>Full</u> ISO/RTO Planning Process (nominal \$million)	% of Total FERC Jurisdictional Investments Approved Through <u>Full</u> ISO/RTO Planning Process	% of Total FERC Jurisdictional Investments with <u>Limited</u> ISO/RTO Review
CAISO	2014 - 2016	\$7,528	\$4,043	54%	46%
ISO-NE	2013 - 2017	\$7,488	\$5,300	71%	29%
MISO	2013 - 2017	\$15,530	\$8,068	52%	48%
NYISO	2013 - 2017	\$2,592	n/a	n/a	n/a
PJM	2013 - 2017	\$31,469	\$14,458	46%	54%
SPP	2013 - 2017	\$6,202	\$4,226	68%	32%
Total	-	\$70,810	\$36,095	53%	47%

Source: The Brattle Group: *Transmission Competition Under FERC Order No. 1000: What We Know About Cost Savings to Date* (Oct. 25, 2018)

Rising Transmission Costs

- Transparency and availability of stakeholder participation in the transmission planning process
- FERC methodology for setting allowed equity returns for transmission rates
- FERC policies must ensure equity returns and incentives reflect current economic conditions and are no more generous than necessary to provide investors with a risk-appropriate return

NERC

- APPA supports NERC's Standards Efficiency Review effort
- Industry is in the process of developing standards to address virtualization for cyber security
 - Security requirements regarding communications rather than directly on assets

APPA Reports

- Rate Design
 - Traditional rate design reexamined by many utilities
 - Time-based pricing is becoming more broadly utilized

APPA Reports

- Value of the Grid
 - Growth in DERs and electrification
 - Public power uniquely positioned to lead this new energy future because of closer connection to customers and greater regulatory flexibility

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