

ABOUT LPPC

The Large Public Power Council (LPPC) is an association of 28 of the largest public power utilities in the U.S. LPPC members are large electric utilities with significant grid infrastructure and generation resources. In some cases, LPPC members also provide natural gas distribution, water, and wastewater services.

LPPC engages in active education and advocacy on policy and regulatory matters before Congress and federal agencies. LPPC's advocacy focuses on issues of particular concern to large asset-owning public power systems and their customers. LPPC members embrace their role in meeting their communities' particular goals for energy security, economic development, and clean energy, understanding that reliable and affordable electricity is an essential service.

LPPC's positions on policy matters are shaped by the following overarching principles:

- Electricity service is a critical public service to our communities' residents and businesses
- Electricity services should be provided in a manner that optimizes:
 - Reliability and resilience
 - Customer affordability and equity
 - Economic vitality of our communities
 - Environmental stewardship, including reducing the sector's CO₂ emissions
- Public ownership of electricity systems is an effective business model with distinct advantages that should be supported
- Locally-governed public power systems are directly accountable to consumers and communities, and their local governance should be respected

The policy objectives outlined below follow from these principles.

A WORKABLE CLEAN ENERGY TRANSITION

The electricity sector is in the midst of a clean energy transition. Federal policy must provide a workable framework to support this transition, enabling LPPC utilities to continue providing reliable and affordable electricity service to consumers as reliance on clean energy resources continues to grow.

1

SUPPORT FOR CLEAN AND RELIABLE ENVIRONMENTAL REGULATION

Federal Regulatory Actions to Achieve Emissions Reductions Must Ensure that Electricity Service Remains Reliable, Affordable, and Recognize Regional Differences in Available Resources

LPPC supports federal actions and policies to responsibly advance a clean energy transition. Federal actions and policies (including the power plant rule and other Clean Air Act rules) should be well coordinated and must maintain resource adequacy and reliability of electricity service throughout the transition. Moreover, policies should recognize the importance of maintaining affordability for consumers by respecting regional differences, encouraging innovative technologies, and enabling flexible compliance.

Environmental stewardship is a critical responsibility of the power sector. This responsibility includes the ongoing development of ways to deliver reliable and affordable electricity while also reducing CO₂ emissions and minimizing other environmental impacts. Public power systems continue to move toward a clean energy economy by investing in zero- and low-carbon energy resources and expanding the ways that clean electricity is used to power our nation. Informed by the preferences of our communities and customers for a cleaner energy future, LPPC members are actively working to transition to clean energy resources, with many members making commitments to achieve net-zero or other ambitious CO₂ reduction goals and taking other steps to minimize the environmental impacts of power sector activities.

2

RELIABILITY ASSURANCE

Analysis of Regulatory Impacts is Needed to Assure the Reliability of the Electric System as the Resource Mix and Operating Requirements Change

Federal agencies need to coordinate with each other and with industry to ensure that the clean energy transition can be achieved in the timeframes proposed, while maintaining or enhancing reliability. The North American Electric Reliability Corporation (NERC), the nation's Electric Reliability Organization (ERO), under the direction of the Federal Energy Regulatory Commission (FERC), should perform the necessary studies, with adequate time, to ensure that reliability can be maintained as the transition progresses. The combination of growing loads from the expansion of electrification, and a rapidly-changing generation resource mix, creates reliability complexities that require careful review throughout implementation.

LPPC 2024 POLICY OBJECTIVES

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EFFICIENT PERMIT REVIEW FOR CRITICAL INFRASTRUCTURE PROJECTS

Implement Timely Permitting for Energy Infrastructure

Timely action is needed on permitting and licensing of critical infrastructure projects including transmission lines, zero- and low-carbon generation, and needed pipelines for natural gas, hydrogen, and CO₂. These projects are aimed at preserving reliability and reducing greenhouse gas emissions and other air pollutants. A protracted permitting process leads to higher costs and delayed investments. Interagency coordination, state involvement, and efficient judicial review of project permitting should ensure thorough, but timely, permitting reviews and decisions for energy infrastructure projects.

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DEVELOP AND DEMONSTRATE INNOVATIVE CLEAN ENERGY TECHNOLOGIES

Support Creation of Additional Paths to Decarbonize the Utility Sector

LPPC supports strong federal action to expand available generation and end-use technology options, support advanced grid capabilities, and enhance end-user services and efficient demand-side technologies. Continued federal investments in research, development, and demonstration of the full range of technologies are needed to achieve clean energy goals, including: advanced dispatchable renewables; low-carbon fuels like hydrogen; advanced nuclear energy; CO₂ capture, utilization, and storage; long-duration electricity storage; and other carbon-free technologies.

Both current and next-generation technology solutions depend on a secure and reliable supply chain. LPPC supports federal efforts to strengthen manufacturing and increase access to critical products in order to meet decarbonization and reliability goals.

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TRANSMISSION PLANNING AND COST ALLOCATION

Sensible Transmission Grid Investment Will Be Necessary to Support Reliable, Affordable Electricity Service

LPPC supports sensible expansion of the transmission grid to ensure reliable and affordable electricity service to respond to changes in load and generation mix. Costs of grid expansion must be reasonable and allocated fairly based on who benefits from the expansion. Approval and siting for new transmission projects must be premised on a showing of net benefits to consumers, demonstrated on a regional basis.

6

DECARBONIZATION OF THE TRANSPORTATION SECTOR

Support Changes to Decarbonize Transportation Through Electrification and Use of Hydrogen Fuel

Increasing electrification and use of hydrogen fuels in light-duty and heavy-duty vehicles can bring tremendous benefits to our communities by reducing emissions and improving local air quality. LPPC members are actively working to support expansion of electricity-powered and hydrogen-fueled transportation, as both fuel providers and infrastructure developers. Charging infrastructure, metering, and auxiliary electric technologies are natural extensions of the distribution grid. Public power can play an essential role in deploying federal funding and new technologies. By partnering with government, automakers, and other stakeholders, we are committed to advancing electrification and hydrogen fuel transportation, recognizing resource adequacy challenges, to support economic development and environmental quality of life in our communities.

RESILIENCE AND SECURITY

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ENHANCE RELIABILITY THROUGH GRID RESILIENCE

The Electric Industry and Government Should Continue Partnering to Enhance the Resilience of the Electric Grid

Resilience refers to the ability of the electric grid to adapt to changing conditions, and withstand and rapidly recover from system disruptions, whether resulting from a deliberate attack, an accident, or an act of nature such as an extreme weather event. The electric industry, government, and academia should continue to work together to enhance the resilience of the nation's electric grid in the face of evolving threats, building upon the existing regulatory framework.

The electric industry and government should continue to work together to ensure that the supply chain is secured from both a cyber perspective and sourcing perspective, and to examine regulations and actions that will spur domestic production for key components.

LPPC 2024 POLICY OBJECTIVES

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ENHANCE CYBER AND PHYSICAL SECURITY

Policy Should Enhance a Resilient Security Posture Based on a Risk-Based Security Framework

To protect against cyber and physical security threats, and enable effective response to and recovery from any incidents that might affect the reliable operation of the grid, government policy should focus on encouraging alignment with a risk-based security framework, building upon existing regulations and voluntary programs, without the addition of undue regulatory requirements. The risk-based framework should be adaptable to changing threats and technologies, encourage the sharing of leading practices among utilities, and promote timely intelligence sharing and collaboration between industry and government.

WHOLESALE POWER MARKETS

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ORGANIZED ELECTRICITY MARKETS

Organized Wholesale Electricity Markets Should Provide Economic Accountability and Reliability Benefits to Customers

LPPC members participate in both bilateral and organized wholesale electricity markets. Where organized wholesale markets exist, they should be voluntary and transparent, resource-neutral, and designed and operated to provide net benefits to customers. Organized markets should maintain or enhance reliability and cost savings, and allow for different resource mixes based on local, state, and regional choices. Governance structures must provide for independent governance, include public power representation within the stakeholder processes, and ensure access to decision makers.

Where organized wholesale markets do not presently exist, formation or expansion of an organized market should be designed and implemented carefully to ensure that it provides benefits to customers and preserves the local decision making and flexibility of public power entities. FERC should ensure that public power utilities retain the authority to make individual decisions regarding the merit of participation in organized wholesale markets.

INFRASTRUCTURE FINANCING

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PROTECT AND MAXIMIZE PUBLIC POWER FINANCING TOOLS

Retain Current Law Treatment of Tax-Exempt Financing, Restore Advance Refunding, and Implement Comparability for Clean Energy Incentives

Tax-exempt financing and energy tax incentives available to public power issuers are critical to ensuring that Americans have access to energy that is reliable, affordable, and clean. This includes: (1) preserving the exclusion of interest on state and municipal bonds from taxable income, (2) restoring tax-exempt advance refundings, and (3) ensuring public power's access to clean energy investment incentives available to other utilities by using sequestration-protected direct payments in lieu of tax credits. Tax-exempt bonds and tax credits provided through direct payments lower borrowing and project costs for public power's energy infrastructure investments. This, in turn, lowers rates for our customers and maximizes the benefits from federal energy tax incentives.

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REDUCE COMPLEXITY AND PROVIDE MAXIMUM FLEXIBILITY IN IRA IMPLEMENTATION

Avoid Creating Undue Obstacles to Clean Energy Infrastructure Investment

The Department of the Treasury's implementation of the clean energy incentives in the Inflation Reduction Act (IRA) should be designed to reduce complexity, enhance flexibility, and enable public power (which produces one-seventh of America's electricity) to help meet our nation's goal of increasing clean technology investment for our customers in an affordable manner. Requirements related to prevailing wages, apprenticeship programs, and domestic content should be implemented flexibly to achieve the IRA's ambitious policy goals, particularly when impacted by issues outside public power's control such as supply chain disruptions and reliance on third parties to acquire and construct projects.

LPPC 2024 POLICY OBJECTIVES

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UPDATE PRIVATE USE RESTRICTIONS

Eliminate Outdated Restrictions on Use of Tax-Exempt Financing for Public Power Infrastructure Investment

Restrictions in the Internal Revenue Code concerning "private use" are outdated and an impediment to achieving our clean and reliable energy goals. Congress and the Department of the Treasury should update the tax code and regulations addressing private use restrictions to remove unnecessarily restrictive limitations on the use of tax-exempt financing for public power infrastructure investment, particularly in light of the new availability of clean energy tax credits and how the private use rules affect public power's ability to contract with its customers. Outdated private use restrictions constrain the way public power systems conduct their operations and utilize clean energy incentives.

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PROVIDE FULL SEQUESTRATION PROTECTION FOR BUILD AMERICA BONDS

Direct Pay Bonds are an Effective Financing Tool for Public Power, but Must be Exempt from After-the-Fact Mandatory Sequestration on a Going Forward Basis

Build America Bonds (BABs) and other direct pay bonds are taxable bonds on which the Federal Government reimburses the issuer for a portion of the interest paid. For nearly a decade, however, these direct payments have been subject to forms of sequestration that threaten to or actually reduce the payments to issuers of direct pay bonds including BABs that public power has already issued and that will be outstanding for many years. LPPC urges Congress to (1) refrain from further extending sequestration to BABs and other direct pay bonds, (2) repeal sequestration of payments for existing direct pay bonds on a going forward basis, and (3) support full protection from sequestration for future direct pay bonds or other similar payment programs.

SUPPORT FOR OUR CUSTOMERS AND WORKERS

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SUPPORT FOR COMMUNITIES THROUGH ENERGY ASSISTANCE PROGRAMS

Provide Ample Aid to Meet the Electricity Needs of Struggling Households and Small Businesses

Many of the low-income families and small businesses served by LPPC members continue to struggle. As federal programs are developed and implemented, aid should be provided to ensure equity across communities so that such consumers are able to pay for essential utility services. Programs such as the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP) are proven and effective tools to address energy insecurity, and should remain a top priority for federal funding.

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KEEPING COMMUNITIES SAFE

Timely Preparedness and Prompt Restoration of Service After Weather-Related Disruptions is Essential to our Communities

To best serve our communities, including hospitals, emergency response operations, businesses, schools, and homes, public power utilities often mobilization in advance of serious anticipated weather events such as hurricanes or ice storms. As such, it is important that federal law recognizes the enormous resilience benefits of pre-staging service restoration supplies and crews needed for disaster response, in order to shorten any weather-caused service disruptions. The Federal Emergency Management Agency (FEMA) can, and should, provide for the timely reimbursement of disaster recovery costs, including costs incurred in anticipation of a serious weather event.

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DEVELOPING OUR ESSENTIAL WORKFORCE

Implement Programs to Support the Utility Workforce

LPPC members employ essential workers in highly technical fields who are ensuring the safety of our communities and providing reliable power for essential services and local economies. Support for workforce development should remain a high priority to ensure that there is a robust pipeline of qualified and diverse employees in highly technical STEM-related fields, and cyber security in particular.