

## ABOUT LPPC

The Large Public Power Council (LPPC) is an association of 27 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 is engaged in active education and advocacy on policy and regulatory matters before Congress and the federal agencies. LPPC's advocacy focuses on issues of particular concern to large asset-owning public power systems and their customers.

LPPC's positions on policy matters are shaped by several 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 carbon footprint
- 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.

## INFRASTRUCTURE FINANCING

# 1

### PROTECT AND MAXIMIZE PUBLIC POWER FINANCING TOOLS

*Retain Current Law Treatment of Tax-Exempt Finance, 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 reliable, affordable, and clean energy. 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 through 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.

# 2

### 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 in an affordable manner for our customers. Requirements related to prevailing wages, apprenticeship programs, and domestic content should be flexible in achieving their 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.

# 3

### 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.

# LPPC 2023 POLICY OBJECTIVES

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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 bond or other similar payment programs.

## **INFRASTRUCTURE DEVELOPMENT**

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## **FLEXIBILITY IN OPTIMIZING RESOURCE PLANNING** *Public Power Utilities Undertake Careful Generation and Transmission Resource Planning to Ensure Resource Adequacy, Reliability, Affordability, and Environmental Stewardship*

States and public power utilities need the flexibility to tailor resource planning to their policy objectives, existing resource mixes, regional reliability and resilience risks, and the balance necessary to achieve cost-effective portfolios on an integrated basis. This approach will enable consideration of regional market differences, resource and infrastructure availability, and the optimal combination of resource attributes and system performance.

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## **TRANSMISSION DEVELOPMENT 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 in light of changes in load and generation mix. Costs of grid expansion must be reasonable and allocated fairly based on who benefits from the expansion.

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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 technology options, support advanced grid capabilities, and enhance end-user services. 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; CO<sub>2</sub> capture, utilization, and storage; long-duration electricity storage; and other carbon-free technologies.

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## **SUPPORT DECARBONIZATION OF THE TRANSPORTATION SECTOR** *Support Changes to Decarbonize Transportation Through Electrification and Use of Hydrogen Fuel*

Increasing electrification and the 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. Partnering with government, automakers, and other stakeholders, we are committed to advancing electrification and hydrogen fuel transportation to support economic development and environmental quality of life in our communities.

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## **EFFICIENT PERMIT REVIEW FOR CRITICAL INFRASTRUCTURE PROJECTS** *Implement Timely Permitting for Energy Infrastructure*

Timely action is needed on permitting for critical electricity infrastructure projects aimed at preserving reliability and reducing greenhouse gas emissions. LPPC supports greater inter-agency and federal-state coordination that ensures thorough, but timely, permitting reviews for energy infrastructure projects.

# LPPC 2023 POLICY OBJECTIVES

## RELIABILITY, 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, and considering cost recovery for pre-positioning assets in advance of forecasted severe weather events.

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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 and potential supply chain constraints, encourage the sharing of leading practices among utilities, and promote timely intelligence sharing and collaboration between industry and government.

## ENVIRONMENTAL POLICY

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### CLIMATE AND ENVIRONMENTAL STEWARDSHIP

*LPPC Supports Federal Actions and Policies to Achieve Responsible Emissions Reductions and Improve Environmental Quality*

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 carbon dioxide 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 CO<sub>2</sub> reduction goals, and taking other steps to minimize the environmental impacts of power sector activities.

LPPC supports federal actions and policies to responsibly advance a clean energy transition. These federal actions and policies should be well coordinated and part of an overall economy-wide approach that recognizes the need to maintain electric reliability and affordability for consumers, promotes a technology-neutral policy, respects regional differences, encourages innovative technologies, and enables flexible compliance.

## 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 the economic fallout of the pandemic persists. 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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### 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. 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.