

July 15, 2016

The Honorable Fred Upton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Ed Whitfield
Chairman
Subcommittee on Energy and Power
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Bobby Rush
Ranking Member
Subcommittee on Energy and Power
Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Upton, Ranking Member Pallone, Chairman Whitfield, and Ranking Member Rush:

On behalf of the Large Public Power Council (LPPC), I want to commend you on your leadership in crafting responsible and meaningful energy reform. As S. 2012, the Energy Policy Modernization Act of 2016, and H.R. 8, the North American Energy Security and Infrastructure Act, move to conference, I want to share our positions on a number of important provisions of interest to LPPC. Of primary concern are those provisions related to electric reliability, energy efficiency, hydropower, grid security, and net metering.

As you know, LPPC represents the 26 largest consumer-owned electric utilities in the United States. We represent utilities in thirteen states including Washington, California, Arizona, Colorado, Texas, Oklahoma, Nebraska, Georgia, Florida, North and South Carolina, and New York, and within these states, we collectively serve thirty million electricity consumers. The reliable delivery of electricity to our 30 million consumers is of paramount importance to LPPC and its member utilities.

To this end, LPPC strongly supports section 4301 of S. 2012 that requires a reliability impact statement for any major rule. While we appreciate the direction of the House language that also requires an impact statement, we feel the Senate language goes the necessary step further to mandate that any reliability impact statement requires a response from the agency, and upon issuing the final rule, the agency must consider the reliability statement. LPPC and our member utilities believe that the more detailed Senate reliability language will help ensure reliability is thoroughly taken into consideration in agency

rulemakings. LPPC strongly advocates that section 4301 of S. 2012 be included in the final conference report.

Energy efficiency is another area of particular importance to LPPC member utilities. Energy efficiency is an essential part of a healthy energy economy, and it provides enormous opportunities to provide our utility customers with the most cost-effective power. LPPC supported many of the energy efficiency proposals in both the House and Senate bills, but we have concerns with provisions in H.R.8, dealing with building energy code requirements. While LPPC appreciates the direction of the House language, we are concerned that the provision prevents the Department of Energy (DOE) from providing funds for technical assistance in the reframing of the model energy code. LPPC prefers the Senate bill language that mandates the DOE to update the codes for both residential and commercial buildings to meet new energy aggregate savings targets. LPPC urges inclusion of the Senate bill's energy efficiency provisions.

Another area of importance to LPPC are provisions that improve and modernize the hydropower licensing regulatory process. LPPC supports a conference process that effectively combines the hydropower licensing reform sections of both the House and the Senate bills. Where the bills include comparable provisions, LPPC believes the two versions can be integrated to retain the most effective elements of each, while maintaining the designation of the Federal Energy Regulatory Commission (FERC) as the lead agency for coordinating with other federal state, and local government agencies and tribes in fulfilling their responsibilities under federal law.

In this role, FERC should develop a licensing schedule that ensures expeditious completion of all authorizations and permits, and that schedules should be enforced through dispute resolution and judicial review. For those issues not replicated in both the House and the Senate bills, we would like to highlight the more preferable option. Specific to the Senate bill, LPPC supports the improvements to the existing trial-type hearing process and a requirement that agencies demonstrate consideration of issues such as energy supply and air quality when setting mandatory conditions or prescriptions. Additionally, LPPC supports the Senate provisions requiring FERC to recognize “early action” investments when determining the length of a hydropower license, and provisions to support hydropower energy development by expanding the definition of renewable energy for federal programs to include all forms of hydropower. Specific to the House bill, LPPC supports unique language that promotes hydropower at non-powered dams and creates an expedited licensing process for closed-loop pump storage. These provisions would emphasize both hydropower development and an expedited licensing process.

Finally, LPPC opposes two sections of H.R. 8 concerning grid security and net metering that were both added as amendments during floor consideration of the House bill. First, Section 1104 (e) in H.R. 8 mandates that FERC direct the Electronic Reliability Organization (ERO) to submit reliability standards for a geomagnetic storm or electromagnetic pulse event. LPPC believes this provision is redundant and unnecessary as these reliability standards are already in place. Specifically, FERC and NERC have existing authority to develop reliability standards for grid security vulnerabilities and have issued

standards to address geomagnetic disturbances, as well as physical threats to the grid. LPPC advocates that Section 1104 (e) be removed during conference consideration.

Additionally, language in Section 6002 of H.R. 8 requires states to consider interconnection and net metering of community solar projects into the grid, defining community solar as 2 megawatts (MW) or less, owned either by an electric utility, a third party or jointly. Our utilities are built on the foundation of local governance and ownership and therefore are closely in touch with the local consumers we serve, and as local institutions, we are uniquely positioned to help our consumers make wise energy policies in tandem with our local policy makers and regulators. As such, we strongly believe that net metering decisions need to stay a matter of local governance, where many of these decisions can be and are more appropriately addressed. LPPC continues to oppose the inclusion of Section 6002 of H.R. 8 in the final bill.

Congress has the opportunity to pass the first comprehensive energy package in almost a decade, and we appreciate your leadership and hard work in seeing this meaningful energy reform become a reality. Adopting the best provisions in the House and Senate bills will result in improved electric reliability, energy efficiency, and grid security to the benefit of utilities themselves and the consumer. As this legislation moves through conference, we thank you for your consideration of our priorities and perspectives as laid out above, and we look forward to working with you on these important issues.

Sincerely,



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cc: Senate Energy and Natural Resources Committee and House Energy and Commerce Committee S.
2012 Conferees.