

A National Dispatch

Taking the Co-op Message to D.C.

The co-ops spoke to their senators and representatives on four key topics critical to cooperatives.

by Brenda Kleinjan

THREE THOUSAND ELECTRIC LEADERS DESCENDED on Capitol Hill in early May to talk to their U.S. Senators and Representatives about issues crucial to the future of affordable, reliable electricity.

"We must go to Capitol Hill and work for our members," said NRECA CEO Glenn English during a briefing for co-op leaders before they went on the Hill. "Under the best of circumstances, electric bills are going to soar and it will be a difficult 10 years, but one thing is sure: if we did not focus our attention and our members' attention, we cannot avoid catastrophe."

America's electric cooperatives are making significant investments in clean, renewable energy sources. They're also investing in energy efficiency. But renewable energy and conservation alone cannot provide enough power to meet the country's growing demand. Some regions are facing a power crunch and could see power shortages as soon as 2011. What is Congress' plan to make sure the nation's electric industry can meet this demand?

This question, among other national energy topics, is of key concern to electric cooperatives. Representatives from the 900-plus cooperative electric utilities nationwide and the 40 million consumers they serve visited Capitol Hill offices to

discuss these energy issues.

"It is more critical that we do our job this year and throughout the year than any other time I've been in the program," said NRECA board president Jack Wolfe, Jr., of South Carolina.

The co-ops spoke to their senators and representatives on four key topics: clean coal technology, reducing emissions while keeping electricity reliable and affordable, reforming the nation's railroad policy and maintaining the Rural Utilities Service funding critical to cooperatives.

Clean Coal Technology

Co-op leaders asked their congressional delegations to take three steps on clean coal technologies:

- 1) To create a substantial partnership between government and industry focused on clean coal technologies;
 - 2) To support legislation that provides tax incentives for clean coal technologies, including carbon capture and sequestration (CCS); and
 - 3) To ensure co-ops can access those incentives by including bonds that provide low-cost financing to not-for-profit utilities.
- Coal currently accounts for half of the U.S.



electricity generation mix and about 62 percent of the generation consumed by electric cooperative consumers. The co-op segment of the industry only owns 5 percent of the nation's electric generation. Cooperatives need to add 22,000 megawatts of generating capacity in the next decade – a 50 percent increase over current capacity – to keep up with rising electricity demand.

The Electric Power Research Institute (EPRI) has assessed the economic impact of reducing carbon emissions to 1990 levels by 2030. EPRI emphasizes that new advanced clean coal plants are a critical part of a resource mix needed to provide adequate electricity and achieve aggressive carbon reductions. Electric rates would nearly triple by 2050 if the U.S. relies solely on natural gas, renewables and energy efficiency to meet capacity needs and fails to invest in new nuclear and coal technologies.

Scientific experts agree that CCS will not be available until 2020 at the earliest.

Reducing Emissions: While Keeping Power Reliable and Affordable

Demand for electricity continues to grow and the nation is drawing closer to the point where existing capacity will not be able to meet increasing demand, even using the most aggressive energy efficiency measures available.

Electric cooperatives seek responsible climate change legislation, but legislation must be realistic, efficient, fair and not overly burdensome on electric consumers.

Cooperatives encouraged Members of Congress to adopt three provisions in any climate change legislation that is ultimately enacted:

- To minimize the use of auctioning allowances to the highest bidder, to help keep the program affordable.
- To include an “economic safety valve” that caps allowance prices to give co-ops planning certainty and limit costs to consumers.
- To include reduction levels and timelines that are consistent with the availability of technology to reduce carbon dioxide emissions.

America's Railroad Policy Needs Reform

Thirty years after Congress designed the Surface Transportation Board (STB) to oversee the nation's railroads and check monopolistic practices, railroads' monopoly over “captive shippers” is often unchecked. Customers, including electric cooperatives, often do not receive reliable rail service at reasonable rates. Freight railroads reap huge profits from electric cooperatives and other industries with no marketplace consequences or legal accountability.

Cooperative leaders asked their senators and Representatives to restore antitrust laws to railroads and strengthen the STB. Cooperatives support legislation that repeals railroad exemptions from antitrust statutes, permits the U.S. Justice Department and the Federal Trade Commission to review rail

Opposite: South Dakota electric cooperative representatives head toward the Senate entrance of the U.S. Capitol for appointments with Sen. Tim Johnson, Rep. Stephanie Herseth Sandlin and Sen. John Thune.



Above: East River Electric Power Cooperative's Scott Parsley, Sioux Valley Energy's Carrie Law, Lyon-Lincoln Electric Director Jim Stone, Renville-Sibley Co-op Power Director Lyle Witte and Renville-Sibley Attorney Charles Hunt discuss a visit with a member of Rep. Collin Peterson's staff. Peterson represents Minnesota's Seventh Legislative District. **Cover:** (Pictured left to right) West River Electric Director Andy Moon, Northern Electric Director Ray Larson, Bon Homme Yankton Electric Lead Lineman Jim Karolevitz and Moreau-Grand Electric Office Manager Sheila Scherer were among the nearly 70 South Dakota co-op members, employees and directors who met with South Dakota's Sens. Tim Johnson and John Thune and Rep. Stephanie Herseth Sandlin about electric co-op issues. The group also delivered thousands of signatures collected from South Dakota co-op members as part of the Our Energy, Our Future campaign.

mergers under antitrust law and allows state attorneys general and private parties to sue to halt anticompetitive conduct.

RUS: Providing Affordable Infrastructure and Economic Opportunity

Consumer-owned, not-for-profit electric cooperatives generate less than 5 percent of the nation's electric power but maintain nearly half of the nation's electric distribution lines. Electric cooperatives serve 12 percent (approximately 40 million) of the nation's electric consumers and cover 75 percent of the land mass. Electric cooperatives generate about half of the electricity they need and must purchase the balance on the volatile open market. Cooperative ownership of generation assets mitigates this vulnerability.

A 70-year partnership with the U.S. Department of Agriculture's Rural Utilities Service (RUS) makes it possible for cooperatives to construct and maintain their distribution and generation systems. RUS loans are critical for making sure adequate electric infrastructure remains available and new, cleaner technologies can contribute to the cooperative power supply portfolio. The low-cost RUS program compensates for the fact that cooperatives are not eligible for more generous federal subsidies awarded to the investor-owned and municipal utility sectors.

Cooperatives urged their Members of Congress to:

- Keep RUS funding at last year's level of \$6.6 billion and preserve generation financing.
- Maintain the Rural Economic Development Loan and Grant Program.
- Oppose any regulation or back-door plan that would dramatically alter the RUS mission.

Editor's Note: Carrie Law and Mike Lynch, contributors.