



The National Resolutions Committee Report and 2018 Compendium of Proposed Resolutions

The National Resolutions Committee met on June 22, 2018, at NRECA in Arlington, Virginia. The Committee meeting began streaming live on Cooperative.com after technical difficulties were resolved. A recording of the meeting is [available to view on Cooperative.com](#) with the full text of each proposal submitted by the membership.

Submissions were considered in light of the existing policy resolutions adopted by voting delegates at the 76th NRECA Annual Meeting in Nashville. The Committee voted to forward three new resolutions, amendments to seven existing resolutions, and a proposal to merge several existing resolutions for consideration at the 2018 Regional Meetings. Explanations of the Committee's actions follow the language of each proposal in the Compendium below.

The Committee also discussed a proposed new resolution regarding supporting petitions for reconsideration of the EPA endangerment finding for greenhouse gases. The Committee recommends against the adoption of this proposed resolution. However, the Committee is forwarding the proposal now, at the beginning of the resolutions process, to allow all 10 Regions to review it and provide input. The Committee hopes the membership will take time to understand this proposal, discuss it with your boards and state associations, and engage in a robust conversation during the Regional Meetings.

NRECA and the Committee continually strive to make the resolutions process open and accessible to the membership. Members submitting proposals were invited to call in and present their submissions to the Committee. These conference calls allowed for a dialogue and a better understanding of members' ideas. Together, the Committee and members were able to collaborate on the final language presented in the Compendium. It has been a great improvement to our annual summer meeting.

Proposals Not Advanced to the Regional Meetings

The Committee includes these brief explanations on why the following proposals are not included in the 2018 Compendium of Proposed Resolutions. These proposals, as submitted by members, are available for review [on the Resolutions Committee page of Cooperative.com](#). As a reminder, any NRECA voting member may re-introduce these concepts (or new proposals) at a Regional Meeting. The Committee encourages members to work with regional resolutions committees in Regions 1 and 4 to insert proposals early in the process and allow for input from all Regions. Regional committee rosters are available [in the member resolutions process section of Cooperative.com](#).

“Delay NRECA Education and Training on Governance Task Force Report,” submitted by Bandera Electric Cooperative, Texas. The submitting member's CEO, who is also a Committee member, presented this resolution at the meeting. Following a robust discussion on the background of the Electric Cooperative Governance Task Force Report, the legal reasons for the

Task Force’s process, and NRECA’s long-standing and future director education courses addressing governance, the Committee determined not to forward this resolution. NRECA CEO Jim Matheson, NRECA President Phil Carson, various NRECA Directors, and staff were in attendance to observe the discussion and comment on the member’s concerns. Staff noted that members can still send governance questions and feedback to governance@nreca.coop.

“Ensuring Federal Funds to Combat Wildfires” (pp. 21 & 89), discussion topic from the National Resolutions Committee’s January Meeting. After further consideration, the Committee felt the “Disaster Assistance” (pp. 22 & 93) resolution adequately addresses natural disasters and requests for access to federal funding following natural disasters and agreed no amendments are necessary at this time.

Proposed amendment to the existing resolution, “Prepay Metering” (pp. 18 & 81), submitted by the National Resolutions Committee. Following their discussion regarding a proposed amendment to add the word “negatively” before “impact,” which would not substantively alter the intent of the resolution, the Committee decided to send this proposal to the appropriate standing committee for consideration at their January meeting. If the standing committee recommends for the resolution as amended, the proposed amendment will be available for voting delegates and members to review prior to the 2019 NRECA Annual Business Meeting in Orlando.

Proposed amendment to the existing resolution, “Electric Industry Restructuring” (pp. 8 & 55), submitted by the National Resolutions Committee. The Committee discussed proposed minor amendments, including adding language to clarify rules recognizing electric cooperatives’ regarding “business models” and “local control.” The Committee decided to send this proposal to the appropriate standing committee for consideration at their January meeting since these non-substantive amendments would be within the committees’ authority. If the standing committee recommends for the resolution as amended, the proposed amendments will be available for voting delegates and members to review prior to the 2019 NRECA Annual Business Meeting in Orlando.

In Conclusion

The Committee hopes that the membership finds this report informative. We encourage you to discuss the proposed resolutions with your boards and state associations. We also encourage you to add your cooperative’s input to these proposals and the member resolutions process by participating at your upcoming Regional Meeting. If you have not yet [certified a voting delegate](#) for the Regional Meeting, there’s still time. Please contact NRECA’s Membership Department at (703) 907-5868 or VotingDelegates@nreca.coop if you have questions.

Barry Hart
Chair

National Resolutions Committee

Chair (2018): Barry Hart, Region 8

Vice Chair (2018): Mac McLennan, Region 6

Barry Hart, Exec. Vice President and CEO Assoc. of Missouri Electric Cooperatives	Region 8	Legislative Chair
Lisa Johnson, General Manager and CEO Seminole Electric Cooperative, Florida	Region 2	Legislative Vice Chair
Pat O’Loughlin, President and CEO Ohio REC and Buckeye Power, Ohio	Region 4	Regulatory Chair
Mac McLennan, President and CEO Minnkota Power Cooperative, North Dakota	Region 6	Regulatory Vice Chair
Elaine Garry, President and CEO People’s Energy Cooperative, Minnesota	Region 6	CMEC Chair
Keith Hurt, General Manager and CEO Coahoma Electric Power Assoc., Mississippi	Region 3	CMEC Vice Chair
Jeff Clark, CEO Jones-Onslow EMC, North Carolina	Region 1	Regional Representative Regulatory Member
Gary Martin, President and Director Menard Electric Cooperative, Illinois	Region 5	Regional Representative CMEC Member
Don Kaufman, President and Director Sangre De Cristo Electric Assoc., Colorado	Region 7	Regional Representative Legislative Member
Mark Hayden, General Manager and CEO Missoula Electric Cooperative, Montana	Region 9	Regional Representative Legislative Member
Bill Hetherington, CEO Bandera Electric Cooperative, Texas	Region 10	Regional Representative Regulatory Committee

The Committee’s current term runs until the conclusion of the 2019 NRECA Annual Meeting. The committee is comprised of the chairs and vice chairs of each of the three NRECA Member Standing Committees – Legislative; Regulatory; Cooperative Management, Employment and Community (CMEC). To ensure each Region is represented, the NRECA President appoints additional individuals from the Standing Committees. To contact the committee, please email resolutions@nreca.coop.

2018 Compendium of Proposed Resolutions

Proposed New Resolutions – Forwarded with Recommendation for Adoption

- (1) Electric Cooperatives Support of Electric Vehicle Policies
- (2) Amend IRS Vehicle Fringe Reporting for Employees of Not-for-Profit Rural Electric Cooperatives
- (3) Western Area Power Administration Transmission Infrastructure Program

Proposed Amendments – Forwarded with Recommendation for Adoption

Deletions are shown as ~~strikethroughs~~, and new language is underlined. Page numbers refer to the [2018 Member Resolutions](#) booklet.

- (4) Support for USDA Rural Development Programs (*merges: Protecting Rural Development Programs (pp. 2 & 33); Support for Rural Utilities Service and its Mission (pp. 2 & 33); Rural Utilities Service Regulatory Matters (pp. 3 & 34); RUS Engineering and Technical Standards (pp. 3 & 35)*)
- (5) Cooperation Among Cooperatives (*merges: Cooperative Business Model Education (pp. 24 & 98); Support of America's Credit Unions (pp. 27 & 103); Capper Volstead Act (pp. 27 & 105); Uniform Limited Cooperative Association Act (pp. 28 & 107)*)
- (6) Distributed Energy Resources (pp. 8 & 54)
- (7) Wholesale Market Design (pp. 9 & 56)
- (8) Developing New Consumer-Centric Business Models (pp. 14 & 77)
- (9) Stranded Assets and Economic Impacts (pp. 17 & 80)
- (10) Greenhouse Gas Emissions (pp. 9 & 58)

Proposed New Resolution – Forwarded with Recommendation Against Adoption

- (11) Support Petitions for Reconsideration of EPA Endangerment Finding for Greenhouse Gasses

Please note, policy background statements accompany each resolution and are intended to provide additional information to educate voting delegates and the membership. Only the resolutions are voted upon.

1 **(1) Proposed New Resolution – Forwarded with Recommendation for Adoption**
2 *Combination of proposals submitted by Washington Rural Electric Cooperative Association,*
3 *Washington and Withlacoochee River Electric Cooperative, Florida*
4
5

6 **Electric Cooperatives Support of Electric Vehicle Policies**

7

8 **We urge NRECA to support policies and investments that incent production and**
9 **deployment of electric vehicles and charging infrastructure, encourage transportation**
10 **electrification that can optimize electric grid infrastructure, improve management of**
11 **electric loads, and integrate renewable energy resources.**

12 **Specifically, we urge NRECA to advocate for federal legislation to remove the**
13 **200,000-vehicle limitation and phaseout of Section 30D the Electric Vehicle Tax Credit, and**
14 **seek an extension of current tax credits.**

15 *Policy Background*

16 *Cooperative utilities see great promise in the electrification of the transportation sector,*
17 *including electric vehicle (EV) adoption and deployment. As the resource mix of electric utilities*
18 *becomes less carbon-intensive and other emissions continue to drop, transportation*
19 *electrification becomes a more attractive policy option to reduce vehicle emissions and improve*
20 *air quality in our communities. EVs offer an environmentally-beneficial source of load growth*
21 *and an opportunity to demonstrate our local and global environmental stewardship. Further,*
22 *electricity used as a transportation fuel reduces petroleum consumption, decreases our need to*
23 *import oil, and improves our nation’s energy security.*

24 *Cooperative utilities are ideally positioned to partner with the auto industry, electric*
25 *vehicle owners, municipal and private vehicle fleets, car sharing companies, and communities to*
26 *offer products and services that encourage EV adoption and provide convenient and grid-*
27 *friendly vehicle charging options. Many cooperative utilities have found that investments in*
28 *charging infrastructure, consumer education, and designed rates and incentives encourage EV*
29 *adoption. These investments depend on continued support for EVs at the federal level.*
30 *Both the electric and transportation sectors are impacted by regulatory and consumer pressure*
31 *to reduce emissions. The electric sector is adapting to these pressures, making strides in its own*
32 *emission reduction efforts, and poised to assist the transportation sector’s move toward the use*
33 *of electricity as a new low-carbon transportation fuel. EVs represent an opportunity for*
34 *cooperatives to meet carbon policy challenges and support growing customer demand for EVs,*
35 *while increasing electricity sales and moderating rate pressures.*

36 *Several federal policies can affect EV deployment, including tax incentives and fuel*
37 *efficiency standards. Internal Revenue Code Section 30D provides a credit for Qualified Plug-in*
38 *Electric Drive Motor Vehicles including passenger vehicles and light trucks. The tax credit is*
39 *available for the purchase of a new qualified PEV that draws propulsion using a traction battery*
40 *that has at least five kilowatt-hours (kWh) of capacity, uses an external source of energy to*
41 *recharge the battery, has a gross vehicle weight rating of up to 14,000 pounds, and meets*
42 *specified emission standards.*

43 *For vehicles acquired after December 31, 2009, the credit ranges from \$2,500 to \$7,500.*

44 *The credit begins to phase out for a manufacturer’s vehicles when at least 200,000*
45 *qualifying vehicles have been sold for use in the United States (determined on a cumulative basis*
46 *for sales after December 31, 2009). Qualifying vehicles manufactured by that manufacturer are*
47 *eligible for 50 percent of the credit if acquired in the first two quarters of the phase-out period*
48 *and 25 percent of the credit if acquired in the third or fourth quarter of the phase-out*
49

50 *period. Vehicles manufactured by that manufacturer are not eligible for a credit if acquired*
51 *after the phase-out period.*

52 *The federal government also regulates fuel efficiency standards, and in 2018 is*
53 *undertaking an effort to modify the corporate average fuel economy (CAFE) standards. It is*
54 *very much in the interest of electric cooperatives to have EVs considered when automakers must*
55 *meet fuel economy standards, and NRECA should work to ensure that changes to those*
56 *standards reflect and support the ongoing electrification of the transportation sector.*

57

58

59 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
60 resolution as presented. The Committee merged two proposed new resolutions to create one
61 comprehensive resolution promoting electric vehicles. Washington Rural Electric Cooperative
62 Association's language, as amended by the Committee, appears as the first paragraph.
63 Withlacoochee River Electric Cooperative's language, as amended by the Committee, appears as
64 the second paragraph.

65

66 **Region Actions:**

1 **(2) Proposed New Resolution – Forwarded with Recommendation for Adoption**
2 *Submitted by SEMO Electric Cooperative and the Association of Missouri Electric Cooperatives*
3
4

5 **Amend IRS Vehicle Fringe Reporting for Employees of**
6 **Not-for-Profit Rural Electric Cooperatives**
7

8 **NRECA should pursue the Internal Revenue Code to be amended to recognize rural**
9 **electric cooperative employees, who put their lives in harm's way daily to restore an**
10 **essential service and protect the communities throughout the United States of America,**
11 **similar to first responders who are exempt from the IRS vehicle fringe reporting**
12 **requirements and exempt from including use of the non-personal vehicles in gross income.**
13

14 *Policy Background*

15 *The service provided by employees of rural electric cooperatives are similar to the*
16 *critical service provided by police, fire, sheriffs and other organizations in responding to*
17 *emergencies. In many cases rural electric cooperative employees, like other first responders, use*
18 *a non-personal vehicle to restore electrical service following storms, to disconnect electrical*
19 *service due to fires and flooding, to provide in-person crisis communication, flag for public*
20 *safety and various others duties.*

21 *Employees of not-for-profit rural electric cooperatives risk their own safety and personal*
22 *property in the execution of their duties to provide essential electricity to the public on a daily*
23 *basis. Employees of rural electric cooperatives are always 'on call' and stand ready to come to*
24 *the aid of the citizens of the United States of America 24 hours every day. The immediate*
25 *response of employees of rural electric cooperatives is a necessity in protecting the health and*
26 *safety of the public during almost every public emergency situation. Employees of rural electric*
27 *cooperatives are a vital part of every community serving as volunteers in schools, churches, non-*
28 *profits, and community organizations. Employees of not-for-profit rural electric cooperatives*
29 *consistently join both career and volunteer first responders to aid the public in the event of an*
30 *emergency using a non-personal vehicle.*

31 *The IRS has determined, in its regulations, which vehicles are qualified non-personal use*
32 *vehicles. Employees of rural electric cooperatives who drive qualified non-personal use vehicles*
33 *should be exempt from the IRS vehicle fringe reporting requirements and should be exempt from*
34 *including their use of the vehicles in gross income when the conditions for that vehicle type are*
35 *met:*

- 36 1. *Clearly marked vehicles, when the employee is required to use the vehicle for commuting*
37 *and is on call at all times. Personal use (other than commuting), if allowed, must be*
38 *permitted for and confined to within the physical jurisdiction of the employee's obligation*
39 *to respond to an emergency. A cooperative vehicle is clearly marked if painted insignia*
40 *or words (other than mere markings on a license plate) make it readily apparent as a*
41 *cooperative vehicle.*
- 42 2. *Unmarked cooperative vehicles used by cooperative employees, including commuting, to*
43 *respond to an emergency situation. Recreation and vacation trips do not qualify as*
44 *authorized use.*

45 *For more information, please see pages 22-24: <https://www.irs.gov/pub/irs-pdf/p15b.pdf>.*
46
47

48 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
49 resolution as presented. The Committee made minor wording amendments and deletions for
50 clarity.

51

52 **Region Actions:**

1 **(3) Proposed New Resolution – Forwarded with Recommendation for Adoption**
2 *Submitted by Mohave Electric Cooperative, Arizona, and developed by the National Preference*
3 *Customer Committee*

4
5
6 **Western Area Power Administration**
7 **Transmission Infrastructure Program**
8

9 **We urge NRECA to support elimination of the Western Area Power**
10 **Administration’s (WAPA’s) Transmission Infrastructure Program (TIP) and underlying**
11 **authority, and the rescission of any unspent funds.**

12
13 *Policy Background*

14 *The Transmission Improvement Program (TIP) was established in the Energy Policy Act*
15 *of 2005 and funded under Section 402 of the 2009 American Recovery and Reinvestment Act*
16 *(ARRA), which amended Section 301 of the Hoover Power Plant Act of 1984. The purpose of*
17 *TIP was to support development of transmission projects designed to transmit renewable energy*
18 *by the Western Area Power Administration (WAPA), by providing \$3.25 billion in borrowing*
19 *authority for transmission construction under the American Recovery and Reinvestment Act of*
20 *2009 (Recovery Act).*

21 *With only two projects completed under this program, the program has been*
22 *underutilized, mainly because financing is not the primary impediment to transmission*
23 *development. The TIP program and authority should be eliminated and any unspent funds*
24 *should be rescinded.*

25 *By design, TIP was intended to support the development of electric power transmission*
26 *lines with at least one terminus within WAPA's service territory for the express purpose of*
27 *delivering power generated by renewable energy resources owned and operated by third parties.*
28 *As such, the TIP program greatly expanded WAPA’s mission and created the new and*
29 *unprecedented role of banker for independent transmission projects. However, in the years since*
30 *the passage of the ARRA, only two projects have been completed. Since its inception, the*
31 *program has made less than \$300 million in total loans to two transmission projects. As of fiscal*
32 *year-end 2017, the program held less than \$100 million in outstanding loan balances owed to*
33 *the Department of the Treasury. The need for an independent federal financier of large scale*
34 *transmission projects to transmit renewable energy has not been demonstrated.*

35 *Notwithstanding the completion of only two projects over a nine-year period, WAPA*
36 *continues to promote TIP. WAPA’s preference customers have ensured repayment of the federal*
37 *investment (plus interest) for many decades to support federal power projects and the related*
38 *electric transmission facilities to deliver that federal preference power. That repayment*
39 *obligation should not be extended to include repayment of costs incurred by third party*
40 *borrowers for speculative transmission projects.*

41 *We urge NRECA to support the elimination of TIP, its underlying authority, and the rescission of*
42 *any unspent TIP funds.*

43
44
45 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
46 resolution as submitted.

47
48 **Region Actions:**

1 **(4) Proposed Amendment to Existing Resolution – Forwarded with Recommendation for**
2 **Adoption**

3 *Submitted by the National Resolutions Committee*
4
5

6 **Support for USDA Rural Development Programs**
7

8 **We urge NRECA to support the continuation and funding of Rural Development**
9 **programs at the U.S. Department of Agriculture and work to ensure that Rural**
10 **Development is treated as a high priority within USDA.**

11 **We support the Rural Utilities Service (RUS) and its mission of enabling the**
12 **building and maintaining of essential electric infrastructure through the Electric Loan**
13 **Program. We urge NRECA to support adequate Rural Utilities Service (RUS) electric loan**
14 **levels and staffing. We also urge NRECA to support engineering and technical standards**
15 **and encourage staff and the Transmission and Distribution Engineering Committee to**
16 **explore modernization of RUS construction standards and propose timely updates to RUS.**
17

18 *Policy Background*

19 *While many electric cooperatives utilize the Rural Utilities Service as a key source of*
20 *capital, many other programs within the Rural Development function are important to electric*
21 *cooperatives and the communities they serve. Electric cooperatives are committed to the future*
22 *of rural America, and we support the advancement of programs offered through USDA Rural*
23 *Development, and urge the continuation of coordinated efforts among the Rural Business*
24 *Service, Rural Housing Service, and Rural Utilities Service to direct technical and financial*
25 *assistance to the improvement of living and economic conditions in rural America. The FY18*
26 *Budget Proposal suggested eliminating or dramatically scaling back several key Rural*
27 *Development programs and NRECA should continue its advocacy to ensure Rural Development*
28 *programs are treated fairly in Administration budget proposals and Congressional spending*
29 *bills.*

30 *To continue providing top-quality service to our member-owners, electric cooperatives*
31 *will need a continued strong partnership with the Rural Utilities Service (RUS).*
32 *Electric cooperatives strongly support RUS and continuation of the agency's mission for*
33 *building essential electric infrastructure through financing of generating resources, electric*
34 *transmission and distribution lines, and other facilities needed to furnish affordable and safe*
35 *electric service. Electric cooperatives also support RUS' mission of investing in local economic*
36 *development projects. RUS and the U.S. Department of Agriculture (USDA) should have the*
37 *resources to recruit and retain competent personnel as authorized, and to fully employ available*
38 *contract resources necessary to meet their mission in a timely fashion.*

39 *The very small federal investment in the RUS electric loan programs, coupled with*
40 *efficient management by cooperative businesses make the electric cooperative infrastructure*
41 *strong, stable and dependable today. The high quality of the electric co-op infrastructure is also*
42 *due to uniform engineering standards established by the federal government. Co-op*
43 *infrastructure was built to withstand exposure to harsh elements and weather-related*
44 *disturbances common to sparsely populated areas of this country.*

45 *Although some cooperatives have seen a portion of their service territories transformed*
46 *into urban areas, for the most part electric co-ops are the sole providers serving far-flung,*
47 *sparsely populated areas with below-average income levels.*

48 Due to significant uncertainty regarding the timing of power supply project financing, it
49 is very difficult to project a precise level of required funding. Congress should make adequate
50 financing available for power supply facilities to the extent that needs are documented in
51 applications for both new starts and deficiencies consistent with the intent of Congress. We urge
52 RUS to continue to make 100 percent electric loan guarantees in the full amount of the project
53 and not reduce it by any particular basis or arbitrary percentage. Furthermore, RUS financing
54 must continue to be made available for capital improvements (including pollution control
55 upgrades) to existing base load generating facilities. RUS needs to remain fuel neutral in its
56 lending decisions. RUS should provide efficient loan processing.

57 Since IOU utilities receive tax credits for infrastructure development and Municipals are
58 allowed to issue tax-exempt bonds, then electric cooperatives need a similar mechanism to
59 encourage infrastructure development. To that end the RUS loan program allows electric
60 cooperatives to borrow at low interest rates usually tied to the treasury rate. This is a program
61 that actually makes money for the government and any cutting of this program is counter-
62 productive to the federal government. The Rural Utilities Service (RUS) regularly publishes
63 rulemakings as a result of efforts to codify existing bulletins and practices into rules, to codify
64 new laws and other requirements applicable to rural electric borrowers, and to update and
65 streamline security requirements. These changes are published in the Federal Register as
66 proposed rules and are also available to RUS borrowers on the Internet. RUS rulemakings are
67 very significant to all borrowers – large and small systems alike. These rules need to be carefully
68 crafted by RUS rule writers and carefully analyzed and commented on by RUS borrowers and
69 NRECA.

70 G&T eligibility for RUS loans and loan guarantees has traditionally been tied to the
71 purposes of the Rural Electrification Act, without regard to the status of a G&T's member
72 systems as RUS or non-RUS borrowers. Further, RUS has traditionally used a once-rural-
73 always-rural standard to protect the federal investment in electric infrastructure.

74 RUS will not approve a loan to an electric cooperative that exceeds the debt limit
75 established by the cooperative. In interpreting this debt limit, the RUS applies the entire original
76 amount of an outstanding RUS loan against the debt limit, even when most of the principal has
77 been paid off. For example, if a co-op took out a \$40 million loan and has only \$5 million of
78 principal remaining unpaid; RUS considers the debt as \$40 million instead of \$5 million. RUS'
79 interpretation has required numerous co-ops to change their bylaws to raise their debt limit in
80 order to qualify for a new RUS loan, even though their actual debt remained far below the
81 existing debt limit.

82 For more than half a century, federal financial assistance through the rural electric loan
83 program now administered by RUS, has played a fundamental role in the electrification of our
84 nation. Despite the objections of the critics of the RUS financing programs, we believe the
85 continued existence of the RUS insured and guaranteed loan programs are appropriate because
86 the financial assistance they provide has been used by local, nonprofit, member-owned
87 cooperatives to bring electric light and power to areas that might still not enjoy the benefits of
88 central station electric generation.

89 We believe it is inappropriate, however, for private power companies, other for profit
90 entities, and municipal and public utility districts to be able to assume the loans of rural electric
91 systems and to pay them off as if they were still held by a rural electric distribution cooperative
92 or generation and transmission cooperative. To do so would be to contravene the intent of
93 Congress when it established the RUS financing programs.

94
95

96 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
97 resolution which is a merger of existing resolutions: Protecting Rural Development Programs;
98 Support for Rural Utilities Service and its Mission; Rural Utilities Service Regulatory Matters;
99 and RUS Engineering and Technical Standards (see pp. 2-3 & 33-35). In the interest of
100 streamlining existing resolutions addressing similar topics, the Committee recommends one
101 broad, all-inclusive resolution in support of RUS.

102

103 **Region Actions:**

1 **(5) Proposed Amendment to Existing Resolution – Forwarded with Recommendation for**
2 **Adoption**

3 *Submitted by the National Resolutions Committee*
4

5 **Cooperation Among Cooperatives**
6

7 **We support the sixth cooperative principle of cooperation among cooperatives and**
8 **urge NRECA to support policies that promote and protect the cooperative brand and the**
9 **cooperative business model.**

10 **We further urge NRECA to work with its member systems to develop educational**
11 **materials and sponsor education programs that educate our youth, member-owners,**
12 **directors, employees, community leaders, and political officials regarding the cooperative**
13 **business model and encourage involvement of all members.**
14

15 *Policy Background*

16 *We support the right of all Americans to join cooperative organizations, including*
17 *electric cooperatives, credit unions, agriculture cooperatives, and other entities operating under*
18 *traditional cooperative principles. We urge NRECA to protect the federal and state treatment*
19 *legitimately afforded traditional electric cooperatives, and to oppose any federal legislative or*
20 *regulatory initiatives to treat Limited Cooperative Associations or similar organizations as*
21 *entities operating on a cooperative basis if they deviate from traditional cooperative principles.*

22 *The Capper Volstead Act, signed into law by President Harding in 1922, helped spur*
23 *economic growth and jobs creation across the country, especially in rural America by allowing*
24 *producers to band together by forming cooperatives. Similarly, for over 100 years, America's*
25 *not-for-profit credit unions have provided a safe and affordable alternative to traditional*
26 *banking for millions of American workers. Since 1982, the federal government has allowed*
27 *credit unions to include multiple groups in their field of membership to allow smaller employee*
28 *groups to gain access to credit unions. Several electric cooperative organizations have*
29 *established credit unions for the benefit of their employees.*

30 *We urge NRECA and electric cooperatives to emphasize the unique strengths of the*
31 *cooperative business model in educating our youth, member-owners, directors, employees,*
32 *community leaders, and political officials. Reviving, sustaining, and further developing rural*
33 *America is a goal that requires the understanding and support of the cooperative membership.*

34 *Specifically, NRECA is encouraged to develop educational materials that are relevant to*
35 *the cooperative business model in a changing electric industry, and to work with and encourage*
36 *like-minded organizations in the development of programs that highlight the benefits of*
37 *cooperative businesses and the vital part they play in the economy.*
38

39
40 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
41 resolution which is a merger of existing resolutions: Cooperative Business Model Education (pp.
42 24 & 98); Support of America's Credit Unions (pp. 27 & 103); Capper Volstead Act (pp. 27 &
43 105); and Uniform Limited Cooperative Association Act (pp. 28 & 107). The Committee
44 recommends one broad, all-inclusive resolution in support of the cooperative business model and
45 cooperative businesses generally, rather than individual resolutions directed at one specific sector
46 or industry.

47
48 **Region Actions:**

1 **(6) Proposed Amendment to Existing Resolution – Forwarded with Recommendation for**
2 **Adoption**

3 *Submitted by the National Resolutions Committee*
4
5

6 **Distributed Energy Resources**
7

8 We support the development of cost-effective distributed energy resources (**DER**) and
9 integration standards that will provide benefits and minimize ~~impacts risks~~ to member-owners
10 and the grid. We urge NRECA to participate in and/or conduct studies to keep members
11 informed on all regulatory and legislative issues, as well as technologies and business
12 opportunities associated with the implementation of ~~distributed energy resources~~ **DER**. We
13 further urge NRECA to identify and share information related to implementation of rate
14 structures that fairly accommodate ~~distributed energy resources~~ **DER**.

15 **We urge NRECA to work with the Administration and Congress to advance DER**
16 **technology for the benefit of cooperatives and their member-owners, including funding**
17 **opportunities such as RUS funding to electric cooperatives to support these technologies**
18 **and Administration funding of DER research and development initiatives.**

19 We **further** urge NRECA to participate in and oppose legislative or regulatory initiatives
20 with respect to ~~distributed energy resources~~ **DER, such as mandates, feed-in tariffs, and net**
21 **metering, and third-party aggregation** that would increase ~~member-owners'~~ rates, degrade
22 reliability or safety, impose other undue economic costs on electric cooperatives, or interfere
23 with the power supply or other contractual relationships between cooperatives.
24

25 *Policy Background*

26 *Distributed energy resources (DER) are assets that may provide electric*
27 *cooperatives and member-owners an alternative to power generated by large, central-*
28 *station power and they may otherwise impact the operation of the system. DER includes*
29 *energy efficiency, distributed generation such as solar photovoltaic panels and combined*
30 *heat and power, demand response, electric vehicles, energy storage and microgrids. The*
31 *future of DER is an important issue for electric cooperatives. DER technologies are*
32 *advancing rapidly and have the potential of bringing benefits and challenges to electric*
33 *cooperatives and their member-owners.*

34 *Cooperatives support utility-operated demand response programs because such*
35 *programs can improve cooperatives' load profiles, reduce their exposure to market risks,*
36 *and lower costs for all member-owners on the system. Similarly, energy storage can help*
37 *to overcome difficult technical problems caused by fast fluctuation of energy delivered to*
38 *the grid from renewable resources. Energy storage is typically made up of, but not limited*
39 *to: thermal storage; batteries; pumped hydro; compressed air; and fly-wheel technology.*
40 *Remote communities sometimes have difficulty receiving power through an overloaded*
41 *transmission system. Energy storage may allow them to purchase power at non-peak times*
42 *at a considerable reduction in cost and have the power available for their communities at*
43 *peak time without having to purchase it at expensive times on the transmission network.*
44 *Electric cooperatives also support energy efficiency investments that benefit co-op*
45 *members.*

46 *Electric cooperatives are encouraged to develop policies regarding end-user*
47 *DER and engineering requirements, including safety, reliability, costs and rates, and*
48 *coordinated and integrated on a G&T or regional market-wide basis where applicable.*

49 *We urge NRECA to facilitate these discussions, keeping G&T and distribution*
50 *cooperatives informed and educated on the latest issues.*

51 *Electric cooperatives support the responsible development of DER. Care must be taken,*
52 *however, in the design of federal, state and local laws in order to preserve the safety, reliability,*
53 *and affordability of energy services that cooperatives provide to their member-owners. As DER*
54 *gains increasing market penetration, cooperatives and other utilities are facing a variety of*
55 *technical, operational, policy, and economic challenges in integrating those resources into their*
56 *systems. Federal and state programs that either mandate DER implementation or specific*
57 *compensation and cost-recovery mechanisms can undermine cooperatives' ability to continue to*
58 *affordably and reliably meet the needs of all members. Likewise, federal efforts, such as FERC*
59 *Orders 719 and 841 and state efforts to allow retail member-owners and third parties to sell*
60 *DER to other consumers or into markets, thereby bypassing cooperatives may result in*
61 *degradation of system reliability, negatively affect long-range planning and the ability to provide*
62 *affordable, reliable service to all members. Such efforts also can pose a threat to the viability of*
63 *the cooperative business model and the G&T-member-owner relationship.*

65
66 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
67 proposed amendment which merges the substance and intent of the following existing resolutions
68 into the Distributed Energy Resources policy background: Demand-Side Management Programs
69 (pp. 8 & 54); Energy Storage (pp. 8 & 54); Member-Owner Energy Efficiency (pp. 23 & 95).
70 The Committee proposes these amendments to reflect changes in technology and consumer
71 demands, and to streamline resolutions addressing similar topics.

72
73 **Region Actions:**

1 (7) Proposed Amendment to Existing Resolution – Forwarded with Recommendation for
2 Adoption

3 Submitted by the National Resolutions Committee
4
5

6 Wholesale Market Design
7

8 We urge NRECA to support voluntary **effective participation in** competitive wholesale
9 markets, open transmission access, transparency, construction of **needed** new transmission
10 infrastructure, and elimination of undue market power so that wholesale energy markets offer
11 participants and consumers net benefits and ensure that all cooperatives have the ability to
12 **safely**, reliably, and affordably meet their member-owners' long-term power needs.
13

14 *Policy Background*

15 *We believe that wholesale energy markets should be designed to not add unreasonable*
16 *costs and to ensure that all cooperatives have the ability to meet their member-owners' long-*
17 *term power supply needs reliably. To the extent that they promote that goal, NRECA supports*
18 *voluntary effective competitive wholesale markets, open transmission access, transparency,*
19 *construction of new transmission infrastructure, and elimination of undue market power.*

20 *In regions with RTOs, we urge FERC to ensure that any wholesale market design will:*

- 21 • *Not increase the delivered cost of energy to native load without clearly demonstrating*
22 *that offsetting benefits will exist;*
- 23 • *Maintain power system reliability;*
- 24 • *Improve access to transmission service;*
- 25 • *Increase wholesale market choices;*
- 26 • *Allow Load Serving Entities to self-supply generation for their load and ancillary*
27 *services for their members if they wish to;*
- 28 • *Increase price transparency, generation and transmission planning transparency, and*
29 *other process transparency;*
- 30 • *Encourage needed transmission construction;*
- 31 • *Address seams between RTOs and seams between balancing area authorities; and*
- 32 • *Mitigate wholesale market power.*

33 *Ultimately, any changes proposed to the regulatory structure must benefit and protect all*
34 *consumers and should not impose unjustly high costs on them. Consistent with the unique*
35 *relationship between cooperatives and their member-owners, wholesale market structures must*
36 *not diminish the ability of cooperatives to serve native load at reasonable costs/rates.*

37 *We believe that effective wholesale markets, open access to the transmission system, and*
38 *transmission system reliability cannot be achieved unless the industry is able to: build the*
39 *transmission needed to serve consumers reliably and economically; build it at a reasonable cost*
40 *that is fairly allocated among consumers; and provide load serving entities fair and open access*
41 *to that transmission in a manner that allows the Load Serving Entities to serve their consumers*
42 *over the long term.*

43 *We believe that, among other things:*

- 44 • *Wholesale market structures should not increase FERC jurisdiction over cooperatives,*
45 *either directly or through reciprocity;*
- 46 • *Cooperatives should not be discriminated against if they allow their facilities to be*
47 *operated by independent transmission providers;*

- 48 • *Implementation costs should be minimized;*
- 49 • *Adequate long-term physical and financial transmission rights should be reserved for*
- 50 *load serving entities including cooperatives;*
- 51 • *Regional variations should be allowed when needed for cooperatives and other load*
- 52 *serving entities to continue providing low cost and reliable service to their members;*
- 53 • *Locational marginal pricing (LMP) should not be implemented unless the affected region*
- 54 *has adequate generation and transmission infrastructure and sufficient wholesale*
- 55 *competition to support LMP;*
- 56 • *If LMP is adopted in a region, adequate long-term financial transmission rights must be*
- 57 *reserved for load serving entities including cooperatives, which should not be required to*
- 58 *participate in auctions in order to obtain on an ongoing basis the portfolio of financial*
- 59 *transmission rights they need to hedge transmission service to their loads; and*
- 60 • *FERC should not undermine the RTO scope and configuration requirement in Order No.*
- 61 *2000.*
- 62 • *In RTO-administered centralized capacity markets, Load Serving Entities such as*
- 63 *cooperatives should first be able to meet their power-supply requirements through*
- 64 *voluntary measures such as resource ownership and long-term bilateral contracts – i.e.*
- 65 *self-supply their resources – and then turn to the RTO market for residual needs; By*
- 66 *themselves, centralized forward capacity markets are inadequate substitutes for the*
- 67 *multi-attribute, long-term resource planning practiced by cooperatives on behalf of their*
- 68 *member-owners.*

69

70

71 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
72 resolution as amended for clarity. The Committee replaced “effective” with “participation in” in
73 the first line to clarify that market participation is voluntary, and added “needed” in the second
74 line to clarify that electric co-ops support new transmission construction that benefits member-
75 owners.

76

77 **Region Actions:**

1 **(8) Proposed Amendment to Existing Resolution – Forwarded with Recommendation for**
2 **Adoption**

3 *Submitted by the National Resolutions Committee*
4
5

6 **Developing New Consumer-Centric Business Models**
7

8 We urge NRECA to identify, educate and recommend potential business models or
9 processes for electric cooperatives to **take consider** in adapting to the ongoing evolution from a
10 commodity-centric model to a consumer-centric model that **not only provides members with**
11 **safe, reliable, affordable electric service but also offers other related products and services**
12 **that increase member value while optimizing the entire system, including distributed**
13 **energy resources, for the benefit of all of a cooperative’s member-owners. encompasses**
14 **energy products and services such as distributed generation, automated metering**
15 **infrastructure, and energy efficiency.** Our goal is to place the cooperative community in the
16 best position possible to deal with the ever-changing **energy markets, technology, consumer**
17 **expectations, and** political and social landscapes.
18

19 *Policy Background*

20 *Changes in the electric utility industry are driven by a number of issues including federal*
21 *and state energy policies, developments in energy markets, changing consumer preferences,*
22 *rapid advances in energy efficiency, distributed generation and other technologies. Distributed*
23 *Energy Resources (DER) can augment and enhance traditional central station generation and*
24 *distribution, or can challenge those traditional models depending on a variety of policy*
25 *considerations.*

26 *NRECA should consult a wide variety of stakeholders to ensure that any proposed*
27 *business models or processes reflect the wide variety of local circumstances, including differing*
28 *member interests, among cooperatives nationwide.*

29 *Technological advances in DER, distribution automation, communications, AMI, and*
30 *other key tools are making it cost effective to offer new energy products and services not*
31 *previously available to member-owners. As a result, in many parts of the country, G&Ts and*
32 *distribution cooperatives are evolving from a commodity-centric model that primarily focused on*
33 *the sale of kilowatt-hours to a more complex consumer-centric model that treats energy as a*
34 *service rather than a commodity, looks for opportunities to enhance member options and value,*
35 *and works to optimize the entire system, including DER, distribution, transmission, and larger-*
36 *scale generation resources, on behalf of all members.*

37 *NRECA should continue to use the work and suggestions from the NRECA 21st Century*
38 *Cooperative Committee and The Consumer Centric Utility Future report to guide us in*
39 *developing new consumer-centric business models.*
40

41
42 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
43 proposed amendment. The Committee added language to acknowledge recent industry changes
44 and the variety of products and services offered to members as the consumer-centric business
45 model continues to evolve.

46
47 **Region Actions:**

1 **(9) Proposed Amendment to Existing Resolution – Forwarded with Recommendation for**
2 **Adoption**
3 *Submitted by the National Resolutions Committee*
4
5

6 **Stranded Assets and Economic Impacts**
7

8 We urge NRECA to work with its members and other appropriate stakeholders to address
9 stranded assets such as power generation, **transmission and distribution facilities**, and **oppose**
10 **initiatives that would result in significant stranded assets** ~~the resulting economic impacts on~~
11 ~~rural communities.~~
12

13 **Stranded Assets and Economic Impacts**

14 ~~We urge NRECA to oppose initiatives that would result in significant stranded assets.~~
15 *Electric cooperatives operate under a patchwork of federal and state regulations that have the*
16 *potential to strand long-term capital investments. Regulations that threaten the remaining*
17 *usefulness of power generation and other assets can also negatively impact rural communities*
18 *where those assets are located.*

19 *Federal and state regulations can take away the use of existing high-value, long-lived*
20 *assets through excessive costs or unfair limits. The economic repercussions of short-circuiting*
21 *these assets' useful lives have a profound impact on both electric cooperative members'*
22 *electricity bills and the communities that are compelled to bear those repercussions. Likewise,*
23 *regulatory constraints can compel cooperatives to abruptly turn from reliable, affordable*
24 *business solutions.*

25 *An example of these detrimental economic impacts on cooperatives and communities is*
26 *the Pacific Northwest's experience with federal timber lands regulations since the 1980s. Abrupt*
27 *regulatory changes devalued timber infrastructure and there remains a persistent economic*
28 *stagnation in rural timber communities today.*

29 *When a government's regulations harm electric cooperatives or the local economies they*
30 *serve, the government must address those impacts.*
31

32
33 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
34 proposed amendment. The Committee expanded the scope of the resolution by including
35 "transmission and distribution facilities." Additionally, the Committee moved the first sentence
36 of the policy background to the resolution to make a stronger statement on protecting electric
37 cooperative assets. The background edit is shown here for convenience.
38

39 **Region Actions:**

1 **(10) Proposed Amendment to Existing Resolution – Forwarded with Recommendation for**
2 **Adoption**

3 *Submitted by Alaska Village Electric Cooperative, Alaska*
4
5

6 **Greenhouse Gas Emissions**
7

8 We urge NRECA to ~~be informed and~~ **remain** actively engaged to ensure that any
9 government action (executive, legislative or regulatory) to address greenhouse gas emissions
10 protects the interests of, and minimizes the economic impacts to, electric cooperatives and our
11 member-owners, and allows cooperatives to continue to provide affordable, reliable, and safe
12 electric power.

13 We also urge NRECA to support research and technology development for projects that
14 can help to economically ~~mitigate~~ **manage** greenhouse gas emissions. Furthermore, we support
15 an open dialogue and ~~encourage other organizations' continued research efforts to~~
16 ~~determine the validity and extent of human-caused climate change, and also~~ efforts to
17 determine the cost effectiveness of greenhouse gas **mitigation management** proposals on future
18 world climate conditions. We urge NRECA to continue educating member-owners of electric
19 cooperatives, policy-makers and the general public of the cost and consequences of government
20 action, ~~on~~ **as well as cost effective actions to address** greenhouse gas emissions **while**
21 **continuing to improve the quality of life in rural areas across the United States.**
22

23 *Policy Background*

24 *Many national and international policymakers, industries and environmental groups*
25 *focus on and continue to work to develop policies intended to mitigate human contributions of*
26 *greenhouse gas to the atmosphere in order to address climate change concerns. Because a*
27 *significant portion of the nation's overall electric production is from coal (including more than*
28 *half of cooperatives' self-generated power), the NRECA membership has a keen interest in*
29 *proposals to mitigate greenhouse gas emissions.*

30 *Policies to address climate change can have substantial impacts on electric cooperative*
31 *member-owners; therefore, it is in the interest of all cooperatives to be actively engaged in the*
32 *debate over climate change. If fully implemented, EPA's Clean Power Plan has the potential to*
33 *significantly and adversely impact many rural electric cooperative systems through higher rates*
34 *and the potential of reduced reliability of electrical service. NRECA supports the goal of*
35 *reducing carbon emissions in the United States, but believes the goals and approaches taken*
36 *should rely on accurate assumptions and analysis. There are a number of government and non-*
37 *government organizations addressing research and development efforts, and the effectiveness of*
38 *different approaches to reduce carbon emissions world-wide. We urge NRECA staff to monitor*
39 *these efforts as appropriate, to educate through forums, to encourage fair debate on the merits of*
40 *different approaches to potential adverse effects of electric generation, to protect the interests of,*
41 *and to minimize the economic impacts of government action on electric cooperatives.*

42 *During the debates of cap-and-trade legislation in Congress, NRECA's members adopted*
43 *detailed resolutions urging NRECA to ensure that such plans included certain elements that*
44 *would reduce the economic impact on member-owners when compared with other alternatives.*
45 *The text of the resolutions' guidelines is immediately below for historical purposes.*

46 *In any climate change policy debate, electric cooperatives support policy that includes*
47 *the following principles:*

- 48 • *Any plan should cover emissions from all sectors of the economy, not simply electricity*
49 *generation, and should include provisions to ensure that other nations, including both*
50 *developed and developing, are enacting policies to address this issue within their own*
51 *borders. Such provisions should ensure a level playing field with respect to carbon costs*
52 *or taxes for international trade and not result in disadvantages for U.S. manufacturers or*
53 *businesses.*
- 54 • *Any plan should be limited to the six GHGs (carbon dioxide (CO₂), methane (CH₄),*
55 *nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur*
56 *hexafluoride (SF₆)) identified in EPA's "endangerment finding." The EPA's*
57 *endangerment finding, which triggers regulatory authority for EPA, was issued in 2009*
58 *in response to a 2007 U.S. Supreme Court decision in Massachusetts vs EPA.*
- 59 • *Any plan should recognize the need to construct new generation to preserve electric*
60 *reliability, replace aging generation plants and to meet increasing demand. Cooperatives*
61 *are committed to take steps to implement cost-effective energy efficiency and to look at*
62 *reasonable alternatives. Even so, new generation will be needed to meet load growth*
63 *reliably.*
- 64 • *Any climate change proposal should maintain fuel diversity, allowing a variety of fuel*
65 *sources to meet the energy and economic needs of the country. Provisions to encourage*
66 *new nuclear generation should eliminate barriers to cooperatives participating in new*
67 *projects with non-cooperative partners and should grant cooperatives a right to*
68 *participate in new nuclear projects.*
- 69 • *Any plan should recognize that regional differences in generation fuel mix,*
70 *demographics, natural resources, climate, and geology will cause one-size-fits-all*
71 *mandates to have disproportionate cost impacts across the country.*
- 72 • *Any proposal should include provisions, such as an economic safety-valve, to protect the*
73 *U.S. economy from significant impacts. Additionally, Congress should work to protect*
74 *both urban and rural consumers from any significant economic impacts from climate*
75 *change legislation.*
- 76 • *Any plan should recognize that in the short term, terrestrial sequestration, conservation,*
77 *and energy efficiency appear to be among the most cost-effective methods of mitigating*
78 *greenhouse gas emissions at this time. Additionally, it should be recognized that*
79 *sequestration can provide benefits to rural areas and agricultural- and forestry-based*
80 *economies. Any plan should incentivize long-term improvements in cost-effective energy*
81 *efficiency and conservation by end-use consumers.*
- 82 • *Any plan should recognize that in the long term, new technologies including the capture*
83 *and sequestration of carbon dioxide from power plants will be critical to addressing this*
84 *issue, but cost-effective, commercially available technologies are still in development and*
85 *are years or decades away from large-scale commercial applications. Every effort must*
86 *be made, and appropriate funding provided, to accelerate the research, development,*
87 *demonstration, and commercialization of these technologies.*
- 88 • *Any plan should encourage cost-effective reductions and should provide incentives*
89 *available to all segments of the utility industry including cooperatives to develop and*
90 *deploy advanced electric generation, transmission, and distribution technologies.*
- 91 • *Any plan should recognize that climate change policy and energy policy are inextricably*
92 *linked, and that these policies can have a significant impact on our nation's economic*
93 *and energy security.*

- 94 • Any plan should remove regulatory and other impediments to increasing the efficiency of
 95 existing generating units.
- 96 • Any climate change or energy legislation with climate change provisions should include
 97 a nuclear title with a cooperative nuclear incentive comparable to IOU and municipal
 98 incentives. Further, any plan should recognize nuclear (existing, new, and incremental)
 99 as a critical non-CO2-emitting source of generation.
- 100 • Any plan should establish a responsible legal, regulatory, and liability framework to
 101 allow for geologic sequestration of CO2, including provisions that allow for siting of
 102 pipelines to transport CO2 to injection locations.
- 103 • Any plan should establish a single, integrated program establishing the sole legal and
 104 regulatory requirements for reducing greenhouse gas emissions, and should pre-empt
 105 existing federal laws (including the Clean Air Act, Clean Water Act, Endangered Species
 106 Act) and state laws that could be used to require emission reductions absent such pre-
 107 emption.
- 108 • Any plan should consider the marginal cost of replacing fossil-fuel generation with
 109 renewable generation and very high-cost backup generation as the percentage of
 110 renewables in the generation mix increases. The plan should support the mix of
 111 resources that is the lowest cost option, while still protecting the reliability and resiliency
 112 of the grid, and while still providing competitive and low-cost electricity that will allow
 113 us to compete in a global market where the cost of electricity is one of the crucial factors
 114 that will allow us to remain competitive.
- 115 • Any revenues derived from climate change legislation should be dedicated to fund
 116 research, development and deployment of low-carbon, carbon-neutral or carbon-free
 117 technologies, energy efficiency, and/or to assist electric consumers in paying for
 118 increased costs resulting from the legislation.
- 119 CCS and CCU Technologies. Developing cost-effective technologies to capture and
 120 sequester carbon dioxide from power plants has been identified as a critical research and
 121 development need to address concerns about climate change. Electric cooperatives are actively
 122 engaged with efforts to make carbon capture and sequestration (CCS) and carbon capture and
 123 utilization (CCU) technology a viable choice. In order to solve the technological challenges that
 124 prevent CCS and CCU from becoming a reality, we must ensure that cooperatives can effectively
 125 mitigate their financial risks along a lengthy and complex transaction chain and a stable
 126 regulatory environment. Needed measures include:
- 127 • A federal structure for liability.
- 128 • Federal support for Enhanced Oil Recovery.
- 129 • The Rural Utilities Service (RUS) to be allowed to finance CCS and CCU projects,
 130 including support for associated base load energy projects.
- 131 • Continuation of the federal Clean Coal Power Initiative (CCPI).
- 132 • States to increase monetary support for CCS and CCU projects.
- 133 • Elimination of federal or state limitations on CCS and CCU projects that require
 134 international cooperation.
- 135 • Enhancements to the tax credits at Section 45Q of the Internal Revenue Code, including:
- 136 • Enabling their effective use by not-for-profit cooperatives or not-for-profit research and
 137 development organizations.
- 138 • Allowing developers to take the credit in the form of a grant.
- 139 • Making credits available to projects without geographic limitations.

140 • *Research and development funding for CCS in a manner that will bring this needed*
141 *technology to commercial availability as rapidly as is practical without imposing*
142 *unnecessary burdens on consumers.*

143 *Various legislative proposals to constrain CO2 emissions have included consideration of*
144 *CCS and CCU issues. Any such legislation should:*

- 145 • *Include bonus and early action credit for CCS and CCU developers.*
- 146 • *Ensure that any reverse auction provide some certainty as to project support prior to*
147 *project approval.*

148 *Carbon Allowance Allocation.* *As preference customers of the Bonneville Power*
149 *Administration (BPA), electric cooperatives in the Northwest have long relied upon ways of*
150 *meeting electrical demand without generating CO2 emissions, specifically through renewable*
151 *hydroelectric power, conservation and nuclear energy. However, electric cooperatives in the*
152 *Northwest are not immune to changes in federal carbon policy, and they are susceptible to*
153 *federal salmon recovery initiatives that reduce the amount of preference power available from*
154 *BPA which dramatically increases electric rates paid by Northwest cooperative members.*

155 *In addition to the loss of preference power from salmon recovery initiatives, the new BPA*
156 *post-2011 power contracts have introduced marginal pricing for load growth which may limit*
157 *BPA's involvement in meeting the load growth of many of its preference customers. As a result,*
158 *many electric cooperatives will need to invest in new resources to meet their load growth. In*
159 *order to meet base-load requirements of load growth, and replace hydropower lost because of*
160 *salmon recovery initiatives, it is probable that many of the new resources will be fossil-fired. In*
161 *the near future, Northwest cooperatives may be adding carbon based resources, rather than*
162 *eliminating them.*

163 *If allowance allocation issues are considered, Northwest electric cooperatives are not*
164 *advocating for a disproportionate share of allowances. No utility should be provided a*
165 *disproportionate share of allowances. Northwest cooperatives support a fair, equitable*
166 *allowance allocation proposal that protects our ability to meet future load growth and addresses*
167 *replacement of lost renewable hydropower, while mitigating the impact on electric cooperatives*
168 *that have a heavier reliance on coal. However, it would be unfair for the Northwest to be*
169 *disadvantaged on carbon allocations, and then forced to build carbon based facilities because of*
170 *shifting federal policies on hydropower generation.*

171 *Support for Domestic and International Offsets.* *An "offset" component of cap-and-trade*
172 *climate change legislation allows utilities to satisfy a portion of their compliance obligation with*
173 *government-certified, emissions-reducing, or sequestration-increasing activities in areas not*
174 *covered by the cap. Offset activities can occur domestically or internationally. Much of this*
175 *sequestration would occur in areas served by electric cooperatives and provide a revenue stream*
176 *to rural landowners.*

177 *Offsets are a lower cost means of achieving real greenhouse gas emission reductions.*
178 *Land management techniques can be much less costly than acquiring new, lower-emission*
179 *generation sources. Eliminating or severely curtailing the use of offsets could result in*
180 *significant increases in the price of emission allowances. An effective, sustainable offset program*
181 *should adhere to the following principles:*

- 182 • *An offset program must be voluntary and should include emission-reducing agriculture*
183 *and forestry activities. It should give agriculture and forestry producers the flexibility*
184 *needed to accommodate the wide range of ecological and economic circumstances found*
185 *throughout the country.*
- 186 • *Offsets should be unlimited. The number of voluntary participants and the verification*
187 *process itself will limit the size of the domestic offset program. If the goal of climate*

- 188 *change legislation is to reduce CO2 in the atmosphere, there is no reason to limit the use*
189 *of carbon offsets that can be measured, monitored, and verified.*
- 190 • *Offsets should be real, additional, verified, registered, and of an acceptable duration. A*
191 *measurement protocol must be developed that allows for a practical, workable system*
192 *that will result in real emission reductions and a robust offset market. USDA should*
193 *perform verification services, rather than EPA or other agencies.*
 - 194 • *Qualifying international offset credits should be awarded based on methods, protocols,*
195 *and standards as stringent as the methods, protocols, and standards applied to domestic*
196 *offsets.*
 - 197 • *One offset credit should be equivalent to one allowance, thereby fully protecting a buyer*
198 *from any project-specific offset risk.*

200
201 **National Resolutions Committee Action:** The Committee recommends for the adoption of this
202 proposed amendment as presented. The Committee made various amendments to the original
203 proposal, including replacing “mitigate” with “manage” to illustrate that electric cooperatives are
204 actively seeking ways to deal with greenhouse gas emissions. The Committee also proposes
205 striking language that addresses research efforts to determine the validity and extent of human-
206 caused climate change, recognizing there are varying viewpoints among the membership and
207 with the intent of proposing a resolution that members on every side of this issue can support.
208 The policy background statement will be revised at the January 2019 standing committee
209 meetings, following the discussions at the Regional Meetings.

210
211 **Region Actions:**

1 **(11) Proposed New Resolution– Forwarded with Recommendation Against Adoption**
2 *Submitted by Mountain View Electric Association, Colorado and the Colorado Rural Electric*
3 *Association*

4
5 **Support Petitions for Reconsideration of EPA**
6 **Endangerment Finding for Greenhouse Gasses**
7

8 **We urge NRECA to actively support efforts to petition EPA to reconsider the 2009**
9 **Endangerment Finding for greenhouse gasses; and urge that the reconsideration include a**
10 **Statement of Energy Effects, as the Finding has become a “significant energy action” due**
11 **to its use as justification for the Clean Power Plan.**
12

13 *Policy Background*

14 *In 2009, Environmental Protection Agency (EPA) published a finding of “Endangerment*
15 *and Cause or Contribute Findings for Greenhouse Gases Under Section 202(a) of the Clean Air*
16 *Act.” The Administrator found that elevated concentrations of greenhouse gases in the*
17 *atmosphere may reasonably be anticipated to endanger the public health and to endanger the*
18 *public welfare of current and future generations.*

19 *Significant Energy Action. The finding states that this action is not a “significant energy*
20 *action” as defined in Executive Order 13211 (2001), because it is not likely to have a significant*
21 *adverse effect on the supply, distribution, or use of energy because it does not impose any*
22 *requirements.*

23 *Executive Order 13211 requires that for significant energy actions, the federal agency*
24 *must prepare a Statement of Energy Effects, which includes information on any adverse effects*
25 *on energy supply, distribution, or use, and reasonable alternatives to the action along with the*
26 *expected effects of such alternatives on energy supply, distribution, or use.*

27 *The Endangerment Finding was directed solely toward “new motor vehicles and new*
28 *motor vehicle engines”, precluding its being categorized as a significant energy action. The*
29 *Endangerment Finding was then used as justification for “Carbon Pollution Emission*
30 *Guidelines for Existing Stationary Sources: Electric Utility Generating Units”, a.k.a. Clean*
31 *Power Plan, without consideration of “adverse effects on energy supply.” This two-step*
32 *stratagem enabled the Clean Power Plan to be issued without any substantive cost-benefit*
33 *analysis regarding impacts on energy supply.*

34 *Highly Influential Scientific Assessment. The Technical Support Document underlying the*
35 *Endangerment Finding claims that the report meets all Federal requirements associated with the*
36 *Information Quality Act, including those pertaining to public comment and transparency. The*
37 *EPA considered this Finding to be an ordinary scientific assessment.*

38 *But, the EPA Office of Inspector General (OIG) assessed the Finding to be a “Highly*
39 *Influential Scientific Assessment”, which is defined as: having a potential impact of more than*
40 *\$500 million in any year on either the public or private sector; or is novel, controversial, or*
41 *precedent setting, or has significant interagency interest.*

42 *The EPA OIG report, released in 2011, “Procedural Review of EPA’s Greenhouse Gases*
43 *Endangerment Finding Data Quality Processes,” found that the scientific assessment*
44 *underpinning the EPA’s endangerment finding for GHGs was inadequate and in violation of the*
45 *Agency’s own peer review procedures, as required for a Highly Influential Scientific Assessment.*

46 *Threshold for Endangerment Finding. The Endangerment Finding states that the*
47 *“Administrator is to exercise judgment by weighing risks, assessing potential harms, and making*
48 *reasonable projections of future trends and possibilities” and “[i]f the harm would be*

49 catastrophic, the Administrator is permitted to find endangerment even if the likelihood is
50 small.” [emphasis added]

51 This caveat enabled EPA to accept as evidence, wild projections of catastrophic global
52 warming impacts described in IPCC Summaries for Policy Makers, even though they were based
53 on unvalidated climate model scenarios that had no scientifically based assessments of
54 likelihood of occurrence.

55 Call to Action. In summary, the Greenhouse Gases Endangerment Finding has been
56 found by the EPA OIG to be scientifically inadequate to serve as a basis for regulation of mobile
57 sources emissions; the Finding is also inadequate to justify regulation of stationary generation
58 sources of emissions as it lacks quantitative assessment of adverse effects on energy supply,
59 distribution, or use; and it is based on unvalidated computer climate models and scenarios that
60 have low likelihood of actually occurring.

61 EPA has initiated a review of the Clean Power Plan (CPP), as directed by the Energy
62 Independence Executive Order, in preparation for a possible repeal of the plan. However, even if
63 the CPP is repealed, as long as the Endangerment Finding for greenhouse gasses remains
64 unchallenged, a future administration may readily reference it to justify a new and similar CPP.

65 NRECA member’s long range strategic interests in assuring reliable and affordable
66 energy would be best served by near term aggressive support for revocation or revision of the of
67 the deficient Endangerment Finding for greenhouse gasses and inclusion of a Statement of
68 Energy Effects if it is revised.

69 Petitions for reconsideration of the EPA Endangerment Finding for greenhouse gasses
70 have been filed by the Competitive Enterprise Institute (CEI), Science and Environmental Policy
71 Project (SEPP) and Concerned Household Electricity Consumers Council (CHECC), asking the
72 Environmental Protection Agency to reconsider the 2009 Endangerment Finding. We urge
73 NRECA to actively support these petition efforts as may be required to achieve either revocation
74 or suitable revision of the Endangerment Finding for greenhouse gasses to protect long range
75 interests of NRECA members.

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78 **National Resolutions Committee Action:** The Committee recommends against the adoption of
79 this resolution. Since there is currently a petition before the Environmental Protection Agency
80 that has not yet been addressed, and there is no indication action will occur in the near future, the
81 Committee feels that the Greenhouse Gas Emissions resolution, as adopted by the membership at
82 the 2018 NRECA Annual Meeting, sufficiently addresses this issue should it arise in the future.
83 The Committee encourages the membership to discuss this proposal with your boards and state
84 associations, and engage in a robust conversation during the Regional Meetings.

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86 **Region Actions:**