# LPPC 2021 POLICY OBJECTIVES

## ABOUT LPPC

The Large Public Power Council (LPPC) is an association of 27 of the largest public power electric utilities in the U.S. LPPC supports its member utilities by convening and supporting best practice sharing related to operations, cyber and physical security, customer service, finance, human resources and diversity, equity, and inclusion.

LPPC is engaged in active education and advocacy on policy and regulations before Congress and the federal agencies, with the goal of ensuring we have a "seat at the table" on the matters of most importance to LPPC members. LPPC's key policy objectives, which guide its advocacy activities, are set out below.

LPPC members are large electric utilities with significant transmission infrastructure and generation resources. In some cases, LPPC members also provide natural gas distribution, water and wastewater services. LPPC's advocacy focuses on issues of particular concern to the 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 and valuable public service to our communities' homes and businesses.
- Electricity services should be provided in a manner that optimizes:
  - Reliability and resilience
  - Customer value, affordability and equity
  - Support for the inclusive economic vitality of the community
  - 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 autonomy should be preserved.

From these broad principles flow the particular policy objectives outlined in this paper.

## INFRASTRUCTURE FINANCING

### 1 RETAIN, RESTORE, AND ENHANCE TAX-EXEMPT FINANCING TOOLS

*Retain, Restore and Enhance Key Public Finance Tools*

As the Administration and Congress develop legislation to stimulate the economy and support recovery from the economic impacts of the COVID-19 pandemic, it is imperative that tax-exempt financing (i.e., the exclusion of interest on state and municipal bonds from taxable income) continues to be fully preserved. Any future tax legislation should also restore the ability to issue tax-exempt advance refunding bonds. Advance refunding is an important tool for municipal utilities to lower borrowing costs associated with infrastructure development, which results in lower electric rates in the communities that we serve. Additional financing tools (i.e., direct pay bonds not subject to sequestration) and comparability on existing or new energy tax incentives will also be pursued.

### 2 UPDATE PRIVATE USE RESTRICTIONS

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

Restrictions in section 141(b) of the Internal Revenue Code concerning "private use" are outdated. Congress and the Treasury Department 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. Outdated private use restrictions constrain the manner in which public power systems conduct their operations. As the Administration and Congress address tax issues, LPPC will seek to reduce all counterproductive limitations on public power financing.

## 3 ENSURE ELIGIBILITY FOR INFRASTRUCTURE SUPPORT

*Publicly Owned Grid Infrastructure Should be Covered by any Federal Infrastructure Investment Program*

As federal policies to support infrastructure investment are considered, it is critical they cover public power investment in electricity infrastructure. Like publicly owned transportation, water and wastewater systems, the nation's electricity infrastructure is essential to the efficient operation of the economy. Federal support or incentives for infrastructure investment should be available to support a broad range of electric infrastructure investments by public power utilities. Although our members are public organizations, they do not have direct access to state or local government funding sources.

## 4 REPEAL MANDATORY SEQUESTRATION 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") are taxable bonds on which the Federal Government reimburses the issuer for a portion of the interest paid. Although BABs were effective in helping finance public infrastructure projects at lower borrowing costs, the ability to issue BABs expired in 2010. In addition, the subsidy payments on existing bonds have been negatively impacted by across-the-board-cuts – sequestration – that went into effect on March 1, 2013. LPPC urges Congress to repeal sequestration of payments for existing BABs on a going forward basis and supports the reinstatement of BABs (or other direct pay bond programs) to support infrastructure investment without exposure to future sequestration.

# INFRASTRUCTURE DEVELOPMENT

## 5 ALLOW FLEXIBILITY IN OPTIMIZING RESOURCE PLANNING

*Public Power Utilities Undertake Careful Generation and Transmission Resource Planning to Ensure Reliability, Affordability and Environmental Stewardship*

As the Administration contemplates action on climate and infrastructure and exercises its authority under the Federal Power Act, states and utilities should have flexibility to support resource planning tailored to their existing resource mixes, regional reliability and resilience risk and the balance necessary to achieve cost-effective portfolios on an "integrated" basis. This approach will ensure consideration for regional market differences, resource and infrastructure availability, and the optimal combination of resource attributes and system performance. This approach also focuses on the achievement of overarching policy outcomes in support of state-based decision-making and resource neutrality.

## 6 INVEST IN GRID MODERNIZATION

*Transmission and Distribution Networks Serve as an Essential Platform for Deployment of New Technologies*

Public power utilities and the grids they build and operate serve as a catalyst for advancing economic development and environmental stewardship. The electric transmission and distribution grid, through digitization, can be transformed into an interoperable technology platform that balances and coordinates expanding technology adoption to support energy efficiency, transportation electrification, distributed generation, storage, smart homes, buildings and cities and the overall convergence of essential public services.

## 7 DEVELOP AND DEPLOY INNOVATIVE CLEAN ENERGY TECHNOLOGIES

*Support Research, Development and Demonstration to Advance Clean Energy Transformation*

LPPC power supports a strong federal role to expand available generation technology options, support advanced grid capabilities, and enhance end-user services. LPPC supports robust Federal budgets for research, development and demonstration of the full range of technologies needed to achieve clean energy goals, including: advanced dispatchable renewables; zero-carbon fuels like hydrogen; advanced nuclear energy; $CO_2$ utilization and storage; long-duration electricity storage; and other carbon-free technologies. Congress should support the commercialization of these types of new emission-reducing technologies and provide public power communities with access to financing tools and incentives to make necessary investments in system modernization

## 8 TRANSPORTATION ELECTRIFICATION

*Transportation Electrification can Improve Air Quality and Support Economic Development in our Communities*

Electrifying the transportation sector brings tremendous benefits to our communities by reducing $CO_2$ emissions and bringing immediate improvements to local air quality. LPPC members are actively working to support expansion of electricity-powered transportation, as both fuel providers and infrastructure developers. Charging infrastructure, metering and auxiliary electric technologies are natural extensions of the distribution grid. Partnering with government, automakers and other stakeholders, we are committed to advancing electrification of transportation to support economic development and environmental quality of life in our communities. We urge federal policymakers to consider benefits of increased electric vehicle deployment when evaluating transportation and energy policy.

## 9 EFFICIENT PERMIT REVIEW FOR CRITICAL INFRASTRUCTURE PROJECTS

*Permitting for Energy Infrastructure Should be Timely*

Timely action is needed on permits for critical electricity infrastructure projects aimed at preserving reliability and reducing greenhouse gas emissions. Therefore, federal policy should be established to ensure that thorough, but timely processes are established, followed and updated, as necessary. Federal and state regulators and land agencies can efficiently and expeditiously complete the necessary permit reviews for construction of such critical infrastructure projects. Inter-agency coordination in federal permitting and effective federal-state collaboration are both necessary for new projects and for relicensing of existing facilities, such as hydroelectric facilities.

# RELIABILITY, RESILIENCE AND SECURITY

## 10 ENHANCE 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. 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. Measures taken to enhance grid resilience should be based on resource attributes, without regard to fuel type.

## 11 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 implementation of a risk-based security framework, building upon existing regulations and voluntary programs. Such a risk-based framework should be adaptable to changing threats and technologies, recognize existing regulatory requirements, encourage best-practice sharing among utilities, and promote information sharing and collaboration between industry and government.

# CLIMATE AND ENVIRONMENTAL

## 12 CLIMATE POLICY

*Public Power Systems Have Made Great Strides to Reduce Carbon Dioxide*

LPPC's members are consumer-driven utilities committed to reliability, affordability, economic development and environmental stewardship. Public power systems continue to move toward a clean energy economy through investments in zero and low-carbon energy resources and expanding the ways that clean energy is used to power the economy. Many LPPC members, informed by the preferences of the communities that they serve, are actively pursuing a net zero carbon goal, and all LPPC members are actively pursuing a shift to cleaner energy sources.

We support federal actions regarding reductions in carbon dioxide emissions as a part of an economy-wide approach that respects regional differences and local governance, encourage innovation, incorporate performance-based policies rather than picking technologies, enable flexible compliance, recognize and credit early action, and promote a balanced energy portfolio.

## 13 BALANCED ENVIRONMENTAL STEWARDSHIP

*Regulators Should Consider Effectiveness, Cost and Available Technology*

Environmental stewardship, including the reduction of carbon dioxide emissions, is a critical responsibility of the power sector. Federal environmental laws and regulations aimed at driving a clean energy future should be carefully crafted to minimize adverse consumer cost impacts and maintain grid reliability. In particular, policies should be cost-effective, rely on demonstrated technology, account for regional differences including the diversity of available generation sources, and provide workable implementation schedules.

# SUPPORT FOR OUR COMMUNITIES, CUSTOMERS AND UTILITIES

## 14 SUPPORT FOR COMMUNITIES THROUGH ELECTRIC ASSISTANCE PROGRAMS

*Provide Regular and Emergency Funding for the LIHEAP Program*

The Low-Income House Assistance Program (LIHEAP) is a proven and effective federal program that provides financial assistance to households unable to pay their home electric bills, or to assist with home weatherization. As Congress considers further action to support families hit hard by the pandemic and the resulted economic slowdown, LIHEAP should be a top priority for federal funding.

## 15 FEDERAL RELIEF FUNDING

*Provide Direct Support for Public Power Systems to Offset the Broader Economic Impacts Experienced by all Customers and Small Businesses*

Many LPPC members are unable to access federal assistance funds targeted to state and local governments. Although LPPC members are public organizations, they do not have direct access to funds provided to other municipalities. All retail LPPC members have suspended disconnects and offered payment arrangements to customers to lessen the financial burdens caused by the COVID-19 pandemic, but post-pandemic business failures and extended unemployment will cause a significant spike in bad debt write-offs. As further relief is considered, funding to offset this, in a form directly accessible by LPPC members, should also be a priority.

## 16 ESSENTIAL WORKFORCE

*Provide Support for the Utility Workforce That is Essential to Public Safety and the Effective Operation of Critical Infrastructure*

LPPC members employ essential workers in highly technical fields ensuring the safety of our communities and reliable support for essential services and local economies. As Congress considers support for essential workforce development, assistance is needed to access personal protective equipment, testing and vaccines for essential workers to maintain their availability to perform their role in providing public safety. Support is also needed to ensure that there is a robust pipeline of qualified employees in highly technical STEM-related fields, and cyber security in particular. Federal incentives or grants in these areas will assist us in meeting this growing need.