

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 members are large electric utilities with significant grid infrastructure and generation resources. In some cases, LPPC members also provide natural gas distribution, water, and wastewater services.

LPPC is engaged in active education and advocacy on policy and regulatory matters before Congress and the federal agencies. LPPC's advocacy focuses on issues of particular concern to large asset-owning public power systems and their customers.

LPPC's positions on policy matters are shaped by several overarching principles:

- Electricity service is a critical public service to our communities' residents and businesses.
- Electricity services should be provided in a manner that optimizes:
 - › Reliability and resilience
 - › Customer affordability and equity
 - › Economic vitality of our communities
 - › Environmental stewardship, including reducing the sector's carbon footprint
- Public ownership of electricity systems is an effective business model with distinct advantages that should be supported.
- Locally-governed public power systems are directly accountable to consumers and communities, and their local governance should be respected.

The policy objectives outlined below follow from these principles.

INFRASTRUCTURE FINANCING

1

RETAIN, RESTORE, AND ENHANCE TAX-EXEMPT FINANCING TOOLS

Retain Current Law Treatment of Tax-Exempt Finance, Restore Advance Refunding, and Provide Comparability for Clean Energy Incentives

Tax-exempt financing and flexible rules applying to public power issuers are critical to ensure that Americans have access to reliable, affordable, and clean energy resources. This includes: (1) preserving the exclusion of interest on state and municipal bonds from taxable income, (2) restoring tax-exempt advanced refundings, and (3) enhancing public power's access to clean energy investment incentives available to other utilities through comparable incentives. Comparable incentives will lower borrowing costs for public power's energy infrastructure investments, which in turn lower rates for their customers, and will maximize the benefits from the federal incentives. Comparable incentives will ensure public power, which produces one-seventh of America's electricity, helps meet our nation's goal of increasing clean, renewable technology investment in the energy sector.

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, particularly those affecting how public power contracts with its customers. Outdated "private use" restrictions constrain the manner in which public power systems conduct their operations.

3

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. Beginning in 2013, these direct payments, however, have been subject to sequestration, effectively reducing the payments to issuers of BABs on the bonds that public power has already issued. 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.

LPPC 2022 POLICY OBJECTIVES

INFRASTRUCTURE DEVELOPMENT

4

ALLOW FLEXIBILITY IN OPTIMIZING RESOURCE PLANNING

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

As the Biden Administration acts on climate change and infrastructure, states and public power need the flexibility to tailor resource planning 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 enable consideration of regional market differences, resource and infrastructure availability, and the optimal combination of resource attributes and system performance.

5

DEVELOP AND DEPLOY INNOVATIVE CLEAN ENERGY TECHNOLOGIES

Support Implementation of the Infrastructure Investment and Jobs Act (IIJA) to Create Paths to Decarbonize the Utility Sector

LPPC supports strong federal action to expand available generation technology options, support advanced grid capabilities, and enhance end-user services. LPPC supports federal action on research, development, and demonstration of the full range of technologies needed to achieve clean energy goals, including: advanced dispatchable renewables; low-carbon fuels like hydrogen; advanced nuclear energy; CO2 capture, utilization, and storage; long-duration electricity storage; and other carbon-free technologies. The Federal Government should support the commercialization of these types of new emission-reducing technologies and provide incentives to deploy innovative technologies to public power electric utilities.

6

TRANSPORTATION ELECTRIFICATION

Support Implementation of the Infrastructure Investment and Jobs Act to Create Paths to Electrify the Transportation Sector

Electrifying the transportation sector brings tremendous benefits to our communities by reducing emissions and improving 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. The IIJA provides funding to expedite the transition to electrify the transportation sector. Public power can play an essential role in deploying federal funding. 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.

7

EFFICIENT PERMIT REVIEW FOR CRITICAL INFRASTRUCTURE PROJECTS

Implement Timely Permitting for Energy Infrastructure

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

RELIABILITY, RESILIENCE, AND SECURITY

8

ENHANCE RELIABILITY THROUGH GRID RESILIENCE

The Electric Industry and Government Should Continue Partnering to Enhance the Resilience of the Electric Grid

Resilience refers to the ability of the electric grid to adapt to changing conditions, and withstand and rapidly recover from system disruptions, whether resulting from a deliberate attack, an accident, or an act of nature such as an extreme weather event. The electric industry, government, and academia should continue to work together to enhance the resilience of the nation's electric grid in the face of evolving threats, building upon the existing regulatory framework.

LPPC 2022 POLICY OBJECTIVES

9

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 and potential supply chain constraints, encourage leading practice sharing among utilities, and promote information sharing and collaboration between industry and government.

ENVIRONMENTAL POLICY

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CLIMATE AND ENVIRONMENTAL STEWARDSHIP

LPPC Supports Federal Actions and Policies to Achieve Responsible CO2 Reductions and Improve Environmental Quality

Environmental stewardship is a critical responsibility of the power sector. This responsibility includes the ongoing development of ways to deliver reliable and affordable electricity while also reducing CO2 emissions and minimizing other environmental impacts through the deployment of clean energy resources. Public power systems continue to move toward a clean energy economy by investing in zero- and low-carbon energy resources and expanding the ways that clean electricity is used to power the economy. Informed by the preferences of our communities and customers for a cleaner energy future, LPPC members are actively working to transition to clean energy resources with many members making commitments to achieve net zero or other ambitious CO2 reduction goals, and taking other steps to minimize the environmental impacts of power sector activities.

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

SUPPORT FOR OUR CUSTOMERS AND WORKERS

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SUPPORT FOR COMMUNITIES THROUGH ENERGY ASSISTANCE PROGRAMS

Provide Ample Aid to Meet the Electricity Needs of Struggling Households and Small Businesses

Many of the low-income families and small businesses served by LPPC members continue to struggle as the economic fallout of the pandemic persists. As federal programs are developed and implemented to address these concerns, aid should be provided to ensure that such consumers are able to pay for essential utility services. Programs such as the Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program are proven and effective tools to address energy insecurity, and should remain a top priority for federal funding.

12

ESSENTIAL WORKFORCE

Implement Infrastructure Investment and Jobs Act Programs to Support 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 providing reliable power for essential services and local economies. Workforce development should remain a high priority to ensure that there is a robust pipeline of qualified and diverse employees in highly technical STEM-related fields, and cyber security in particular. It is important that public power is eligible for federal incentives or grants in these areas to assist us in meeting this growing need.