

Federal Update

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at the

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Overview

- Climate change
- Energy independence legislation
- Financing renewable energy
- Farm bill
- Rail customer protections
- Broadband
- Other legislative issues

Climate Change

- The top energy priority
- Multiple hearings in House and Senate Committees – 10 by House Energy and Commerce
- Stakeholder questionnaires from Reps. Dingell / Boucher and Reps. Barton / Hastert
- House Select Committee on Energy Independence and Global Warming created by Speaker Pelosi
- Various legislative proposals introduced; most use a cap and trade approach
- APPA recently updated its policy and legislative principles

Climate Change (cont'd)

- Chair Boucher (D-VA): will draft a cap and trade bill in August, pass it through the Energy and Commerce Committee in Sept., and “make it available for floor consideration” in October
- Will be economy-wide and “fair to all”
- Chair Boxer (D-CA) predicts that the Senate Environment and Public Works Committee will act on a cap and trade bill later this month. (Sen. Warner (R-VA) now favors action.)
- If legislation does get to the Senate floor, expect numerous amendments and lengthy debate
- Passage of legislation not likely before 2009 at the earliest

Energy Independence

- Electricity provisions focus on efficiency, renewables, plug-in hybrids, smart grids and (House) combined heat and power.
- Supported by APPA
- Includes other issues from other Committees (e.g. taxes, energy R&D, oil and gas royalties)
- HR 6 was passed by the Senate on June 21 with new vehicle mileage standards – but without and RPS or the Finance Committee-reported tax package



Energy Independence (Cont'd)

- House leadership may combine bills passed by 11 committees for floor consideration later this month; some discussion of considering the tax issues separately
- Even if the House passes it before the August recess, not likely to start the House-Senate conference committee to reconcile differences before Sept.
- President's signature not at all certain

Financing Renewable Generation (Tax-based incentives)

- Extension of Clean Renewable Energy Bonds and Production Tax Credit included in both Senate Finance and House Ways and Means tax packages to accompany energy independence bills – Finance package not added to Senate bill
- Senate Finance package would extend CREBs and PTC for four years (CREBs, \$900M/yr), but not address any other problems with the CREBs program

Financing Renewable Generation (Tax-based incentives) (Cont'd)

- Ways and Means package (H.R. 2776):
 - Extends the PTC for four years (through 2012)
 - Extends the investment tax credit for solar and fuel cells through 2016
 - Authorizes an additional \$2 billion in CREBs - \$1.2 billion to newly defined “public power providers,” and \$800 million to co-ops
 - Makes other improvements to CREBs, e.g. pro-rata allocation methodology; bullet repayment of principle; allows stripping of bond and credit



Farm Bill

- Both House and Senate bills to reauthorize agricultural programs will have robust energy titles based on the goals of “25 x 25,” i.e. 25% of nation’s energy from agricultural lands and products by 2025
- APPA seeking clear eligibility in these programs for public power systems serving rural areas (approx. 75% of our members)
- House bill to be marked-up this month; Senate bill a bit later
- Prospects for achieving our goals are good; Senate bill may also include provision on plug-in hybrids



Rail Customer Protection

- APPA working with CURE coalition to push railroad reforms to protect customers
- Legislation has been introduced in the House and Senate to reform the Surface Transportation Board to protect rail customers (H.R.2125/S.953), and to fully subject the railroads to federal antitrust law (H.R.1650/ S.772)
- Language added to the Senate energy independence legislation that expresses Congress' concern over the impact of rail practices on electricity
- Rep. Baldwin (D-WI) added language to the House energy bill requiring a study of the impacts on transporting biofuels
- Sen. Dorgan (D-ND) amendment adopted to decrease STB filing fee from \$178,000 to \$350



Broadband

- Legislation to prohibit states from erecting barriers to entry for communities that want to provide advanced communications services will be introduced soon in the House and Senate
- The House bill will be co-sponsored by Rep. Boucher (D-VA) and a Republican member of the Energy and Commerce Committee
- The Senate bill will be co-sponsored by Sens. Lautenberg (D-NJ), McCain (R-AZ), McCaskill (D-MO), Smith (R-OR), Snowe (R-ME), and Kerry (D-MA)
- We do not expect comprehensive broadband legislation to move until next year



Other Legislative Issues

- Water Resources Development Act – has passed the Senate and House. Conference committee on the two bills will convene in the fall
- Hinchey (D-NY) / Wolf (R-VA) amendment to eliminate FERC transmission siting authority – was defeated in the House