



Federal Energy Legislation

September 2015

The Public Power Council is pleased that Congress is looking to advance broad, bipartisan legislation to update energy policies and promote a reliable, affordable, and resilient electric system.

As the regional representative of consumer-owned utility customers of the Bonneville Power Administration (BPA), PPC is most focused on those provisions of pending legislation impacting the operations of BPA. Below are key issues for PPC in the pending legislation.

Grid Reliability

- The electric utility industry is the only critical infrastructure sector operating under mandatory, enforceable rules on cyber and physical security. This structure works and should not be altered.
- The NERC-FERC system focuses on identifying and addressing vulnerabilities, with standards, audits, and fines for violations.
- House and Senate bill provisions granting DOE authority to require emergency actions by grid operators to prevent or respond to an attack are helpful, though cost recovery language may need some clarification.
- PPC supports the Senate provision extending liability protection for emergency actions to federal utilities and public power systems.

Transmission Maintenance on Federal Lands

- It is common for utilities to have transmission lines that cross federal lands.
- Maintaining these lines and doing critical vegetation management is increasingly difficult when federal land managers apply burdensome and inconsistent requirements for permits.
- PPC supports language in the Senate energy bill clarifying that federal utilities, like BPA, must have continuous access on federal lands for needed maintenance on existing lines.
- PPC supports legislation approved by the House Natural Resources Committee streamlining permitting for all utilities needing access to federal lands.

Capacity Markets

- Several Regional Transmission Organizations (RTOs) in the East have “mandatory capacity markets,” requiring all utilities to bid into and withdraw from the market. While capacity markets are intended to ensure adequate generation, they have not incented new construction. Rather, they have dramatically raised consumer rates and threatened the self-supply of public power systems.

- The House energy bill has placeholder language on capacity markets, and the Senate energy bill includes a study provision that touches on capacity markets.
- Although the Northwest does not directly participate in an RTO, the trend in this area leads PPC to be mindful of any legislative or regulatory effort around uniform market structures.
- PPC urges the Northwest delegation to resist any legislative language promoting mandatory capacity markets.

Hydro Licensing Reform

- Although the dams of the Federal Columbia River Power System are not licensed by the Federal Energy Regulatory Commission (FERC), FERC-licensed dams provide much of the Northwest's electricity.
- Given the importance of this resource to the region's affordable and reliable electricity supply, PPC supports the provisions in the Senate energy bill streamlining the hydropower licensing process and urges expansion of those reforms