

Principles for Federal Climate Change Legislation

1 The American Public Power Association (APPA) supports congressional action to address climate  
2 change. In 2006, APPA formed the CEO Climate Change Task Force to assist the association in  
3 developing its climate change policy. For the last 14 years, the task force (now called the CEO Climate  
4 Change & Generation Policy Task Force) has played a key role in the development of APPA’s policy  
5 positions on federal climate change legislation and Environmental Protection Agency (EPA) regulations.

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7 Following the U.S. Supreme Court’s 2007 decision in *Massachusetts v. Environmental Protection*  
8 *Agency*, which held that EPA has the authority to regulate tailpipe emissions of greenhouse gases (GHGs)  
9 under the Clean Air Act, legislative activity on climate-related issues increased significantly. In 2007,  
10 Congress approved legislation to direct EPA to publish a rule requiring the public reporting of GHG  
11 emissions from large sources. Less than two years later, in 2009, the House of Representatives approved  
12 the Waxman-Markey bill to create a cap and trade program. When the Senate failed to pass its own  
13 climate bill in 2010, activity on climate change issues shifted to EPA, with the agency issuing the Clean  
14 Power Plan (CPP) in 2015 to regulate GHG emissions from fossil fuel-fired power plants. The CPP was  
15 appealed, and the U.S. Supreme Court eventually stayed its effectiveness. In 2019, EPA repealed the  
16 CPP and replaced it with the Affordable Clean Energy (ACE) rule. The ACE rule has now been appealed  
17 as well. These events have created substantial and ongoing policy uncertainty for electric utilities,  
18 including public power utilities.

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20 Congressional interest in addressing climate change continues to increase. Following the November 2018  
21 congressional elections, where Democrats won back the majority in the House of Representatives,  
22 Democratic leadership has made addressing climate change a top priority for House Democrats in the  
23 116<sup>th</sup> Congress. The Speaker of the House reinstated the Select Committee on Climate Change (now  
24 called the Select Committee on the Climate Crisis) and more than two dozen hearings were held in 2019  
25 on the issue. In late July 2019, the leadership of the House Energy & Commerce Committee announced  
26 its intention to begin drafting comprehensive climate change legislation to get the United States to net-  
27 zero emissions by 2050. Republicans on the House Energy & Commerce Committee expressed their  
28 belief that climate change is real and needs to be addressed, as well as their willingness to work with the  
29 majority on addressing climate issues through the promotion of energy innovation. In January 2020,  
30 House Energy & Commerce Committee Democrats released draft climate legislation.

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32 In the 116<sup>th</sup> Congress, the Senate has also examined climate change issues in the Energy & Natural  
33 Resources Committee and Environment & Public Works Committee. Multiple hearings were held in

34 those committees and legislation was approved to promote carbon capture and sequestration technologies.  
35 Key Republicans have expressed their concerns on the impacts of climate change and their desire to  
36 promote energy policies that will help reduce emissions and promote non-emitting resources, including  
37 research and development of needed technologies. Senior Senate Democrats continue to stress the  
38 importance of addressing climate issues, noting it is one of their top legislative priorities.

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40 Public power utilities have already taken actions to reduce their carbon dioxide (CO<sub>2</sub>) emissions in  
41 response to changes in the economics of power supply resources, energy markets, and customer requests.  
42 They will continue to reduce their emissions. APPA members are undertaking a variety of approaches to  
43 reducing not only emissions from their generation, but also from their utility buildings and vehicle fleets.  
44 Further, many have adopted innovative energy efficiency programs to help their customers reduce their  
45 power usage. Many are also actively working in their communities to promote the electrification of the  
46 transportation sector, including deploying charging infrastructure, offering rebates for EVs, and  
47 developing special rate structures to incent off-peak charging. Others have developed policies to enable  
48 the interconnection of distributed energy resources (DERs) owned by utility customers and to purchase  
49 excess power generated by DERs.

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51 For all of these reasons, the likelihood of climate change legislation moving in Congress in the next  
52 several years is increasing. APPA believes it is important that any such legislation is economy-wide, sets  
53 clear targets, and provides maximum flexibility to covered entities. For the electric sector, it is imperative  
54 that climate change legislation allows the sector to reduce emissions while also maintaining a reliable grid  
55 and affordable retail rates.

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57 **NOW, THEREFORE, BE IT RESOLVED:** That the American Public Power Association (APPA)  
58 believes any federal legislation and associated regulations to reduce greenhouse gas (GHG) emissions  
59 must do so in a way that maintains a reliable electric grid and affordable electric rates for retail customers.  
60 To that end, climate legislation should:

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62 • Protect electric customers and the ability of U.S. industries to remain globally competitive by  
63 preventing or mitigating substantial rate impacts;

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65 • Recognize regional differences in resources, power supply mix, and electricity consumption;

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- 67 • Make clear that other sectors of the U.S. economy and other nations also need to take meaningful  
68 action to reduce their emissions;
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- 70 • Ensure the continued use of all sources of non-emitting energy, including hydropower, wind,  
71 solar, geothermal and nuclear power, as well as fossil-fuel based and dispatchable resources,  
72 which will be needed to ensure generation diversity, system reliability, and resilience;
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- 74 • Avoid mandates that rely on technologies that are not commercially demonstrated or  
75 economically feasible;
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- 77 • Seek the most economically efficient means for reducing GHG emissions from an economy-wide  
78 perspective while protecting system reliability, rather than requiring the use of any particular kind  
79 of generation;
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- 81 • Recognize early action taken by electric utilities to reduce their GHG emissions, including  
82 investments in renewable and other non-emitting generation, transportation electrification, energy  
83 efficiency measures and other GHG mitigation efforts;
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- 85 • Provide an appropriate glidepath, flexibility, and technical and financial assistance to  
86 communities and workers that depend economically on fossil-fuel fired power plants, and utilities  
87 that own or purchase power from such plants, including ensuring not-for-profit utilities with  
88 existing debt on fossil-fuel fired power plants are not economically harmed if those plants are  
89 required to scale back production or retire before their bonds are paid off;
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- 91 • Support demand-side measures to reduce GHG emissions, including increased energy efficiency  
92 and demand response measures and the beneficial electrification of new loads that reduce overall  
93 energy intensity;
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- 95 • Ensure any federal incentives provided for non-emitting sources of electricity, energy storage,  
96 energy efficiency, and carbon capture, utilization, and storage are technology-neutral and  
97 provided on a comparable basis to all sectors of the electric utility industry, including public  
98 power;
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- 100 • Provide robust federal funding and support for research, development, and deployment of new  
101 and advanced technologies to reduce, capture, transform, transport, or sequester GHG emissions  
102 by all segments of the electric utility industry;  
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- 104 • Recognize local, state, and regional efforts to reduce GHG emissions and work in a  
105 complementary fashion with those efforts; and  
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- 107 • Provide federal funding for technologies and actions to adapt to the effects of climate change,  
108 including building more resilient electric infrastructure.