

Monthly Board Report – 10/13/22



Agribusiness and Water Council/NWRA

- Dale Nellor Named New EVP for NWRA
- “Farmer Lobbyists” with FFA Returned to DC, First Time Since 2019
- Sackett Case May Result in New WOTUS Test
- Initial Line of Questioning Seems to Favor EPA
- Biden Asks SCOTUS to Set Aside Sackett Case, Working Towards New Rule
- Other SCOTUS Cases this Year Include; *National Pork Producers v. Ross*, *Bohon v. FERC* & *Interior v. Navajo Nation*
- Colorado River Water Conservation District GM – Andy Mueller Warns that River Basin Reservoirs Could Run Dry in 3 Years
- Farm Bill Could be Delayed 4-6 Months Due to DC Gridlock
- Farm Bill Could Shift from Climate to Producer Focused Program
- That Would Mean Cuts to Conservation Reserve Programs & EQUIP
- Hurricane Ian Stirs Toxic Contamination Fears – Wastewater, Coal Ash, Etc.
- Proposition 12, CA Spacing Requirements for Pigs, Could have Ripple Affects by SCOTUS Commerce Clause Decision on Other Laws
- Estimated 57K Sites Contaminated with PFAS in United States

American Public Power Association

- APPA Receives \$15M/3-Year Agreement from DOE for Cybersecurity
- APPA Fall Board Meeting Provided Information on 2022 Business Plan, Presentation from SPP and Brand/Reputation in DC
- APPA Looking for New/Increased Office Space in Crystal City (by Reagan)
- APPA Financials Still Strong, but Impacted by Stock Market Decline
- Associate Dues & Registration Fees Greater than Increased Expenses
- Exploring Big Data for Cost/Benefit Analysis for Costs vs. Revenue
- Supply-Chain Issues Continue to Impact Transformers
- Federal Lobbying Spending Up 18% Since 2016

- Policymakers Report 215% More Time on Mobile Devices from 2019-2020
- 142.5B Minutes Spend Streaming Video in Q2 2020, Up 75% from 2019
- Over Saturation of Information, Sensory Overload
- APPA has Strong Image in DC – 4th of 19 in Credibility & 1st in Influence
- Overall Reputation is 12th of 19
- Spend is \$1M Compared to \$12M Average for Other Trade Associations
- Lacking Proper Framing/Communications Strategy
- Recommended to Utilize Long View Messaging & Alignment
- Energy 10th for D's (16% in Top 3) & 4th for R's (18% in Top 3)
- APPA Opposes Financial Reporting Amendment to Defense Bill
- APPA to Coordinate with Others on Treasury Energy Tax Credit Guidance
- APPA Seeking Feedback to Cyber Incident Reporting Law Implementation
- APPA Seeking Feedback on Proposed Rule on General Permits for Wind and Powerline Projects That May Disturb Bald Eagles
- APPA & LPPC Plan to Respond to FERC NOPR on Interconnection Rules
- San Diego City Council Approves Contract to Study Public Power

Arizona

- AZ NEVI Plan Part of First 35 Approved (\$76.5M Over 5 Years)
- ADEQ Files NOPR for Surface Water Program
- Katie Ratlief Becomes New Executive Director for Common Sense Institute
- SRP Extends Contract for Biomass Power from Novo BioPower in NE AZ

Bureau of Reclamation / DOI

- Current Elevation at Mead – 1045'
- Total Tourism Revenue @ \$9.8M YTD, Expenses were \$8.7M
- Letter from NM & CO Senators Warn of "Speculation & Profiteering"
- BOR Awards \$10.3M to 26 Tribes for Drought Response Water Projects
- BOR Awards \$73M to Navajo-Gallop Water Supply Project
- BOR Invests \$6.6M in Innovative Water & Power Solutions
- BOR Launching Prize Competition for Aquatic Vegetation Control in Canals

California

- CA Offers to Reduce Usage by Up to 400K AC-FT/Year from 2023-2026
- Seems to be Trying to Avoid Application of Evaporative Losses
- Also Open to Additional Water Banking Water in Mead - McCarthy
- SMUD Agrees to Install 200 MW/2GWH Battery Installation by ESS
- Eastern Municipal Water District Offering \$3/sqft for Turf Removal
- CA Preparing for Possible 4th Year of Drought
- Current Statewide Reservoir Levels Sit at 69%
- CA Groundwater Wells Run Dry in Central Valley
- CA Needs to Increase Pace of Renewables 5X to Meet 100% by 2045
- State Officials Want 25% of Energy from Offshore Wind Power

Colorado River Energy Distributors Association

- No Fall HFE this Year, AMWG Will be Pushing for Spring HFE
- Fall HFE Estimated to Cost \$1M (24 Hr) to \$6M (144 Hr) for Purchase Power
- Lake Powell Lost 16' from Last Year, Currently at 3530'
- GCD Generating Capacity Currently 800 MW, @ 60% of Post ROD Capacity
- Power from GCD Provided to 5.8M Customers
- WAPA-206 Rate Planned Start Date January 1, 2024
- Small Mouth Bass Discussions Include Multiple Options
 - Fish Exclusionary Devices (Nets, etc.) – Spring/Summer 2023
 - Operating Alternatives – Spring/Summer 2023
 - Chemical Treatments
 - Needs – People, Money, Equipment, Logistics Coordinator
- Colder Temperatures & Turbidity (Paria) Helping Stem Migration
- Soil Moisture at 8 Year High, but Water Forecast Tenuous

Department of Energy

- Hydrogen Shot Goal to Reduce Cost to \$2/kg by 2026 & \$1/kg by 2030
- \$1/kg (\$7.4/MMBtu) and 30% Co-Firing Rate, H2 Increases Costs by 10%

- DOE Report Suggests 100s of Coal Sites Suitable for SMR Sites
- DOE Releases RFI for Grid Resilience and Innovation Partnerships Program
- DOE Opens Application Process for \$7B in Hydrogen Hub Funding
- DOE Issues RFI for Defense Production Act for Solar, Transformers, Etc.
- DOE Releases Nearly \$5B for Carbon Capture Technologies
- DOE Issues RFI for Energy Improvements in Rural or Remote Areas (\$1B)

Electric Vehicles

- Renewable Fuel Standard to Include EVs Charged by Renewables
- Gabe Klein Appointed to Lead Joint Office of Energy & Transportation
- Office to Oversee \$7.5B to Build National EV Charging Network
- EVs Make up 13% of Federal Light-Duty Fleet Purchases this Year
- Feds Turn Over 50,000 Vehicles per Year
- USPS Committed to Electrify 40% of their Future Fleet Purchases
- Obama Set Goal of Electrifying 20% of Purchases by 2020, 50% in 2025
- Emphasis to Charge EVs During the Day Due to Solar Glut Increasing
- Night Charging Increases the Need for Grid Storage

Environmental Protection Agency

- MOU Including EPA, DOE, DOT & HUD Aimed at Reducing GHG from Transportation Sector
- EPA Region 4 Releases Guidance on PCB Disaster Remediation
- China has Increased Emissions 4 Tons for Every One Ton US has Reduced
- Continuing to Attempt to List PFOA & PFOS Under CERCLA
- First Time Using Section 102(a) Authority to Designate Hazardous Waste
- EPA Asks 3rd Circuit Court of Appeals to Throw Out Chemours PFAS Claim
- Senate Ratifies Kigali Amendment, Reducing HFC (Montreal Protocol)

FERC

- FERC Proposed Incentives for Voluntary Cybersecurity Investments

- SE Regional Transmission Planning Group Pushing Back Against FERC
- Senators Request FERC Reverse Right of First Refusal on Transmission
- Glick's Renomination Still in Limbo without Manchin's Approval
- FERC Struggling to Find Qualified Staffers for Open Positions
- FERC Held Reliability Technical Conference on October 10th

Financial Focus

- 75 Basis Point Rate Increase Pushes Main Borrowing Rate to 3%-3.25%
- Fed Predicts Target Rate to be 4.4% by Year-End & 4.6% in 2023
- Treasury Dept. & IRS Release Notices of Climate & Energy Tax Provisions
- Rents Fell 0.1% in August, First Decline Since December 2020
- Unemployment Rate at 3.7%
- Core CPI at 6.3%, Total CPI 8.5% YOY (August)
- CPI Rose 8.2% in September YOY, a MOM Increase of 0.4%

Industry Update

- Since 2005, Coal Generation in US Decreased from 51% to 20% in 2020
- Natural Gas has Increased 22%, from 17.5% to 39.5%
- Coal Costs Increased 66%, Natural Gas Decreased 64% (2005-2020 Costs)
- Renewables have Increased 11%, from 8.5% to 19.5%
- Fossil Fuel Generation 2nd Largest Emitter of CO₂ at 30.5%, but Down 40%
- Carbon Capture, Utilization & Storage De-rates Combined Cycle Plants by 10% , Increases EGU Capital Costs by 130% & Operating Costs by 60%
- Energy Storage Installed 2,608 MWH in Q2 2022
- 7 Midwest States Partnering on Hydrogen Hub (IL, IN, KY, MI, MN, OH, WI)
- Solar Power Constituted Half of all Capacity Additions Last Year
- 1.1 GW of Storage Delayed or Canceled in Q2 2022
- Report Expects 59.2 GW of Storage to Come Online through 2026
- US Redoubles Efforts to Move Away From Russian Uranium for Nuke Plants
- Comanche Peak Nuke Plant (TX) Seeking 20 Year Extension to 2053

Inflation Reduction Act

- BOR Alludes to Non-Colorado River Basin Usage for \$4B
- BOR will Stage 2 Step Process for Short & Long Term Opportunities
- China has Increased Emissions 4 Tons for Every One Ton US has Reduced
- 67% of EV & Clean Energy Investments Still Would Have Occurred w/o IRA
- Transmission & Permitting Bigger Issues than Funding for Clean Energy

Markets

- Southeast Energy Exchange Market Set to Start Next Month in 12 States
- TXPUC Adopted Expanded Weather Preparation Rules for Grid Reliability
- Report Projects \$55M-\$73M/Year in Savings with SPP West RTO Expansion

Meetings

- Senator Sinema Water Advisory Council – September 20th
- IEDA Board Meeting & Strategic Plan – September 22nd
- Meeting w/ ITCA – September 26th
- WAPA – Lunch w/ Tracey & Jack Murray – September 26th
- Public Power Lunch – Dave Lock, Jordy & Russel - September 27th
- Meeting & Fund Raiser for Rep. Griffin – September 28th
- Westside Lunch – September 29th
- Meeting w/ New SPPA GM (Frank McRae) – September 29th
- Call w/ WAPA @ CRSP-SPP Response Letter – September 29th
- Tribal & Stakeholder \$4B IRA Listening Session – September 30th
- APPA Board of Directors' Fall Meeting – Oct 2nd thru 4th
- AMPUA – October 6th
- AG 100 – October 7th
- SRP – Candidate PIC Picnic – October 8th
- IEDA/AMPUA Unification Meeting – October 10th
- BCP Drought Ad Hoc Meeting – October 11th
- AOP Webinar – October 12th
- ABWC – Tempe – October 14th

- APA/IEDA Meetings – October 18th
- Wellton-Mohawk/P-DP Dam Tours – October 19th thru 20th
- BWCCD 100 Year Anniversary Event – October 21st
- E&OC Meeting – October 26th
- NWRA Annual Meeting – November 2nd – 4th
- CREDA – Phoenix – November 3rd thru 4th
- WAPA DSW One Transmission Rate – November 3rd
- CFC IBES – November 7th thru 8th
- APPA Legal & Regulatory Meeting – November 8th – 10th
- APA/IEDA Meetings – November 15th
- American Legislative Exchange Council – Nov 29th thru Dec 1st
- Western Governors' Association – December 6th thru 7th
- APA – December 13th – Las Vegas
- Colorado River Water Users Association – December 14th thru 16th

Natural Gas & Oil

- OPEC Agrees to Cut Oil Production by 2 MBD
- H.R. 8802 (Grijalva) Would Suspend Coal, Oil & Gas Leasing on Public Lands Until Strategy Developed to Align Fossil Fuel Development w/ Climate Goals
- Electric Bills Soar Across the Country as Winter Looms due to High Nat. Gas
- NY Begins Process to Ban ICE (Gas) Vehicles, Similar to CA's Lead
- US Exported Record Amounts of Petroleum in First Half of 2022
- Nord Stream Pipeline Sabotaged (3-4 Explosions)
- West Texas Intermediate Crude \$84/Barrel
- Senator Mark Kelly in Favor of Increasing Oil & Gas Production
- Household Heating Costs Expected to Surge 28% this Winter

Washington DC

- NDAA Could Include \$55B for Water Infrastructure, Plus Uranium Help
- Manchin Permitting Reform Play Backfires, Pulled from CR
- Some Utilities Resisted Reform Due to Federal Trumping States Rights

- Could Still End Up in NDAA or Year End Omnibus Spending Bill
- Included Changes to Section 401 (State & Tribal Water Quality Rules)
- Senate ENR Holds Battery Hearing, Pumped Storage & Iron-Air Highlighted
- Permitting Takes 7-10 Years, Interconnection Takes 3.7 Years on Average
- Due to Loss of Efficiency, Pumped Storage Costs \$4,500/kW Today
- 100 Hours of Storage Believed to be Able to Solve 98% of Grid Issues
- CR Includes \$1B Additional for LIHEAP, 2023 Approps Expected to be \$4B
- Biden Approves Emergency Declaration for Puerto Rico, FEMA Funding
- Only IRS Enforcement Gaining Traction as Campaign Trail from IRA
- Republican Midterm Agenda Includes Energy Independence
- Republicans Also Plan on More Secretary Level Oversight/Hearings
- National Cyber Insurance Mullied by Treasury Amid Risk Concerns

Western Area Power Administration & Other PMAs

- Ron Klinefelter Named SVP & General Counsel
- WAPA has 17,280 mi of Transmission Lines, Covering 225K Acres
- 2,620 mi of Transmission Line in Arizona
- 2,807,543 MWh Sold in AZ for Total of \$68.3M (2021), 85 Total Customers
- Total of 693 Customers, Annual Revenue of \$876.6M
- Total Substations–326, Total Transformers–295, Total Capacity-34.4 GVA

Wildfires

- Senate ENR Held Hearing on 12 Forestry & Wildfire Bills
- S 4904 Would Require Annual Thinning Acreage Targets, Targets would Double (National Forests) or Quadruple (Public Lands) Over Next 5 Years
- Resident Sues Over Wildfire that Started at CA Wood Products Company
- \$2.5B in CR for FEMA to Aid New Mexico Wildfire Claims
- Wildfire in Nebraska Sandhills Nearly Contained
- Wildfire smoke affecting air quality in Pacific Northwest