

Monthly Board Report – 3/13/23



Agribusiness and Water Council/NWRA

- USDA Conservation Reserve Program Assists Farmers w/ Marginal Cropland
- Sen. Sinema Discussed Labor & Immigration Challenges w/ AZ Crop Protection & Nursery Assoc. (Calling for 64K H-2A & B Workers in 2023)
- Sinema Met w/ AZ Farm Bureau to Discuss 2023 Farm Bill Priorities
- House Votes to Overturn WOTUS Rule – H.J. Res. 27 (227-198)
- Farm Bill Expected to Be Most Expensive in History (In the Trillions)
- Reps Ciscomani & Crane Join Western Caucus
- USDA Vilsack Highlights Ag Innovation for Future Farming Sustainability
- PFAS Bill Reintroduced in the Senate

American Public Power Association

- Eight Policy Resolutions Approve at Leg Rally, Including Supply Chain
- APPA Raises Concerns over NOPR on New Distribution Transformer Design
- NYPA Examines Dual Land Use of Agriculture & Solar
- PNNL Shows Promising Results from Long-Duration Sodium Battery
- Marshall, MI to Benefit from \$3.5B Ford Battery Plant
- Georgia Public Power Finds Texting Improves Customer Relations
- Federal Appeals Court Affirms Sequestration Decision Against Public Power
- NYPA Receives FAA Approval for Drones to be Flown Beyond Line of Sight
- APPA Voices Concern Over Redundant Cyber Incident Reporting Bill
- In Response to Recent Outages, MI Looking to Expand Public Power
- FL Lawmakers Introduce a Bill to Allow PSC to Regulate Public Power
- APPA Files Comments on Sec. 247 Hydropower Incentives Draft
- APPA Comments on Proposed CAA Section 111(d) Regulations

Arizona

- Senator Kelly Joins CAP In Requesting \$250M in BIL Funding for Water Infrastructure Projects in AZ
- Sinema Attended Ceremony Celebrating WMAT Quantification Act Passage
- Grijalva Introduces Save Oak Flat from Foreign Mining Act (Resolution)
- Tempe & Globe will Receive \$5.5M in Water Infrastructure Funding Because of Rep. Stanton
- \$1.1M Going to Yuma Airport Thanks to Sinema & Kelly
- \$4.2M in Funding to Expand Broadband (Sinema)
- SRP Issues All-Source RFP (200 MW by 2026 & Additional 300 MW by 2027)
- Gov. Hobbs Announces Election Task Force Appointees
- Gov. Hobbs Opened Applications for \$187.5M in ARPA Funding

Bureau of Reclamation/Dept. of Interior

- Manchin Will Not Advance Daniel-Davis as Deputy Secretary of Interior as Protest to Biden's Admin Approach to IRA's All of the Above Intent

California

- Alameda Power Secures 5-MW 12 Year Geothermal PPA
- PUC Issues Decision Grants Challenge to Building Community Microgrids
- Silicon Valley Clean Energy Receives 15-Yr Wind PPA from Terra-Gen, LLC
- CCA to Convert Nat. Gas Peaker Plant to Hybrid Energy Storage
- CEC Recommends Extension of Diablo Canyon for Grid Reliability
- Diablo Canyon Granted Exemption to Operate While Application for Life Extension Under Review
- Coachella Valley Water District - \$60M for Irrigation Pipeline Replacement
- CA Delegation Request Prioritization & Expediting of Water Storage Projects
- Senator Dianne Feinstein (D-CA) Announced Her Retirement
- Due to Wet Winter, CA Farmers May Get 100% of Contracted Rights

Colorado River Energy Distributors Association

- Runoff Forecast Increased to 8.0 MAF, Up From 7.5 MAF in February
- BOR Considering Spring HFE at GCD (Current Sediment Trigger Unmet)
- Likelihood of GCD Going Below Minimum Power Pool Near Zero in 2023
- Upper Basin States Want to Pause DROA Releases From Flaming Gorge
- UCR System Conservation Pilot Program Accepting Applications
- UCR Regional Director Proposes 1-Yr Extension of TWP for AMWG

Department of Energy

- DOE Announces \$2.5B in Carbon Capture Pilots & Demonstration Projects
- Released Draft Transmission Needs Study
- DOE Encouraged to Fund more Hydro Projects Under Incentive Program
- DOE Determined COVID Release Due to Lab Leak
- Reactors Eligible for Second Cycle Civil Nuclear Credit Program Expanded
- DOE Exploring Floating Offshore Wind – Summit Held Feb. 22-23
- DOE Study for 30 GW West Coast Offshore Wind Underway
- DOE Offers Conditional \$375 Loan for Battery Recycling Facility
- DOE To Provide \$50M To Support Clean Energy Projects On Tribal Lands
- DOE Looking to Streamline LNG Plant Permitting
- DOE Picks 10 Winners Of Grid-Scale Storage Innovation Prize
- U.S. Directs \$315M To Boost Clean Energy to Rural & Tribal Communities
- DOE \$300M Funding Opportunity For Rural, Remote Energy Projects
- DOE Working w/ Partners to Accelerate Long-Duration Energy Storage
- DOE Announces \$4.5M Funding For Turbine Efficiency Research

Environmental Protection Agency

- EPA & DOE Issue Framework For Maintaining Grid Reliability During Energy Transition
- EPA Proposes Stronger Limits on Water Pollution from Coal Plants
- EPA Opens State Grant Application Portal for CCR Control
- EPA Moves to Restore Rule on Mercury from Power Plants
- EPA Orders 'Pause' Of Derailment Contaminated Waste Removal
- EPA Projects that Coal Power Generation Will Decrease by 90% in 2040
- TX & UT Challenge Disapproval of SIP under CAA “Good Neighbor Provision”

- Twenty-four States Challenge EPA's New WOTUS Rule
- EPA Region 9 Issues PCB Clean Up Guidance in Light of Severe CA Weather
- "Totality of the Circumstances" Rule Sought to Overturn "Appropriate and Necessary", Denounced as Coal Killing Rule
- EPA Launches First Funding Phase Of \$5B Carbon Reduction Program For States, Cities, Tribes
- US Launches \$6 Billion Program To Slash Manufacturing Emissions

Federal Energy Regulatory Commission

- FERC Approves Two New Extreme Cold Reliability Standards
- FERC Extends NOPR for Proposed "Backstop" Authority Until May 17
- FERC Reverses Approval of SPP's Capacity Accreditation Plan for Wind, Solar
- FERC Partly Approves ISO-NE Plan For Aggregated DER, But Balks At Behind-The-Meter Requirements

Financial Focus

- Fed Rate Policy Is Reducing Interest in Municipal Bonds
- The U.S. economy added 311K jobs in February
- Todd Buchholz Called COVID Downturn Cessation, Not Recession
- All Quartiles Have Better Bank Accounts Post-Covid
- \$3T in Stimulus Caused 10% Inflation (10% of \$30T US GDP)
- Currently 11M Job Openings
- Summer Jobs for Teens Have Dropped 40% Since 2000
- Expecting Mild Recession, Housing & Automobiles to Be Impacted Most
- Auto Loans Currently 8.5%, Inventory Levels Climbing from 46 Days to 57
- Inflation Increase Leading to Higher Interest Rates, Possibility of Future Stock Selloff as Retirees Take Money Out of Market for Stability
- US Economy 12% Foreign Trade, Compared to Others Like Germany at 33%
- Currently There are More Golf Courses in US than McDonalds
- EVs Use 1/3 Fewer Labor Hours, Impact to Unions Currently Not Discussed
- Silicon Valley Bank Funded Companies Who Don't Generate Profits

Industry Update

- U.S. Power Use To Slide In 2023 On Slower Economic Growth
- Calpine Developing 425 MW Natural Gas Peaking Plant in TX
- EIA Reports Western Hydropower Rose 13% in 2022
- UAMPS SMR Moving Forward, Application will be Submitted in 2024
- WECC Releases Long Duration Energy Storage Assessment
- New Nuclear Plant in GA Reaches Criticality
- Setbacks Have Pushed Costs from Original \$14B Estimate to \$30B+
- Fed Incentives Help Drive \$52B of Investments in 17 EV Battery Plants
- US Installed 4 GW of Battery Capacity in 2022 (CA & TX Account for 90%)
- NJ Uses New Law To Bypass Local Approvals For Offshore Wind Project
- Demand for US Offshore Wind Doubled Last Year While Investments Tripled
- Administration Announces First Gulf Of Mexico Offshore Wind Lease Sales
- Physical Attacks on Power Grid Rose by 71% Last Year, Compared to 2021
- Large Scale Impact Attacks (Affecting 10K+ Customers) Up 67%
- US Microgrid Market to Grow 19% Annually Through 2027
- Solar Will Provide 54% of New US Capacity in 2023, w/ 29.1 GW Added
- 200-MW TX Project First to Leverage IRA Tax Credit for Stand-Alone Storage
- Carbon Emissions From Energy Hit Record in 2022 – 36 Metric Gigatons
- Bipartisan Southeastern Senators Push for Hydrogen Hub
- IL Approves 207 Mile Section of 5 GW \$7B 800 Mile Transmission Line
- Hydrogen Production Underway At Nine Mile Point Nuclear Plant In NY
- U.S. Solar Installations Fell 16% in 2022

Markets

- PJM to Issue Energy Certificates Hourly (For Tracking Carbon-Free Energy)
- PJM Began Capacity Auction Reform
- NREL Report Sums Up Benefits of Larger RTO in CA & the West
- EDAM & SPP Market+ Both Continuing Forward
- ISO New England Power Prices Mixed In Feb, Gas Prices Up 70%

Meetings

- APPA Board Meeting – February 26th
- APPA Legislative Rally – Feb. 27th-March 1st
- Meeting w/ Sen. Sinema's Office (Franklin Zyerk) – February 28th
- Meeting w/ Sen. Kelly's Office (Nick Matiella) - February 28th
- Meeting w/ Rep. Gallego's Office (Emma Reidy) - February 28th
- Meeting w/ Rep. Biggs & Zach Barnes - February 28th
- Meeting w/ Rep. Ciscomani & Gabbi – February 28th
- Meeting w/ Rep. Stanton's Office (Tracee Sutton) – February 28th
- State Society of Arizona
- Meeting w/ Rep. Grijalva's Office – March 1st
- Meeting w/ Rep. Lesko's Office – March 1st
- APPA CEO Roundtable – March 12th-14th

Oil & Natural Gas

- EIA Lowers Natural Gas Price Outlook 40% from October Forecast
- CA Imports Nearly 90% of their Natural Gas, Resulting in Higher Prices
- DOE Exploring a Clean Natural Gas Designation Standard
- House Democrats Look to Prevent LNG Transport Via Rail
- Multimillion-Dollar Campaigns Occurring to Pressure Swing-State Lawmakers to Build Energy Projects Such as Pipelines & Power Lines
- U.S. Natural Gas Output To Hit Record High In 2023 - 100.7 BCFD
- Ukrainian War Sees Record Calls for US LNG, Suppliers Increase Production
- Freeport LNG Cleared to Restart Operations 8 Months After Explosion
- Mexico Looking to Utilize Proximity to Advantage and Export US LNG
- Europe & Asia Look to Compete for Same LNG Supplies in Future Years
- Demand for Energy Security Could Lead to \$100B in New Developments
- Older LNG Vessels' Value Rising as Newbuild Prices Soar
- One Estimate is that Oil Will Be \$90-\$100/Barrell this Summer
- Sempra Looking at Constructing \$10.5B Port Arthur LNG Plant in TX
- Sempra Could Also Expand Their Cameron LNG Plant in Hackberry, LA
- EU on Schedule to Pool Joint LNG Purchases This Summer

- China LNG Demand Considered “Great Unknown” for Global Demand
- 2023 Expected to Be Growth Year for Canadian Oil & Gas Investments

Western Area Power Administration

- WAPA Sends AEPCO Letter Confirming Willingness to Work w/ them on SPP
- WAPA Moving Forward w/ FRN for SPP Market Evaluation (RMR & CRSP)
- DSW Began EIM Parallel Operations on Feb. 2
- WAPA Issues RFI for (Up to 400 MW) Power Supplies
- Western Markets Exploratory Group Study Extended
- Administrator Approves New EIM Services Formula Rates in DSW
- DSW One Transmission Rate FRN Expected in April

Washington DC

- President Releases Budget - \$6.9T (\$18.9B for DOI, Up 12% / \$1.4B for BOR)
- This Includes \$49M for LCR Operations, \$200M for CA Water, \$63M WaterSmart, \$35.5M for Native American Affairs Program (Water), \$57.8M in Rural Water Projects
- President Proposes Excise Tax on Crypto Currency Mining in FY24
- House Holds Builder Act of 2023, Looking at NEPA Reform
- Biden Administration Released a National Cybersecurity Strategy
- Legislation Would Increase US Uranium To Promote Nuclear Energy
- House Republicans Accelerate March Toward Big Energy & Reform Package
- House Lawmakers OK Resolution Against Biden ESG
- House GOP Appropriators Unveil Tighter Earmark Rules
- Democrats Introduce Bill, Set Hearing on Crypto Energy Use
- 4 Bill Package Reintroduced In Senate To Bolster Hydrogen Infrastructure

Wildfires

- Bennet & Crow Introduce Protect the West Act - \$60B for Wildfires
- Recovery Costs 30X More than Prevention of Wildfires
- Wildfires Costs \$11.2B in 2021, & \$67B Over Last 5 Years