

Monthly Board Report – 5/11/23



Agribusiness and Water Council/NWRA

- Wolf & Livestock Fairness(WOLF) Act Introduced
- HCM2003 – Add Copper to Critical Minerals List
- Navigable Stream Adjudication Commission Extended 4 years to 2028
- ARC Estimates Over 100K ACs Fallowed in AZ (25/26 SEIS Impacts)
- Dr. Ed Martin Named UofA AVP & Director of Cooperative Extension System
- NWRA & 30 Other Orgs Requested CERCLA Exemption as Passive Receivers
- Some Looking to Input Climate & Agriculture IRA Funds into Farm Bill
- 2023 Gross Farm Revenue in US - \$520B Over 897.4M Acres
- 2023 Net Revenue in US \$137B, Down 16% From 2022
- 238 Representative & 22 Senators New to DC Since Last Farm Bill
- Farm Bill Spending Estimated at \$1.5T Over Next 10 Years, SNAP 82%
- Farm Bill Spending Less than 2% of US Budget
- 140M Acres Enrolled in USDA Conservation Programs
- Some Contemplating Moving IRA Farm Conservation Money Into Farm Bill Because Likely Can't Be Spent in Time and Lost After 2026

American Public Power Association

- APPA Holding Strong at 1,430 Utility Members
- Amy Thomas was recently promoted to VP- Government Relations
- APPA Met with FERC Commissioners Clements, Christie & Danly Regarding Public Power Concerns Over Distribution Transformers
- APPA & Others Oppose FAIR Poles Act
- Tracking Permitting Reform Activity on the Hill
- AZ – Public Power Residential at 11.6 Cents/kWh in 2021, 13.3 for IOUs
- AZ – Public Power Commercial at 9.2 Cents /kWh in 2021, 11.2 for IOUs
- AZ – Public Power Industrial at 5.8 Cents /kWh in 2021, 7.4 for IOUs
- Tucson to Study Public Power Option, TEP Opposed
- DOE Briefed APPA on Supply-Chain Challenges

Arizona

- \$17.8B Budget Could be Signed by May 12th, Santa Rosa Pipeline Included
- WIFA Opened \$200M Conservation Grant Funding
- Joint Legislative Study Committee on Water Security Created
- Senator Raquel Terán Resigns, Likely to Run for Gallego's Seat
- AG Mayes Revokes 2 Well Permits for Fondomonte Wells (Vicksburg)
- Julie Willoughby Selected to Replace Expelled House Member Liz Harris
- SRP Breaks Ground on 250 MW, 1000 MWh Battery in Avondale
- NTUA & AVANGRID Sign MOU for 1 GW Renewable Projects on Reservation
- Sinema/Kelly Announce \$11+M in Conservation & Efficiency Grants in AZ
 - BWCDD Gets \$5M to Modernize Intake Structure
 - Paloma IDD Gets \$2M for Automation of Canal Lateral

Bureau of Reclamation/Dept. of Interior

- SEIS Released, Feds Still Hopeful for Basin-Wide Agreement
- Interior launches ESA review for Colorado River cuts
- Current MSCP Coverage Only Accounts for 1.57 MAF of Reductions
- NDEP Reports Solid Waste Removal 90% Complete at Hoover Waste Site
- Hoover E&OC Resolution Seeks 5 Year Audit Cycle Instead of 3 Years
- \$140M to 85 Projects for Water Conservation
- House NRC Press Haaland During Tense Hearing
- \$12.6M NM Brackish Groundwater National Desalination Research Facility

California

- PG&E, SCE & SDG&E Submit Residential Electric Rate Reform to CPUC
- 9th Circuit Court Struck Down Berkley Ban on Natural Gas in New Buildings

Colorado River Energy Distributors Association

- Despite Not Meeting Triggers, 72-Hr HFE Ran, Costs Power \$1.4M
- 9.5 MAF Release Expected, Inflow Into Powell Expected to Be 11.0 MAF

- Includes 480K AC-FT Held in Powell Last Year & 523K AC-FT from This Year
- BOR/GCDAMP Seeking \$23.6 M in Funding for Program Support (Approps)
- Snowpack 161% of Average (April 2023)

Department of Energy

- \$3B Conditional Partial Loan Guarantee Made to Sunnova Energy
- DOE to Provide Up to \$554M for Enhancing Hydroelectricity Incentives
- Granholm Backs Mountain Valley Pipeline, Likely to Appease Manchin
- DOE Announced \$38M for National Labs for Grid Modernization
- U.S. DOE Announces \$250M Funding For Electric Heat Pump Manufacturing
- DOE Invests \$52M Into Solar Supply Chain, \$30M To Integrate Solar Energy
- DOE Launched Energy Savings Hub
- DOE Issued NOI to Establish Program for "National Interest Electric Transmission Corridors"
- Transmission Lines in Corridors Eligible for \$2.5B in IIJA Funding & \$2B in Transmission Loan Program in IRA
- DOE Promotes Commercialization Of Long-Duration Energy Storage

Environmental Protection Agency

- Biden Releases New Power Plant Regulations, Focused on Coal & Gas
- EPA Announced New Emissions Standards to Accelerate Shift to EVs
- EPA Publishes ANPRM in FRM for 7 Forever Chemicals, Seeking Comments
- HI Supreme Court Upholds PUC Decision to Revoke PPA Due to Clean & Healthful Environment Provision in Constitution
- EPA Releases the 30th Annual U.S. Greenhouse Gas Inventory
- Fifth Circuit Court Uphold Social Cost of GHGs
- MT Court Vacates Permit Issued to Construct and Operate Gas-Fired Plant
- Sixteen Attorneys General Ask EPA to Further Reduce the PM NAAQS
- EPA Plans to Divvy Up \$27B Green Bank Funds; \$14B to 2-3 Nonprofits & 6B for Disadvantaged Communities, w/ \$7B Solar For All in those Communities
- Could Require Coal & Gas Plants to Capture All CO2 by 2040

Federal Energy Regulatory Commission

- NERC Recommending Against Expanding CIP-14 After Substation Attacks
- FERC Examining Ways to Make Interconnection Process Easier
- FERC Rejects SPP Plan For Utility Self-Funding Of Network Upgrades
- FERC Approves CAISO, NYISO, Utility Plans For Ambient Line Ratings To Boost Transmission Capacity
- Senate ENR Hearing Highlighted Too Rapid Pace of Base Load Retirements
- FERC has Approved More Natural Gas Infrastructure in Last 4 Months than Each of the Previous Two Years

Financial Focus

- Feds Raise Rates 25 Basis Points in May
- 65% Probability Feds Pause Hikes After May Meeting
- GDP Grows 1.1% in Q1 2023, Below Expectations
- Debt Ceiling Could Be Eclipsed by June 1
- AZ ranked in Top 5 in *Chief Executive Magazine's* "Best States For Business"
- Blue Origin Opens 43K Sq-FT in Phoenix
- AZ Ranked #5 in Nation for Innovation
- Hobbs & Sonoran Gov. Announce Cross-Border EV Trucking Pilot Program
- Venture Capitalists Fund \$1.2B for 160 Deals in 2022 in AZ
- Due to COVID, US Lost All Jobs Created After Great Recession
- Currently 3M-3.5M Gap Between Jobs Available & Workers
- Working Age Immigrants Increased 4M Over Last 2.5 Years
- GDP Growth Projected at 1.3% in 2023, 0.9% in 2024
- CPI 4.0% in 2023, 2.5% in 2024
- Unemployment 3.9% in 2023, 4.5% in 2024
- San Francisco @ 31% Cellphone Usage Rate Compared to Pre-Covid
- Phoenix at 61%
- Americans Still Have \$1.7M in Savings Due to COVID Stimulus, but Shrinking
- 10K Manufacturing Jobs Created in Arizona, #3 Nationally
- Job Growth Was 4.2% in 2022, Expected to be 1.8% in 2023, 1.9% in 2024
- Anticipating Interest Rate Cuts in First Half of 2024
- Arizona #8 in Population Growth, Maricopa County #1 Nationally

- Phoenix Housing Affordability Less than National Average
- Home Values Rose 61% in 17 Months Due to Lack of Inventory

Industry Update

- Global Wind Energy Set to Hit 1 TW in 2023 and Double in 8 Years
- U.S. Offshore Wind Is Growing, With Nearly 51.4 GW in Development
- NRC to Regulate Fusion Energy as Interest Grows Despite 'Uncertain' Future
- Japan, US Agree Develop Geothermal Energy in Japan
- Cost of Renewable PPA Rose 6.6% in US During Q1 2023
- Retroactive Solar Tariffs Could Cost \$1B
- Solar-Powered Warehouse Rooftops Could Power Nearly 19.4M US Homes
- U.S. Identifies Gulf Of Maine Area For Offshore Wind Development
- Another Big Alaska Fossil Fuel Project Gets Biden Team's Blessing
- Pacific NW Forecast Projects a 20% Increase in Load Over the Next 5 Years
- Microsoft Signs Nuclear Fusion Deal As Part Of Sustainability Push
- Long Popular In Asia, Floating Solar Catches On In US
- US Power Use To Slide In 2023 On Slower Economic Growth

Markets

- TX Energy Insurance Program to Commission Up to 10 GW Gas Plants
- Virtual PPA Gaining Increased Interest from Corporations Looking to Expand Their Renewable Portfolio
- State Regulators Urge PJM To Speed Interconnection For New Generation In Face Of Power Plant Retirements
- Pending Senate Bill Would Require 30% Transfer Capacity Between Regions
- SWPA Seeking Revolving Fund Legislation
- TVA Seeking 4-300 MW Nuke Plants in Next Decade
- Some of TVAs 3,000 MW of Solar Projects in Jeopardy Due to Supply Chain
- TVA Working with Cornell University on Direct Carbon Capture Technology

Meetings

- NWRA Leg & NRECA Conferences April 15-20th
- Sinema Fundraiser April 21st
- AZ Senator Shope Meeting – April 24th
- Meeting w/ SRP – April 25th
- AZ Senator Kerr Meeting – April 25th
- ASU Water Initiative – April 25th
- ACC Line Siting Interview – April 26th
- CREDA Legislative Committee – April 27th
- Lunch w/ CAP – April 27th
- Leadership Cohort Class 4 – April 28th
- ASU Economic Luncheon – May 2nd
- Meeting w/ Lou Hrkman (Lesko's Office) – May 3rd
- CAP Meeting – May 4th
- AMPUA Meeting – May 5th
- IEDA 101 – Paul Babbitt w/ Senator Kelly's Office May 8th
- AEPCO Annual Meeting (Tucson) – May 9-10th
- AZ Drought Meeting – May 16th
- IEDA Monthly Meeting – May 16th
- Hoover E&OC – May 17th
- CLE Colorado River Water Law Conference – May 18th & 19th

Oil & Natural Gas

- Nat Gas Production to Increase 15% between 2022 and 2050
- LNG Exports Expected to Rise 152% between 2022 and 2050
- Chevron, Exxon Developing Cleaner Gas As Alternative To EVs
- G7 Leaders Leave Door Open to New Natural Gas Investments
- Lower 48 Region to Surpass 97 BCF/Day on Natural Gas
- Pacific Storage Drops to Lowest Level in 13 Years, Higher Summer Prices
- Fed, State & Local Governments Shifting from NGVs to EVs
- Gas Futures Slide as Robust Supply Outweighing Late-Season Demand

Transmission/WAPA

- WAPA Issues FRN Exploring Joining SPP RTO for RMR & CRSP
- Hickenlooper Questions DOE Secretary Granholm @ TIP Program
- Granholm Responded that Invigorating the Program is a Top Priority
- WAPA Seeking Proposals for 65 MW of Firm Capacity & Energy
- NC Transmission Planning Collaborative Has Identified 38 Major Projects to Improve Transmission Infrastructure as Part of the 2022-2032 Plan
- Grid Deployment Looking to Shrink Transmission Timeframes to 2 Years
- Has \$2B Transmission Facility Financing Program to Fund Loans for Projects in National Transmission Corridors
- Also Has \$760M Grant Program for Transmission Line Siting from IRA

Washington DC

- President Biden Announces Reelection Campaign
- Supreme Court Grants Case that Could End Chevron Doctrine
- Houses Passes Debt Ceiling Increase, Would Revoke Direct Pay Provisions
- H.R. 277, the "REINS Act," Would Implement a Significant Rollback on Executive Authority, Requiring Congress to Approve Major Agency Rules
- Kelly & Others Introduce the ADVANCE Act for Nuclear Reactors
- Senate Takes Up Permitting Reform Bill
- Hearing Stressed Early Involvement w/ Communities Affected
- Manchin Reintroduces Permit Reform Bill from Last Year as Marker
- House Approves CRA, 2-Year Solar Tariff Pause – Biden to Veto
- Energy & Commerce Questions EPA & FERC @ Grid Reliability
- E&C Subcommittee Shows Strong Bipartisan Support of Nuclear
- Senate ENR Hearing Highlighted Distribution Transformers Shortage
- FEMA Loan Interest Payment Relief Act Re-Introduced in House, Senate
- Lesko & Others Send Letter to Granholm Regarding Hydropower Incentives
- Senators Moran & Marshall Introduce SWPA Revolving Fund Bill
- FEMA to Run Out of Money by July, Seeking Emergency Funding
- Biden Issues Executive Order to Protect Communities w/ Historically Higher Levels of Air & Water Pollution

- House Approves CRA Reversing Solar Tariff Pause, Biden Vows to Veto
- Barrasso (R-WY) Introduced Bill to Block BLM Rule that Would Make Conservation on Par w/ Energy Development, Grazing & Recreation
- Advanced Refunding Bond Legislation Reintroduced in the Senate
- Daines & Cantwell Introduce Hydropower Licensing Reform
- Senators Eye 'CHIPS 2.0' As Vehicle For Carbon Tariff

Wildfires

- 110M AC of Federally Forests Old Enough to Potentially Warrant Protection as Safeguards Against Climate Change
- "Save Our Sequoias Act" Criticized for Bypassing NEPA Requirements
- Senators Kelly, Lummis Introduce Bipartisan Bill to Remove Regulatory Barriers for Wildland Fire Aviation