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Hearing on Energy Supply Legislation

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The American Public Power Association (APPA) is the national service organization for the more than 2,000 not-for-profit, community-owned electric utilities in the U.S. Collectively, these utilities serve more than 48 million Americans in 49 states (all but Hawaii). APPA appreciates the opportunity to provide the following testimony for the Senate Energy and Natural Resources Committee's hearing regarding energy supply legislation.

APPA was created in 1940 as a nonprofit, non-partisan organization to advance the public policy interests of its members and their customers. We assist our members in providing reliable electric service at a reasonable price with appropriate environmental stewardship. Most public power utilities are owned by municipalities, with others owned by counties, public utility districts, and states. APPA members also include joint action agencies (state and regional entities formed by public power utilities to provide them wholesale power supply and other services) and state, regional, and local associations that have purposes similar to APPA.

Collectively, public power utilities deliver electricity to one of every seven electricity consumers. We serve some of the nation's largest cities, including Los Angeles, CA; San Antonio, TX; Austin, TX; Jacksonville, FL; and Memphis, TN. However, most public power utilities serve small communities of 10,000 people or less.

In terms of public power's generation portfolio, in 2013 these utilities generated 169.6 million megawatt-hours (MWhs) of electricity from coal; 76.9 million MWhs from natural gas; 62.78 MWhs million from nuclear; 69.8 million MWhs from hydropower; and 8 million MWhs from other sources such as non-hydropower renewable energy like wind, solar, and geothermal. It is important to note, however, that public power supplies approximately fifteen percent of electricity to end-users in the United States, but it only produces ten percent of the megawatt-hours generated. To make up the difference, public power utilities purchase power at wholesale from other entities such as investor-owned utilities, independent power producers, rural electric cooperatives, federal power marketing administrations, and the Tennessee Valley Authority.

Introduction

Energy supply conversations are occurring throughout the United States. APPA and its public power utility members are helping to lead these discussions, and are focusing on how to maintain reliable and affordable supplies of electricity. In this testimony, I will discuss APPA's views on several issues relating to the numerous bills before your Committee today. These issues include hydropower, capacity

markets in regional transmission organizations, and the merits of a federal renewable energy standard, among others.

Legislation

Hydropower:

- S. 1058- Marine and Hydrokinetic Renewable Energy Act
- S. 1236- Hydropower Improvement Act
- S. 1270- Reliable Investment in Vital Energy Reauthorization Act (“RIVER Act”)

Hydropower is a cornerstone of our nation’s generation mix, and helps support the affordable and reliable operation of the nation’s power grid. The option of hydropower generation is urgently needed to manage the very difficult choices that will be presented by the Environmental Protection Agency’s (EPA’s) proposed emissions guidelines for carbon dioxide emissions from existing fossil fuel-fired power plants under Section 111(d) of the Clean Air Act (commonly referred to as the “Clean Power Plan”).

The current hydropower licensing process should be reformed so that public power and other utilities can increase clean, emissions free hydropower generation without unnecessarily prolonged resource agency review. For this reason, APPA supports reforms that will improve the hydropower licensing process. The Federal Energy Regulatory Commission (FERC) should be the lead agency overseeing the licensing process, with the ability to establish and enforce deadlines for state and federal agencies involved in the licensing process. Many of APPA’s members are also members of the National Hydropower Association (NHA). One hundred public power utilities own FERC-licensed hydropower facilities, and in some cases they own multiple FERC-licensed facilities.

Making full use of the nation’s hydropower resources is key to ensuring that the nation’s grid remains reliable and resilient, and that utilities can meet emission reduction goals. Hydropower is a source of emissions-free base-load power which, unlike variable renewable resources, is generally available 24/7. Moreover, hydropower’s “black start” capability makes it highly valuable from the standpoint of cyber and physical security; in instances of outages or disruptions to the grid, hydropower units can cycle back on quickly and help support full power restoration.

There is a significant potential for new hydropower to be generated at non-powered dams throughout the country, as well as for hydropower output to be dramatically increased in existing hydropower facilities and at water distribution conduits/canals. But there are excessive regulatory barriers to tapping this potential; we therefore ask this Committee to pass legislation that reduces those barriers.

FERC is currently the primary federal agency responsible for the licensing and relicensing of such non-federal hydroelectric projects. But given the involvement of multiple resource agencies, the licensing process can be lengthy, difficult, costly and uncertain for applicants. Under the Federal Power Act (“FPA”), FERC must establish requirements in conjunction with the license (“conditions”) that give “equal consideration” to not only power needs, but also Endangered Species Act requirements, water quality issues, marine navigation, and other public interest concerns. FERC must carefully evaluate many aspects of a hydropower project, and we agree that it should do so. But under the current regime, other state and federal agencies can impose “mandatory conditions” that FERC cannot balance or modify in the public interest. While it is appropriate to consider a broad array of factors, this process

must be streamlined and reformed. Critical new additions to existing hydropower facilities are languishing, caught up in bureaucratic and often contradictory processes that can span a decade or more or which simply become too costly to justify further pursuit of the license. FERC must be given more clear-cut authority to establish deadlines and fulfill its role under the FPA.

APPA therefore supports the concepts contained in S. 1236, the Hydropower Improvement Act, which reform the lengthy, duplicative and contradictory regulatory processes for licensing hydropower projects. APPA looks forward to working with the Committee to advance these ideas. Specifically, we strongly support the provisions in Section 35(b)(1) designating FERC as the lead agency for the purposes of coordinating all applicable federal authorizations, Section 35(c)(2)(A) directing FERC to establish a schedule for the issuance of all federal authorizations, and Section 35(b)(3) allowing FERC to consider any federal authorizations not issued by the applicable deadline as recommendations and not mandatory conditions needed before issuing a license. This list is merely illustrative, and should not be viewed as an exhaustive list of provisions in S.1236 that APPA supports.

APPA is also supportive the goals of S. 1058, the Marine and Hydrokinetic Renewable Energy Act of 2015, which seeks to promote research and development of marine and hydrokinetic hydropower technologies and S.1270, the Reliable Investment in Vital Energy Reauthorization Act (RIVER), which would reinstitute incentive payments to qualifying hydropower owners or operators. Increased federal funding for research and incentives will help to drive further improvement and development of our nation's hydropower resources.

Given the impact of a host of EPA regulations that are leading to the reduced use of coal-fired generation, it is important to adopt policies that will support and expedite the use of other base-load generation resources that are reliable and affordable.

Capacity Markets:

- S. 1222- A bill to amend the Federal Power Act to provide for reports relating to electric capacity resources of transmission organizations and the amendment of certain tariffs to address the procurement of electric capacity resources, and for other purposes.
- S. 1272-A bill to direct the Comptroller General of the United States to conduct a study on the effects of forward capacity auctions and other capacity mechanisms.

Background

S. 1222 and S. 1272 are directed at what are known as “capacity markets,” which are currently operating in certain regions of the country with restructured wholesale electric markets. The intent of these “markets” is to ensure that resources will be in place and available when needed (i.e., there will be adequate capacity) to meet the demand for electricity. APPA and others have long had concerns with a specific type of capacity market – namely the mandatory capacity markets that are operated by Regional Transmission Organizations (RTOs) in the eastern wholesale markets (the PJM Interconnection, ISO New England and parts of the New York ISO). These administrative constructs account for a substantial share of the total electricity costs paid by consumers and businesses.

Unfortunately for electric consumers, these mechanisms have not demonstrated that they can achieve a reliable and diverse supply of power and incent the building of new generation where it is most needed. Instead, they have required consumers to pay billions of dollars in costs, with little concomitant benefit.

Because these mechanisms do not distinguish between technology types or between existing and new units, critical needs are not addressed, including: adequate flexible ramping capability (an operational requirement needed to match the variability of some renewable resources that come online when the sun is shining or wind is blowing, and go offline when they are not); reliability needs created by new environmental regulations and retiring coal plants; and the coordination of natural gas pipeline infrastructure needs with the increasing electricity generation from natural gas.

These mandatory capacity markets are not actually markets and are certainly not competitive. Instead, they are administrative constructs requiring elaborate rules and processes that have been in a constant state of flux as the RTOs continually tweak these rules. In practice, the constant rule changes have simply increased costs to consumers without addressing the fundamental flaw in the capacity markets -- that new generation generally requires long-term contracts to secure financing, as opposed to short-term, volatile capacity market prices and frequently changing rules. APPA studies have shown that 98 percent of new generation completed in recent years has been built with financing from ownership or long-term contracts. Moreover, in 2013 only 6 percent of new generation was constructed within RTOs with mandatory capacity markets. (There has been a recent increase in planned merchant natural gas plant capacity in the Eastern RTOs, but not all of this has actually been developed and, moreover, this capacity is being planned without consideration of fuel diversity or the impact on already constrained natural gas pipelines and natural gas prices. The speculative nature of these projects also leads to higher financing costs, which may drive up prices in the capacity markets.

APPA believes that continued reliance on mandatory capacity markets for resource development will not enable the development of needed resources in these regions to assure their energy future, especially in light of EPA's pending 111(d) rule for carbon dioxide emissions, as discussed later in this testimony.

These constructs persist because owners of existing generation resources have a strong financial interest in maintaining them. In recent years, these generation owners have successfully advocated for rules that reduce competition from new entrants and increase prices to consumers. Unfortunately, FERC has approved many of these rule changes.

Such recent restrictions on new entry and competition are the direct result of actions taken in states located within the Eastern RTOs. These states became frustrated with the lack of new power generation being developed in their states, given the billions of dollars being spent on capacity payments. They sought to take control of their energy resource future and protect their residents from high electricity prices and potential shortages. For example, New Jersey, Maryland, and Connecticut all took steps to establish competitive bidding processes for the procurement of new generation capacity through long-term bilateral contracts. Similarly, the New York Power Authority issued an RFP for new power supplies and subsequently entered into a long-term contract with a new efficient natural gas plant in the New York City area to displace an older, less efficient generation facility. Fearful of the *lower* prices that would result from the entry of new generation constructed under these state efforts, owners of existing power plants in the New York, New England and PJM RTOs sought to block this new entry through highly problematic new rules, or changes to or reinterpretations of existing rules that were approved by FERC. Such tariff rules involve what is known as the "minimum offer price rule" (MOPR) or "buyer-side mitigation" (BSM). While tariffs regarding MOPR or BSM differ slightly in the details among the three RTOs, the basic concept is to replace lower price offers to sell new capacity with administratively determined higher price offers, making it more difficult for these new plants to "clear" the capacity auctions. Such rules are based on a largely misguided fear of so-called "buyer-side market

power.” They produce results that have little to do with competitive markets and everything to do with the maintenance of existing seller-side market power.

The BSM rules greatly limit state control over generation resources in their own states and adversely impact not-for-profit public power and cooperative utilities. Because the capacity markets are mandatory, utilities that construct or contract for generation to meet their own customers’ power needs still must offer such self-supply capacity into the annual or sub-annual capacity market auctions. If that capacity does not clear the auction, the utility nevertheless would be required to purchase capacity from the market to meet its capacity obligation—thus paying twice for capacity: once for its own power plant and again for the capacity obtained from the “market.” The original rules of the capacity markets in PJM and ISO-NE contained provisions to ensure that self-supply would clear the auctions, avoiding this double-collection dilemma. But these exceptions for self-supplied generation were undone by FERC in subsequent rule changes. The revised capacity market rules now threaten a cornerstone of the business model for public power and cooperative utilities—their ability to self-supply their own customers.

Public power utilities have spent critical time and resources fighting to restore their self-supply rights. In PJM, lengthy negotiations among merchant generators, industrial customers, and public power and cooperative utilities in 2012 resulted in an agreement providing for, among other things, a MOPR exemption for self-supply resources, but only if such supply meets certain criteria. This exemption was approved by FERC in May 2013, but it is unclear whether it will in fact survive, given further litigation. State-sponsored resources are still not subject to any exemption.

Most recently, on May 8, 2015, the New York Power Authority, New York Public Service Commission, and New York Energy Research and Development Authority filed a joint complaint with FERC requesting that resources used for self-supply or the use of resources to meet an identified reliability be exempted from the MOPR applicable to certain capacity zones in New York. In their complaint, these entities note that “imposing imprecise or misdirected mitigation measures can pervert market outcomes and cause substantial deviations from the competitive equilibrium, much to the detriment of the social welfare.”

Because the BSM rules also adversely impact the ability of states to procure needed generation or to make decisions on the types of resources they might need to meet their energy needs, the implementation of the EPA’s proposed rules under Clean Air Act section 111(d) becomes even more complicated. EPA’s proposed rule of necessity relies on state implementation, but the capacity constructs substantially impede state control of their own resource destinies. It is therefore difficult to see how the states will be able to carry out these new obligations. The capacity market rules could well exacerbate reliability problems and price increases as any final rule under section 111(d) is implemented.

Concerns about these constructs were encapsulated in a February 2014 joint letter to FERC from thirty entities, including APPA, publicly- and cooperatively-owned electric utilities, national consumer and low-income organizations, state public utility commissions, state consumer advocates, investor-owned utilities, industrial customers, and independent power producers. The letter listed the following core principles for capacity market reforms: a recognition that load serving entities (LSEs, which are entities that directly serve end-use customers), states, and local regulatory bodies have policy reasons to support specific types of resources so that barriers should not be erected to thwart resource decisions made by these entities; encouragement and support for long-term contracting and self-supply; and consideration of rate impacts on consumers.

S. 1222/S. 1272

Given this history, APPA greatly appreciates the interest shown in this issue by this Committee and by Chairman Murkowski as reflected in the introduction of S. 1222, the Continuity of Electric Capacity Resources Act. The legislation would: a) require RTOs to report on the status of capacity resources and reliability of the bulk power system; and, b) make tariff amendments if certain enumerated objectives are not being addressed by the capacity markets. We are particularly pleased to see that the legislation lists among those objectives “an enhanced opportunity for self-supply of electric capacity resources” as well as a “diverse generation portfolio” and “availability of transmission support services.” This bill marks the welcome beginning of what we hope will be a fruitful consideration of the problems caused by mandatory capacity markets. We look forward to continuing to work with Chairman Murkowski, the Committee, and others who have expressed an interest in this issue to explore this and other legislative approaches to resolve these concerns.

In specific response to the provisions of S. 1222, given the extreme reluctance of the RTOs with mandatory capacity markets to acknowledge shortcomings of their markets and the strength of entrenched interests that have a vested financial interest in the perpetuation of the current regime, we are concerned that the legislation may lack the “teeth” to achieve the necessary reforms to these constructs.

APPA is also concerned that S.1222 omits the consideration of costs to consumers from the list of objectives which may force tariff amendments. In recent years, the Eastern RTOs have proposed increasingly costly rule changes under the guise of enhancing reliability. Ironically, these increased costs have been proposed to address the problem that capacity providers which have received capacity payments have not always been available during system peak times; *i.e.*, despite having been paid to provide capacity, certain generators have been unable to provide capacity when it was most needed. APPA agrees that such performance issues need to be addressed, but not with the costly and extensive rule changes these RTOs have proposed. Stakeholders recently sent members of Congress from the PJM region a letter addressing one such proposal—PJM’s capacity performance proposal. The letter was signed by 14 public power utilities and associations, electric cooperatives, a group of large industrial customers, state commissions and consumer advocates, and states that PJM’s capacity performance proposal “would dramatically increase electric costs without providing meaningful and necessary improvements in system reliability.”

Finally, we are also concerned that S. 1222 could be used by owners of generation in regions without mandatory capacity markets to advocate for the imposition of these problematic constructs in their RTO regions. For example, generators in the Midcontinent Independent System Operator (MISO), which has a voluntary capacity market, have been continuously advocating for a PJM-style mandatory capacity market in that region despite widespread opposition from the state commissions, public power and others entities in the MISO region.

APPA also appreciates the introduction by Senators Edward Markey and Elizabeth Warren of S. 1272. This legislation would require the Government Accountability Office (GAO) to conduct a study on the effects of forward capacity auctions and other capacity mechanisms. This legislation rightfully focuses on the effect of these mechanisms on consumer prices, development of new generation, preservation of existing generation, and competition. More importantly, the legislation requires the GAO to answer the fundamental question of whether these constructs are producing rates that are “just and reasonable.” APPA believes any such analysis would confirm our conclusions about these mandatory capacity market mechanisms and provide a basis for substantive reforms to these markets.

All of this said, we believe that there is currently more than enough information available to support immediate reforms. APPA has long recommended that these mandatory capacity constructs be phased out and replaced with voluntary, residual capacity markets, with primary resource procurement achieved through a portfolio of long-, medium- and short-term contracts and a diverse resource mix. While arguably such an overhaul may require the sorts of reports envisioned by S. 1222 and S. 1272, APPA believes a narrower near-term fix is already justified by what we know today.

Specifically, APPA would propose that:

- A) RTOs that have not yet implemented a *mandatory* capacity market should not move to do so without unanimous support by the states in the region.
- B) RTOs that have already adopted a mandatory capacity market should not impair (through rates, or rules, regulations, or practices affecting rates) the ability of a load-serving entity to meet its capacity obligations through a resource it owns, builds, controls, or for which it has a contract for capacity.

APPA believes legislation implementing these two changes would make common sense. A state should not be forced into a mandatory capacity payment mechanism when it wishes to meet its capacity obligations through some other means. Likewise, a load-serving entity should be able to meet its capacity obligations through self-supply (as discussed in S. 1222). As for whether such an approach might “risk” reliability, APPA members have been providing reliable service to their customers for more than a century. Moreover, load-serving entities would continue to be subject to resource adequacy and reliability obligations. Such an approach would simply allow our members and other load-serving entities to do so without being forced to pay billions of dollars for capacity they could more affordably supply themselves, and allow them to construct the diverse portfolios they need to protect their customers and better comply with coming EPA regulations.

In sum, APPA’s members are absolutely committed to providing reliable electric power. We object, however, to being forced through mandatory capacity markets to squander billions of dollars for capacity payments which are not resulting in the building of new generation to meet capacity requirements that our members could better, and more affordably, meet through self- supply. As a result, we appreciate greatly the interest shown by this committee in this issue. We would hope that in drafting energy legislation this year, the Committee will recognize the impediments to an affordable, reliable and more efficient generation future posed by these mandatory capacity constructs and move to impose needed reforms to those markets, such as those proposed above.

Renewable Energy Standard:

- S. 1264- A bill to amend the Public Utility Regulatory Policies Act of 1978 to establish a renewable electricity standard, and for other purposes. (Udall)

Public power utilities are strongly supportive of renewable energy and have been leaders in the development of renewable energy resources. However, APPA believes that at this point there is no need for legislation to create a federal renewable energy standard (RES). Already, 28 states have RESs and eight have voluntary RESs or targets (National Conference of State Legislatures website -- State Renewable Portfolio Standards and Goals as of February 19, 2015, available at <http://www.ncsl.org/research/energy/renewable-portfolio-standards.aspx>). State and local governments

are the in the best position to implement these types of policies and adjust them, if needed, to address changing circumstances. Furthermore, given the cumulative impact of various EPA regulations that are leading to the increased retirement of coal-fired power plants throughout the U.S. and the EPA's soon-to-be finalized regulations to reduce CO2 emissions from existing fossil-fuel fired power plants, utilities are increasing the percentage of electricity they generate from renewable resources (or taking other steps to reduce CO2 emissions) in any event. State and local policies promoting the greater use of renewables, along with EPA regulations to reduce CO2 emissions are sufficient drivers for the increased use of renewable resources. A federal RES is unnecessary.

Furthermore, the creation of a federal RES could create a host of issues for utilities that are already subject to state RESs and are also trying to comply with state plans issued under EPA's final Section 111(d) rule that will be released in the summer of 2015. Not all states have access to sufficient renewable energy sources and under EPA's proposed Section 111(d) rule, utilities in a state that made investments in out-of-state renewables have no ability to get credit for those investments. EPA has thus far not stated whether it will address the out-of-state credit issue in its final rule, but given the system-based approach the agency took in developing individual state goals in the proposed rule, it is hard to see how the agency can fix this problem in the final rule. If a utility cannot get credit for out-of-state investments in renewable resources under a final Section 111(d) rule, it will be very difficult at best to comply with a federal RES of 30 percent by 2030, the same year the states must comply with their final goals under the Section 111(d) rule.

In addition, Senator Udall's legislation could have the unintended consequence of forcing public power, rural electric cooperative, and investor-owned utilities located in the same state to compete against one another for in-state renewable energy resources to meet the state goals set by EPA in its final Section 111(d) rule. While there may be some changes in the final 111(d) rule, EPA has clearly indicated it will retain the basic architecture of the proposed rule, including the four building blocks, of which building block three is renewable energy. Notwithstanding EPA's assertion that states do not have to use all the building blocks for compliance with a state's goal, most states will in fact have to use them all to meet the goal. In addition, there was very little guidance in the proposed rule on possible interstate trading of compliance measures, such as renewable energy credits. Thus, there may be little or no actual ability for utilities in one state to access substantial renewable credits from another state. Hence, utilities in one state may likely have to rely on in-state renewables from that state to meet the 111(d) goals and while some states are fortunate and have access to multiple types of renewable energy sources, others are not so fortunate given weather and topography. In states with limited renewable resources, competition for in-state resources could result in increased electricity prices, which for public power utilities, would be fully borne by customers. Competition could also result in public power utilities not having sufficient access to renewable resources to meet their obligations under state plans issued to comply with a final Section 111(d) rule. Given the complications a federal RES would very likely create with the implementation of EPA's final Section 111(d) rule, APPA opposes the creation of one in the energy legislation being formulated by the Committee.

Other Legislation

- S. 562- The Geothermal Exploration Opportunities Act
 - We would recommend support for this legislation as it would amend the National Environmental Policy Act (NEPA) to exempt exploratory work (seismic testing, test

wells, etc.) done on a small scale from environmental assessments or environmental impact statements under NEPA.

- S. 822- The Geothermal Production Expansion Act
 - This legislation would provide an incumbent developer first right of preference to develop adjoining lands. The legislation, however, could be used by an incumbent developer to discourage efforts by other developers to start projects in adjoining geothermal fields. Due to the potential unintended consequences, APPA would remain neutral at this point.
- S. 1060- Geothermal Energy Opportunity Act or “GEO Act”
 - The crux of this legislation is to create a self-funded program for development of geothermal resources, with royalty payments being held in a separate fund and disbursed by DOE to share costs for innovative projects. We would generally support the legislation, but strongly believe that the current royalty payments to affected counties should be maintained.
- S. 1304 – to require the Secretary of Energy to establish a pilot competitive grant program for the development of a skilled energy workforce, and for other purposes
 - APPA supports the goals of Ranking Member Cantwell’s legislation to create a pilot grant program at DOE to support workforce training in the energy sector. Many changes are occurring in the electric utility industry that will require existing workers to learn new skills and necessitate new programs to educate and train new workers entering the field. A competitive grant program that would fund such job training and educational programs would very much benefit public power utilities and the communities they serve.
- S. 1282 – to amend the Energy Policy Act of 2005 to require the Secretary of Energy to consider the objective of improving the conversion, use, and storage of carbon dioxide produced from fossil fuels in carrying out research and development programs under that Act; S. 1283 – to amend the Energy Policy Act of 2005 to repeal certain programs, to establish a coal technology program, and for other purposes; and S. 1285 – to authorize the Secretary of Energy to enter into contracts to provide certain price stabilization support relating to electric generation units that use coal-based generation technology
 - APPA supports efforts to conduct more research and development on carbon capture and sequestration technologies that could help reduce the CO₂ emissions from coal-fired power plants and preserve coal as an important source of affordable and reliable baseload generation. Collectively, the bills introduced by Senators Manchin and Heitkamp would prioritize CCS research at DOE and direct the department to conduct research and development, large-scale pilot projects, and demonstration projects to improve the “efficiency, effectiveness, cost, and environmental performance of coal use. Any future efforts to further develop the technology, however, must also look at the potential environmental consequences of long-term sequestration of CO₂ and resolve the potential liability issues associated with long-term storage.
- While legislation is not currently pending before the Committee on this issue, APPA would nonetheless like to raise a strong concern about how the costs of safety improvements to

federally operated dams are currently being allocated between the operating agency and the consumer-owned utilities that purchase the electricity produced at these dams through the respective federal Power Marketing Administrations. Shifting the costs of dam safety improvements from the operating agency -- whether it be the U.S. Army Corps of Engineers or the Bureau of Reclamation -- to not-for-profit customer-owned utilities is not only unfair, but contradicts the spirit of statutes such as the Flood Control Act of 1944 (16 U.S.C. §825s) and the Reclamation Project Act of 1939 (43 U.S.C. §485h(c)), which directs federally-operated dams to market power to preference customers at the lowest cost possible consistent with good business practices. This Committee has been a strong supporter of federal hydropower, and we wanted to alert you that the actions being contemplated by the U.S. Army Corps of Engineers to allocate dam safety costs to power customers could make that emissions-free, reliable and affordable hydropower uneconomic. APPA opposes such a non-sensical result.

Conclusion

Thank you again for the opportunity to testify before the Committee. I hope that the views expressed in my testimony will be fully considered by the Committee as you continue to develop the elements of an energy bill. APPA commends Chairman Murkowski, Ranking Member Cantwell, the other Senators on the Committee, as well as their staffs, for being fully committed to working together and finding a solution to our nation's 21st century energy challenges. APPA and its members look forward to working with you in the days ahead.