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NORTHWEST PUBLIC POWER ASSOCIATION

RESOLUTION 8-09

**PRINCIPLES FOR FEDERAL LEGISLATION AND REGIONAL
INITIATIVES ON CLIMATE CHANGE**

The Northwest Public Power Association (NWPPA) recognizes the relationship between energy and environmental policies. We also recognize that growing concerns regarding the threat of climate change have been linked to greenhouse gas (GHG) emissions, requiring energy providers to engage in policy and technology development to reduce GHGs.

During this process, NWPPA members face growing uncertainty over what the future of U.S. climate change policy will be and how that future will affect the ability of our utilities to provide reliable, affordable, and safe electric power. Federal and regional policies to address climate change could have substantial impacts on our consumers and it is in NWPPA members' interest to outline principles and positions regarding the reduction of GHG emissions.

NWPPA believes Congress should adopt the following principles in any GHG legislation, but that administrative efforts by the Environmental Protection Agency to regulate GHG emissions under the Clean Air Act are inappropriate and unwarranted.

Deference should be given to federal GHG legislation as it will more appropriately address current consumer, industry, economic and environmental conditions.

As domestic policies and regional efforts to reduce GHG emissions are contemplated, NWPPA urges Congress and regional groups, like the members of the Western Climate Initiative (WCI), to carefully consider all solutions and to incorporate the following principles in any new federal legislation or regional GHG reduction proposals. Specifically, these efforts must:

- Allow entities with a compliance obligation the flexibility, within a comprehensive program, to:
 - develop and adopt measures that meet established goals;
 - prevent excessive cost impacts on electricity customers;
 - provide safe and reliable service at reasonable cost;
 - best serve the unique interests of individual communities; and
 - retain local governing board direction and oversight.
- Take a multi-sector, economy-wide, market-based approach that does not unfairly target the electricity sector for disproportionate GHG reductions. All sectors of the economy should have reduction targets, and timelines for achieving those targets, proportional to their contribution to GHG emissions (%);
- Protect the ability of U.S. industries to compete in world markets and evaluate the impact on U.S. jobs;
- Recognize hydropower as a renewable, emission-free resource, while protecting its operational efficiencies and ensuring that appropriate incentives for hydropower are included in any program to reduce GHG emissions;
- Allow credit for early actions taken to prevent or reduce GHG emissions, including renewable energy generation, energy efficiency, conservation and GHG mitigation programs;

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- 52 • Maintain electric reliability, protect national security and avoid over-reliance on
- 53 any single fuel by recognizing the importance of preserving a diverse mix of
- 54 reliable and efficient electricity generation fuels;
- 55 • Establish a single, integrated emissions reduction program instead of
- 56 “piecemeal,” sequential mandates on GHGs, renewable resources and energy
- 57 efficiency/conservation, or at a minimum, consider how climate change
- 58 legislation will interact with a federal Renewable Portfolio Standard/Renewable
- 59 Energy Standard to avoid inconsistent, conflicting or redundant requirements;
- 60 • Recognize and address regional differences, including fast-growing regions, that
- 61 can impact the fairness and effectiveness of any program designed to address
- 62 GHG emissions;
- 63 • Include additional and expanded support for incentives, research, development
- 64 and deployment (including the development of these resources on federal lands)
- 65 of cost-effective technologies for a variety of carbon neutral, low and zero carbon
- 66 technologies, including:
- 67 ○ nuclear power;
- 68 ○ hydropower (traditional and incremental);
- 69 ○ synthetic fuels from coal;
- 70 ○ technologies to reduce, capture, transform, transport or sequester GHGs
- 71 from emission sources throughout the regional and national economy;
- 72 ○ geothermal; and
- 73 ○ biomass (including promoting sustainable forest management through
- 74 fuel harvested from federal lands);
- 75 As well as the following renewable energy resources that may require firming
- 76 capacity to maintain safe and reliable energy supplies:
- 77 ○ hydrokinetic power (ocean, tidal, in-stream and wave power);
- 78 ○ solar; and
- 79 ○ wind.
- 80 • Ensure that tax-based or other incentives for the development and deployment
- 81 of renewable and clean energy facilities and programs are provided on a
- 82 comparable basis to all electric industry sectors including public power (*i.e.*
- 83 increased support for the Renewable Energy Production Incentive (REPI)
- 84 Program, Clean Renewable Energy Bonds (CREBs), offsets, etc...);
- 85 • Consider all policy options to determine the most efficient mechanism to reduce
- 86 greenhouse gas emissions, including the possibilities of a carbon dioxide tax or
- 87 fee and that development of any GHG reduction system be carefully and
- 88 thoughtfully structured to minimize consumer exposure to gaming and price
- 89 volatility, be fair and manageable for small entities, and be durable to ensure
- 90 that infrastructure investments are not at risk;
- 91 • Ensure that mechanisms are in place to:
- 92 ○ provide market oversight, monitoring and enforcement;
- 93 ○ guard against manipulation; and
- 94 ○ mitigate unintended consequences and penalize illegal or fraudulent
- 95 manipulations outside or inside the rules of any carbon market that lead
- 96 to unjust or excessive profits if a federal cap-and-trade program is
- 97 implemented;

- 100 • Provide a mechanism to adjust reduction targets if adequate renewable
101 generation, associated transmission, and firming resources cannot be brought
102 on-line in a timely manner because of litigation (over siting or other issues) or if
103 the necessary technology does not exist;
- 104 • Ensure that any generation portfolio requirements allow all low emission and
105 renewable technologies as eligible carbon offsets;
- 106 • Provide free allowances to the electric sector that maximize the recognition
107 of clean generation from the onset of the program, but not via an auction
108 (or, if required, at a minimal allowance auction);
- 109 • Provide for additional allowances/adjustments if reduction efforts in one sector
110 cause increases to another sector (*i.e.* such as with electrification where
111 increased electric vehicles in the transportation sector could cause need for
112 adjustments in the utility sector); and
- 113 • Preclude electric sector revenue streams in excess of actual GHG emissions
114 reduction costs, or, at a minimum, ensure that any revenues that accrue to the
115 state or federal government from a carbon tax or auctioning of allowances are
116 dedicated to advance GHG reduction goals.

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121 Origination Date: 2007 – Modeled after APPA, NRECA and EEI Resolution with input
122 from SnoPUD, Chelan PUD and SCL – Modified in 2008 to include Regional work of
123 WCI with suggested changes by WPUDA, DCPUD and GCPUD. Modified in 2009 from
124 Member input on GHG solicitation. Changes suggested May 2009 by Trinity PUD and
125 City of Redding. Additionally, changes were made during the NWPPA Annual Meeting
126 on 5-18-09.