

Energy Daily Media Breakfast
National Press Club
March 23, 2010

Opening Remarks

Jorge Carrasco, Chair
Large Public Power Council

Good morning.

Let me first express our gratitude to the Energy Daily for hosting this gathering at the historic National Press Club.

We value your attendance this morning and your interest in learning about the needs and views of the Large Public Power Council. We represent 23 of the nation's largest locally owned and operated not-for-profit power systems.

We provide reliable, affordable and environmentally responsible power to most of the more than 45 million people served by public power.

Our members provide electricity to some of the largest and fastest growing cities in America including: San Antonio, Seattle, Austin, Phoenix, Los Angeles, Orlando, Omaha, Sacramento and Jacksonville.

Let me share with you this morning some of our interests and concerns -- as we continue to move ahead in this time of political and economic uncertainty.

I know that most of you are well aware of the many challenges that currently face -- both investor-owned and public power utilities.

The list is long and daunting.

- reduced demand for electricity
- preparing for dramatic new technologies on the horizon
- uncertainty about carbon regulation

- integrating renewables, conservation and energy efficiency into our operations
- shifting capital expenditure plans
- the training, retirement and succession issues required to deal with an aging workforce

There is one area of utility operations, though, that demands far more attention and creative thinking for **public power executives**. I refer to -- the financing of renewable energy projects.

LPPC member utilities are actively pursuing renewable and low carbon alternatives to reduce their carbon footprint and to comply with Renewable Portfolio Standards adopted by over half the states.

While public power and the cooperatives provide about 30% of the electricity in the country -- federal incentives similar to those used by investor-owned utilities for renewable energy projects are **not available** to either the co-ops or to public power.

As you know, many of these renewable energy projects are **more costly** and present **greater financial risk** than traditional sources of electricity. Public power faces the same added expense and financial risks as the investor-owned sector.

If our national policy is to encourage the deployment of renewable energy resources, we believe the Congress should enact legislation that provides public power and the co-ops with direct access to federal incentive programs -- incentive programs like the 30% grant program recently enacted as part of the American Recovery and Reinvestment Act.

This would permit public power and the co-ops to become “full partners” with the federal government in bringing renewable resources on line at a faster pace -- and would speed job creation by eliminating the need for lengthy and costly negotiations with third party developers.

Those of us in public power were very encouraged by the action taken last week by the Congress to allow issuers of Clean Renewable Energy Bonds (better know as CREBs) to issue direct-pay bonds similar to the Build America Bond program. It was quickly signed into law by President Obama.

If the Congress follows through and removes the cap -- or significantly increases funding for CREBs -- public power will have a very viable incentive to undertake renewable energy projects.

After surveying LPPC members, we have identified 6600 MW in potential renewable projects where finances are a critical factor. These renewable projects are estimated to create some 6800 direct jobs each year as well as related manufacturing and construction jobs over the 20 year lives of the projects.

We **need** federal incentives if we are to bring renewable projects on line more rapidly and to fulfill our goals of reducing our carbon footprint.

I'll now try to respond to any questions that you might have.