



APPA stands ready to help members meet key challenges, says Sue Kelly

By Meena Dayak, Vice President, Integrated Media and Communications

The power of community is vital to address the challenges keeping public power leaders up at night, and the American Public Power Association is working to help its members meet those challenges, said Sue Kelly, President and CEO of APPA, in her annual “state of the public power industry” address at the 2016 APPA National Conference in Phoenix, Ariz.

In her June 13 remarks, Kelly emphasized the “power of community” in public power and said that the power of community is crucial to meet the challenges that are on the minds of public power leaders these days.

Those challenges include cyber and physical security, environmental regulations, electricity markets, distributed generation and new technologies, and workforce issues.

Cybersecurity Challenges

In her remarks, Kelly highlighted cyber and physical security challenges. She said that any utility that does not follow sound cybersecurity practices is at risk of a cyber attack similar to those in the Ukraine last December.

Kelly commended the work of the North American Electric Reliability Corporation and its Electric Sector Information and Analysis Center as well as the Electricity Subsector Coordinating Council to monitor threats, share information and help utilities prepare for potential future attacks. APPA is developing simulation exercises and education efforts to help public power utilities be prepared.

“APPA is taking steps to help you,” Kelly said, noting that the association continues to work closely with its federal government and industry partners through the Electricity Subsector Coordinating Council.

Environmental Challenges

Addressing the challenge of environmental regulations, Kelly said that regardless of what happens with the Environmental Protection Agency’s Clean Power Plan,

some kind of carbon regulation is likely coming. There is also growing demand among commercial and residential customers for carbon-free power. APPA will support members in continuing to reduce emissions, while minimizing adverse impacts on rates and reliability.

Kelly noted that the Supreme Court in February granted several requests that it stay the CPP pending judicial review of the rule, which is proceeding before the U.S. Court of Appeals for the District of Columbia Circuit. The CPP aims to curb carbon dioxide emissions from existing power plants.

“I can never recall the Supreme Court stepping in and staying a case before a lower court in all my years of practice before the D.C. Circuit,” Kelly told the APPA conference.

She also noted another highly unusual event involving the CPP and the courts took place this spring. The D.C. Circuit court on May 16 pushed back oral argument in a proceeding related to the CPP from June until late September and expanded oral argument in the case to include all of the active judges on the appeals court.

“Given the key vacancy on the Supreme Court, we do not know all of the justices who will eventually hear this case and you know it’s going to go to the Supreme Court,” Kelly said. “So all bets are off on where this case is going.”

APPA offers help to members on CPP

In the meantime, states are discussing possible CPP compliance strategies “and we think it’s smart for public power utilities to participate in those discussions,” Kelly said in her remarks.

As with other key issues such as cybersecurity, Kelly underscored the point that APPA wants to help its members when it comes to the CPP.

“Guided by our CEO task force, we filed extensive comments with EPA in January,” Kelly noted. “We commented on the EPA’s proposed model trading rules and its federal plan.”

She said that many of APPA’s members will need a workable cross-state trading scheme “if they’re going to comply with the rule, so our comments focused on changes that EPA could make to help make that possible.”

Kelly also used her remarks as an opportunity to note that APPA and Nebraska-based Lincoln Electric System recently unveiled a free CPP modeling tool for members. The tool “helps you assess where your utility and your state or region are now and what your compliance options might be,” she told the gathering of public power officials.

Problems with mandatory capacity markets highlighted

On the electricity markets front, APPA continues to highlight the problems that Eastern-style mandatory capacity markets pose for public power. “We see more and more questioning of the value of mandatory capacity markets, especially in light of carbon reduction goals,” said Kelly. Public power must stay vigilant so it can continue to self-supply power to retail customers, she cautioned.

In the west, APPA and its members are carefully watching the planned Energy Imbalance Market and the California ISO’s proposed expansion. APPA is helping Western members develop unified positions on three key issues — ISO governance, resource adequacy and transmission rates. “We are urging the West not to rush full on into ISO expansion, but to allow time to fully evaluate the EIM,” said Kelly.

DG and workforce challenges

In the area of distributed generation, Kelly noted that public power utilities are leading the charge in developing community solar, according to a recent paper from the Consumer Federation of America. Six public power utilities are included on the Smart Electric Power Alliance’s list of top 10 utilities that added the most watts of solar power per customer in 2015.

As for workforce challenges, which range from succession planning to the struggle to pay competitive salaries and encourage diversity, public power utilities are finding creative ways to address these challenges and APPA is helping, said Kelly.

Strength in Community

Kelly urged public power utilities to think about what they can do in their communities to improve service, update products, recruit new employees, and tell customers what they do. She noted that an old African proverb says, “If you want to go quickly, go alone. If you want to go far, go together.” Public power utilities are on this journey together, so she urged APPA’s members to take the

next step, and then another and another, until they are well down the path to becoming the trusted energy service providers in their communities.