



2010 Legislative Session

17 Legislative Days Down...23 Legislative Days to Go

Georgia House and Senate to Recognize NRECA National Conference

Georgia EMC has been working with Senator Chip Pearson (R-Dawsonville) and Representative Ron Stephens (R-Savannah) to introduce resolutions in both the House and Senate to recognize EMCs and the significance of the upcoming NRECA national conference. The conference is estimated to have an economic impact of over \$8 million to the State of Georgia, according to the Atlanta Convention and Visitors Bureau. The NRECA Annual Meeting will be held in Atlanta at the Georgia World Congress Center from February 14-17 for the first time since 1977. There will be 10,000 electric cooperative directors, managers, and employees attending this convention, representing 900 electric cooperatives in 48 states that serve 40 million consumers nationwide. NRECA has also made plans to bring the annual meeting back to Atlanta in 2014.

Legislators and State Officials Attend Georgia EMC Reception Feb. 8

Speaker David Ralston and numerous legislators, members of the Public Service Commission and Constitutional Officers joined over 350 EMC directors and employees for GEMC's annual General Assembly Reception on Feb. 8th. Representatives from nearly every EMC took advantage of this opportunity to greet their legislators and to discuss important issues and thank them for listening to our concerns on SB 328. Thanks to all who attended for making this annual event another great success. Photos from the event will be posted on www.georgiaemc.com next week.

SB 328 Update – Pole Attachment

As reported at the Board Meeting on Monday, February 8, 2010 SB 328 passed the Senate Economic Development Committee last week and was scheduled for a vote last Friday, February 5, 2010. GEMC proposed that the Model Pole Attachment Agreement agreed to by GEMC and CTAG in 2008 be codified. The Senate leadership requested that both sides work diligently to get their respective members to enter into the Model Agreement. It was this request that led to SB 328 not being called for a vote on the Senate floor last Friday because of an agreement that was publicly offered and accepted by all parties; Senator Pearson, Lieutenant Governor Cagle, the Senate Majority Caucus, CTAG and GEMC. The bill still rests in the Senate Rules Committee where it will remain as long as all parties continue to honor their commitment. The specifics and updates on that agreement were sent to all EMC CEOs today from Paul Wood. If passed

in its present form, the bill would cause serious problems for electric membership corporations throughout Georgia.

All EMC grassroots efforts were very effective in reinforcing our concern with SB 328 as introduced and bringing us to this point. We appreciate your continued efforts in opposing SB 328. We believe the process that we have agreed to with Senate leadership will put us in a position to resolve any issues regarding pole attachments without legislation.

House Committees Discuss Renewable Mandates, Solar Energy and the Territorial Act

On Wednesday afternoon, February 10, House Natural Resources & Environment Chairman Lynn Smith (R-Newnan) and House Energy, Utilities & Telecommunications Chairman Don Parsons (R-Marietta) held a rare joint meeting of their two committees to hear from presenters on two pieces of legislation. The first was HB 691 - http://www.legis.state.ga.us/legis/2009_10/sum/hb691.htm, a bill sponsored by Rep. Karla Drenner (D-Avondale Estates) designed to remove solar energy from requirements that limit renewable energy purchases to 0.2 percent of the utility's annual peak demand in the previous year. Mr. Walter West from the Electric Cities of Georgia spoke to the bill from the electric utilities perspective. Georgia EMC staff has been working with both committees to discuss the merits and current limitations of solar energy. There are no indications that any further hearings will take place on this bill. The second piece of legislation discussed Wednesday was HR 777- http://www.legis.state.ga.us/legis/2009_10/sum/hr777.htm, a resolution designed to create a study committee on National Renewable Energy Portfolio Standards (RPS), also sponsored by Rep. Drenner. Michael Goodroe and Michael Whiteside both presented testimony (attached) on behalf of Sawnee EMC and Green Power EMC respectively, and Georgia's EMCs. The committee heard from our representatives about the ongoing renewable energy generation underway through Green Power EMC, the cost of renewables, the inability to comply with an unrealistic RPS and the realistic mix of generation sources at present and in the future. Because of current state budget conditions among other reasons, it is unlikely that new study committees will be formed this year and there has been no further hearing scheduled on HR 777. On Thursday, February 11, a similar hearing was held in a subcommittee chaired by Rep. Drenner. The issue once again was solar energy, but centered around Georgia's Territorial Act. Solar contractors and other advocates of increased subsidies for solar energy testified that the Territorial Act acts as an impediment to expanding businesses promoting solar energy installation. Mr. Kevin Green from Georgia Power Company testified that while solar energy and job creation are important issues for Georgia's electric utilities including Oglethorpe Power, the EMCs and MEAG, low energy prices drive job creation. Green stated that the Georgia PSC is already considering increasing solar cap to 5 MW and that elected officials might exercise caution about a one size fits all approach, citing that New Jersey's RES requirements have contributed to energy costs that sometimes double that of Georgia's. No further hearings on the Territorial Act as it relates to solar energy are scheduled.

Transportation Resource Legislation Once Again Appears Poised to Move

House Speaker David Ralston and Lieutenant Governor Casey Cagle appeared alongside Governor Sonny Perdue at a press conference on Thursday to present a

united front on the latest plan to fund transportation projects in Georgia. The latest incarnation of the bill would call for a vote within each of 12 transportation regions coinciding with the 2012 presidential primary. Voters would vote up or down on a sales tax increase of up to 1 percent to fund a list of local projects approved by DOT's director of planning, the new position created by the legislature last year and appointed by the governor. Earlier reports had indicated there was internal debate between leaders on the date that Georgians would vote on the measure, but those discussions appear to have ended with agreement. The consensus transportation bill could be introduced as early as next week. Efforts to pass similar legislation have stalled out in the past two legislative sessions.

Governor's Water Legislation Introduced

Governor Perdue introduced his water legislation based on the recommendations of the Water Contingency Task Force this week. The legislation is in companion bills HB 1094, introduced by Rep. Lynn Smith (R-Newnan) and SB 370, introduced by Sen. Ross Tolleson (R-Perry). The bills include seven sections: sections 1 and 2 directs several State agencies to develop programs and incentives to address water conservation; section 3 instructs the EPD and DNR to form and conduct leak detection and repair programs; section 4 requires the EPD and the State Soil and Water Conservation Commission and the Department of Agriculture to establish a program to encourage voluntary monitoring of surface-water withdrawals by permittees; section 5 addresses sub metering or residential, commercial and industrial units; section 6 amends state codes to require the installation of low flow plumbing fixtures; and finally section 7 amends state codes to require the installation of high-efficiency cooling towers in new construction permitted on or after July 1, 2012. The term "cooling tower" is defined as a building heat removal device to transfer process waster heat to the atmosphere. Both bills did receive public input this week in the House and Senate Natural Resources committees. There were some concerns raised in the legislation but everyone praised the task force and the Governor for crafting the legislation and allowing so much input. The committees expect to have hearings on the bills next week.

HB 938 – Texting While Driving

The legislation introduced to address texting while driving received several hearings over the past two weeks. HB 938 introduced by Rep. Allen Peake (R-Macon) along with HB 944 and HB 945 introduced by Rep. Amos Amerson (R-Dahlonega) intend to outlaw texting while driving and levying fines for the act. The Public Safety Committee instructed the subcommittee to consolidate the legislation into one bill. The consolidated bill is HB 944 by Rep. Amos Amerson (R-Dahlonega) and would institute a \$50 for the first offense of texting while driving, and a \$300 fine for a second offense if there is no accident. If an accident occurs and it is determined to have been caused by texting while driving it would result in a \$500 fine for the first offense and a \$1000 fine for the second, both would also add two points to the driver's license. The sponsors of the legislation have been open to hearing the concerns of utilities and the potential negative impact to some personnel in responding to outages and emergency situations. In the current form of HB 944 there is an exception for a "public utility employee or contractor acting within the scope of his or her employment when responding to a public utility emergency." The bill is expected to be heard in the full Public Safety Committee next week.

Potential Legislation to Address EPD Permitting

As reported in the previous bulletin there is still expected to be legislation to clarify the process of EPD permits. The proposed legislation will do two things: (1) it will not declare an EPD permit invalid if it is not signed by a professional engineer; and (2) in the case of permits it will require an administrative law judge to defer to the technical rulings of EPD. There was similar legislation introduced in the Senate last year dealing with the deference issue that narrowly failed in the Senate. Legislation has not been introduced at this point in the legislative session.

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Testimony of Michael A. Goodroe
President and CEO of Sawnee EMC
To the Joint Energy and Telecommunications and
Natural Resources and Environmental Committee

Dated: February 10, 2010

Good day Chairman Smith, Chairman Parsons and members of the Committee. My name is Michael Goodroe and I am President and CEO of Sawnee EMC, an electric cooperative that serves over 152,000 accounts in seven (7) counties in north Georgia.

I am here today to express the views of the 42 electric membership cooperatives or EMCs in this state and the 4.8 million members we serve collectively on the question of an RPS here in Georgia. Also, I have been asked to convey the views of the companies that assist the cooperatives in meeting our generation needs throughout this state including Oglethorpe Power Corporation (OPC), Georgia Transmission Corporation (GTC), Georgia System Operations Corporation (GSOC) and our trade association, Georgia Electric Membership Corporation (GEMC).

The cooperative community in Georgia recognizes the need for environmentally responsible and thoughtful deployment of electric generation assets to serve the over 9.6 million Georgians and we further understand the role that we and the other electric providers in this state play in supporting the economic engine of our state's economy. Additionally, we understand there is a national discussion regarding how to address global climate change and to foster an environment for the expansion of renewable electric energy throughout this nation.

As you approach the question of what potential impacts and benefits deployment of a statewide renewable portfolio standard (RPS) may have on our state, our economy and the

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citizens and rate payers of Georgia, we feel there are seven (7) key principles you, as a committee, should consider. These principles are:

- First and foremost, when considering the appropriateness of a Renewable Portfolio Standard (RPS), we feel Georgia's unique access to, or lack thereof, cost effective renewable resources of significant scale must be carefully evaluated and considered, accompanied by a thorough and balanced analysis over a sufficient time period needed to effectively deploy this concept.
- Second, you should know that Georgia's electric cooperatives along with Georgia Electric Membership Corporation and Oglethorpe Power Corporation, have been engaged for over two (2) years with our Georgia Congressional Delegation in Washington, DC on this issue at a national level. Considerable information has been developed on the impacts to electric rates and the ability to meet a RPS through the proposal established in the American Clean Energy and Security Act of 2009 (the House bill). This knowledge and information may be very useful in your review.
- Third, any RPS enacted for the state of Georgia must not lose sight of the fact that electricity must remain affordable for the more than four (4) million Georgians served by electric membership cooperatives. It must also contain reasonable deployment target levels, that are viewed by the various stakeholders as achievable, attainable timelines for

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compliance and reasonable penalties for legitimately not being able to reach that standard.

- Fourth, we feel that the establishment of a Georgia RPS must not result in a transfer of wealth from Georgia to our neighboring states that are able to meet or exceed such a standard due to their unique geographical differences and, therefore, would provide them with more large-scale options, such as access to more solar or wind energy than is available in Georgia.
- Fifth, we feel full consideration should be given on “how” energy efficiency and demand reduction programs, for which Georgia’s electric cooperatives have been leaders for many years, can complement this effort and be integrated into any RPS.
- Sixth, we feel that, if the objective in any carbon or renewable legislation is to reduce carbon, then nuclear energy, Georgia’s greatest source of non-carbon-emitting energy, should be given full credit as a renewable equivalent.
- Seventh, we feel there should not be concurrent Federal and state renewable standards; therefore, if there is indeed to be a Federal RPS standard, there should not be a conflicting or duplicative state RPS standard here in Georgia. Likewise, if a state RPS

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standard is enacted and a Federal RPS standard is subsequently enacted, the state's RPS standard should have a "sunset" provision.

The undertaking of a renewable portfolio standard (RPS) for Georgia is, in our view, a monumental task with long term and lasting statewide and regional implications. This issue must be given careful, thoughtful and informed attention and consideration to avoid impacting our economy, the jobs in this state or the industry we seek to attract to our region. It must have reasonable goals and processes that consider the bigger picture.

We have seen RPS standards deployed across this nation and they have varied in scope, application and ultimately impacts. It is our opinion that this committee should seek the views of all interested stakeholders and develop a position that is good for our economy, our environment, our state and, in our case, our member-consumers.

Thank you for allowing me to be with you today and your consideration of these remarks.

Testimony of Michael C. Whiteside

President and CEO of Green Power EMC

To the Joint Energy and Telecommunications and
Natural Resources and Environmental Committee

Dated February 10, 2010

Good afternoon Chairman Smith and Chairman Parsons and members of the committee. I am Michael Whiteside President of Green Power EMC, a renewable cooperative representing 38 of the Electric Membership Corporations in Georgia.

Thank you for allowing us to make, we feel, important comments on the issues of renewable energy in Georgia and the challenges and economic realities associated with a RPS mandate.

Green Power EMC was formed in 2001, with a goal of promoting renewable energy from Georgia resources and making that energy available to the 4.8 million Georgians we serve. Since our beginning we have aggressively sought renewable generators that we could partner with on behalf of our member cooperatives.

As of January 2010 we have contracted with 5 projects in Georgia. Two land fill gas generators, one run of the river hydro project and one biomass project in Rabun Gap Georgia. A total of 25 megawatts of capacity generating over 140 million KWH since our inception. We have an executed contract for a 24 megawatt biomass chicken litter generation facility in Carnesville Georgia. This plant is scheduled to go on line in Spring of 2011.

I would add here that Rabun Gap is the first biomass independent power producer in Georgia.

As part of our renewable energy program, we operate a Research and Development fund which has conducted a wind energy study in the north Georgia mountains at Rocky Mountain north of Rome Georgia. And through our funding we have installed 26-1.1 KW solar PV panels at 26 middle and high schools across the state in our cooperative's service territories. This provides Georgia students with the opportunity to analyze solar energy production on a real time basis in the classroom and compare their location's performance with any of 127 similar installations across the country. *(We have provided members of the committee the list of schools where these installations are located and a sample comparison made available to the general public through our Sun Power for Schools website.)*

Compared to other utilities in Georgia in the renewable market we believe we are a success story.

Having bragged about our success we need a dose of reality. Our 25 megawatts and our expected 24 megawatt additions in Carnesville represent 49 megawatts of a 9000 megawatt cooperative summer load requirement today. .5% of our needs.

So when we talk about a 15% RPS requirement we will need-1350 megawatts in 2010, we are a little shy! After 8 years of experience we believe the most significant renewable resource in Georgia is biomass, utilizing the homegrown fuel from our abundant pine forests. This opinion is based on the following:

Land fill gas projects are limited in the state because of required lining to make the methane available. Many of the land fill sites are not lined and make the collection of gas difficult. We plan to double our capacity through our partner EDI which will bring us to 9 megawatts, additionally we have others we are having discussions with that could add another 15 megawatts, a total probable 25 MW.

Our 3 year wind study on Rocky Mountain has shown there is not enough wind to justify the expense of building wind turbines in that area. Summer wind speeds of 10 -12 MPH is not cost effective for wind power production. There is potential Wind power capability on the Georgia coasts but those costs appear to be prohibitive and as Georgia Tech discovered in their study with Georgia Power, wind is probably not a solution for renewables in Georgia even on the coast.

We are signing a contract for 2 small solar producers 400KW that should be operating this spring. We will analyze the solar photovoltaic production as it relates to our peak requirements and the ability of the cells to produce ample energy in Georgia.

I think you are aware that existing hydro power is not included as a renewable resource. Georgia has this power available at multiple corps of engineer locations, at Lanier, West Point, Hartwell and others. But proposed federal definitions do not allow us to count this as renewable. Our most logical potential renewable facility is the pumped storage Rocky Mountain hydroelectric project. This generator of 800 MW is located just north of Rome, Georgia. A lake was created on top of the mountain which is allowed to drain during peak hours through generators at the bottom of the mountain, creating peak power energy. At night the turbines are reversed and the water is pumped back up to the lake to be used the next day. Only incremental improvements in generation efficiency from a recent turbine upgrade will qualify as renewable under the same federal definitions.

That leaves us with biomass as our most viable solution. I will remind you at a 15% RPS we need 1350 MW today and almost 3000 MW by 2020. The end result of this requirement is that the citizens of Georgia would buy renewable energy credits from other renewable production states, most likely from the Midwest.

We do not believe that sending our dollars out of Georgia is a viable solution to promoting renewable energy production. As I said we have and are actively encouraging and partnering with renewable energy suppliers in our state. The cooperatives in Georgia have the largest renewable portfolio producing energy today. We urge caution as you look at requirements that may not be achievable from our state resources and the very real outcome of exporting Georgia dollars to other areas of our country. We look forward to working with you should the House of Representatives decide to create this proposed study committee on this subject which poses a significant impact on all Georgians.

Thank you for allowing me to share Green Power EMC's comments with you today.