

Electric Co-Ops and the 2020 Election



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The nation's 900-odd electric cooperatives, or co-ops, provide power to one in eight Americans. Co-ops are beholden to the consumers they serve rather than to shareholders, and they serve 92% of areas that the U.S. Treasury lists as persistent poverty counties. The more rural areas of the Blue Wall states of Wisconsin, Michigan, and Pennsylvania, Arizona, North Carolina, and Florida are served by electric co-ops.

Rightly or wrongly, the co-ops have been perceived as a roadblock to getting the U.S. electricity sector to net-zero. Some co-ops still rely on coal generation to serve their primarily rural consumers. The National Rural Electric Cooperative Association (NRECA) backed the Trump administration's replacement of President Barack Obama's Clean Power Plan with a much weaker environmental rule enabling coal plants to continue operating longer.

Given their presence nationwide, co-ops are politically important, and state and federal lawmakers take their priorities into account. NRECA's political action committee raised \$4.2 million in the 2017-18 election cycle. The trade association has also recognized several co-ops in key states as particularly active in encouraging their consumers to vote, including 15 co-ops in Pennsylvania, three in Arizona, and two in North Carolina as of early April.

Candidates can broaden their appeal across this politically relevant group of electricity providers by supporting policies that co-ops already favor, including:

- **Electrifying our rural places;**
- **Developing and supporting innovative clean energy technologies;**
- **Ensuring the U.S. government works for co-ops; and**
- **Helping co-ops stay strong during and after the economic crisis.**

Expanding Co-Op Support for Climate Action

Co-ops don't want to have to spend money if it pushes costs to their consumers and prematurely retires the coal plants they've invested in. To get them on board, climate policies must provide a clear net benefit for co-ops and their members. If managed successfully, co-ops and their national and state associations will convey their support for these policies to their consumers, who live predominantly in rural areas.

Below are climate and energy-related campaign policies that could build co-op support for action to eliminate carbon pollution and help shift perceptions among their members.

Electrifying Our Rural Places

Develop the electric transportation sector of the future

Rural America should be fully supported and involved throughout the transition to cleaner transportation. As supporters of efforts to electrify the economy, co-ops favor incentives that encourage the purchase of electric vehicles (EVs) in their consumer networks.

Fund charging infrastructure to support increased EV adoption, targeting deployment in rural areas served by co-ops. NRECA supports the Senate's bipartisan surface transportation package that would let co-ops compete alongside other entities for \$1 billion in grants for installing EV charging infrastructure or similar infrastructure for hydrogen and natural gas.

Extend and enhance tax credits for EVs. NRECA supports legislation that would expand EV and hydrogen fuel cell tax credits. The North Carolina Electric Cooperatives Association and its member co-ops are developing a rural electric vehicle charging network.

Shift more of our energy needs to electricity

NRECA in 2018 approved a resolution in support of electrification efforts, and the group sponsors the Beneficial Electrification League. Co-ops have recognized that electrifying more of our transportation sector and upgrading to more energy efficient heat pumps and heat pump water heaters, for example, can save consumers money over time, reduce emissions, and support the grid, all while enabling new economic growth.

Provide co-ops with additional funding for electrification. Some co-ops provide rebates for customers' electrification expenses, and some are performing pilot programs or going even further – efforts that should be supported either through existing programs or a new investment fund for co-ops. The government outfitted farmers with electricity under the New Deal and now supports rural renewable projects, smart grid development, and other work through loans, grants, and other forms of financing. Co-ops back existing funding programs in the U.S. Department of Agriculture's Rural Development agency.

Ensure vulnerable families have reliable access to electricity

Co-ops support the Low-Income Home Energy Assistance Program (LIHEAP) that helps low-income Americans struggling to pay their electric and water bills.

Developing and Supporting Innovative Clean Energy Technologies

Invest in advanced nuclear reactor technology

Some co-ops are part owners of nuclear plants, and they support the development of new reactors that will help us reduce our climate pollution. The Allegheny Electric Cooperative, for example, owns 10% of the Susquehanna Steam Electric Station nuclear plant in Luzerne County in Pennsylvania.

Invest in carbon capture technology

Co-ops source 40% of their power from coal plants, many of which could run for decades more. They don't want to be strapped for the cost of retiring and replacing them prematurely. They support CCUS technology that could help these plants remain operational longer, with fewer emissions. Co-ops approve of premier carbon capture legislation in Congress.

Ensuring the U.S. Government Works for Co-Ops

Keep Power Marketing Administrations in public hands

NRECA opposes efforts to privatize the nation's PMAs – something the Trump administration has repeatedly proposed in its budget requests. About two-thirds of co-ops buy power at-cost from PMAs' hydropower facilities. House members, including all of Arizona's delegation, have made clear they oppose Trump's request to sell the PMAs' transmission assets and turn these agencies private.

Put people in charge who recognize the value of a wide portfolio of energy resources

NRECA openly opposes a move from the Republican-majority Federal Energy Regulatory Commission that disadvantages clean power like renewables and nuclear power in the nation's largest competitive electricity market. The candidate should make clear that only people who recognize the authority of states to encourage clean energy development will be named to lead FERC.

Helping Co-Ops Stay Strong During and After the Economic Crisis

Extend future small business stimulus efforts to co-ops

As communities have shuttered against the pandemic, weakened electricity demand and ratepayers' inability to afford power has left some electric co-ops vulnerable. NRECA projects co-op revenues could decline by \$7.4 billion due to COVID-19. All but a few co-ops qualify as small businesses. The U.S. Small Business Administration opened the Paycheck Protection Program to co-ops that meet certain requirements. Any future workforce lending programs for small businesses in response to the coronavirus should make co-ops eligible to apply.

Blue Wall State Activity

Pennsylvania: Fourteen distribution co-ops and one generation and transmission co-op provide electricity to 230,000+ households and businesses, or more than 600,000 consumers. They obtain power from the generation and transmission co-op Allegheny Electric Cooperative Inc., which sources about 65% of its power from clean energy, including nuclear and hydropower. Pennsylvania co-ops own and maintain around 12.5% of distribution lines in the state.

Wisconsin: Twenty-four distribution co-ops and one generation and transmission co-op provide electricity to almost one in 10 electric consumers in the state. Wisconsin co-ops collect assessments from consumers related to energy efficiency and conservation.

Florida: Sixteen distribution co-ops and two generation and transmission co-ops provide electricity to over 2.7 million consumers in 57 out of Florida's 67 counties.

Arizona: Six distribution co-ops and one generation and transmission co-ops are members of the Grand Canyon State Electric Cooperative Association.

North Carolina: Twenty-five co-ops and one generation and transmission co-op provide electricity to 2.5 million consumers in 93 of the state's 100 counties.

Michigan: Eight co-ops and one generation and transmission co-op provide electricity to about 750,000 consumers in Michigan and maintain almost 39,000 miles of transmission lines.

Other Information

Co-ops are already an important part of our national clean energy future. They successfully brought hundreds of megawatts of solar to their service territories under a federal cooperative agreement through the Obama administration's successful SunShot initiative. The majority of co-ops also use wind power, and they now manage over 7,500 megawatts of wind capacity.

Co-ops are ahead of the curve. Eighty-eight percent of Midwestern co-ops were offering upgrades or loan programs for efficiency improvements or equipment replacements as of 2019. Pennsylvania's co-op association and the state's generation and transmission co-op manage a program providing grants to distribution co-ops to help their consumers install clean energy projects at home.

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