

Testimony of Kirk Johnson
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Tennessee Valley Authority Board of Directors
Listening Session – Renewable Energy

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Good morning and thank you for inviting me to participate in this meeting. My name is Kirk Johnson, and I am Vice President of Environmental Policy for the National Rural Electric Cooperative Association. I am here representing The Honorable Glenn English, chief executive officer of NRECA. Glenn sends his regrets that he cannot be here today, but also asked me to express NRECA's appreciation for inviting the association to be represented.

NRECA was formed in 1942 by the nation's rural electric cooperative leaders dedicated to electrifying vast regions of the country and providing reliable and affordable electric power through electric cooperative entities, where no central station power existed at the time. Today, NRECA serves as the national service organization for 930 not-for-profit rural electric cooperatives that provide electric service to 40 million Americans in 47 states. Each electric cooperative is incorporated as a private entity in the state in which it resides and has a legal obligation to provide reliable electric service to its customer-members. Collectively, cooperatives serve all or portions of 2,500 of the nation's 3,128 counties, and their service areas cover 75 percent of the U.S. landmass.

Electric cooperatives have two primary objectives – keeping the lights on and rates affordable for our member-consumers. As an overarching theme, NRECA believes all policy discussions must be centered around the needs and best interests of the consumer.

First, I must point out that NRECA supports the development of cost-effective renewable energy resources. Renewables and alternative energy sources provide different options in different geographic regions, and cooperatives are developing a wide array of renewable resources. Hydropower has been the backbone renewable resource for cooperatives for many years, and NRECA believes hydropower must be considered a renewable resource. Additionally, many cooperatives are developing wind resources, biomass, landfill methane gas, wave energy, and even using animal waste in anaerobic digesters to create electricity. But not all cooperatives have access to wind or wave energy, and oftentimes

strict mandates pre-determining that co-ops must get a certain percentage of their power from particular resources may not be in the best interest of those member-consumers.

Second, NRECA advocates that there should be federal incentives to develop alternative resources to help new technology become cost-competitive with existing commercial technology. For nearly 20 years now there has been a production tax credit available to for-profit entities to develop certain renewable resources, but there has only been a comparable incentive for electric co-ops and municipalities for the past two years – the Clean Renewable Energy Bond (CREB) program. That program exists in part because of the support of members of the Tennessee congressional delegation, and needs to be continued to keep a level playing field with respect to incentives for both non-profit and for-profit entities.

Third, developing renewable resources often requires developing additional transmission capacity to get the power from where the renewable resources are to where the load is. Goals and policies that do not recognize this fundamental fact, and opponents who attempt to block development of new transmission facilities, will undermine any effort to develop additional renewable energy in this nation.

Finally, I am pleased to tell the board that NRECA, in conjunction with many of our generation and transmission (G&T) cooperatives, is in the process of developing a National Renewable Cooperative (NRCo). This new cooperative will help all co-ops take advantage of renewable energy sources, even if they are far from where renewable resources exist. The NRCo is just now in formation, and many of the details are still being worked out by the founding members, but NRECA is very excited at the opportunities this new cooperative will provide to rural electric cooperative member-consumers across this country.

I would be happy to answer any questions the Board may have, and again appreciate the opportunity to testify here today. Thank you very much.