



**BASIN ELECTRIC  
POWER COOPERATIVE**

A Touchstone Energy® Cooperative 

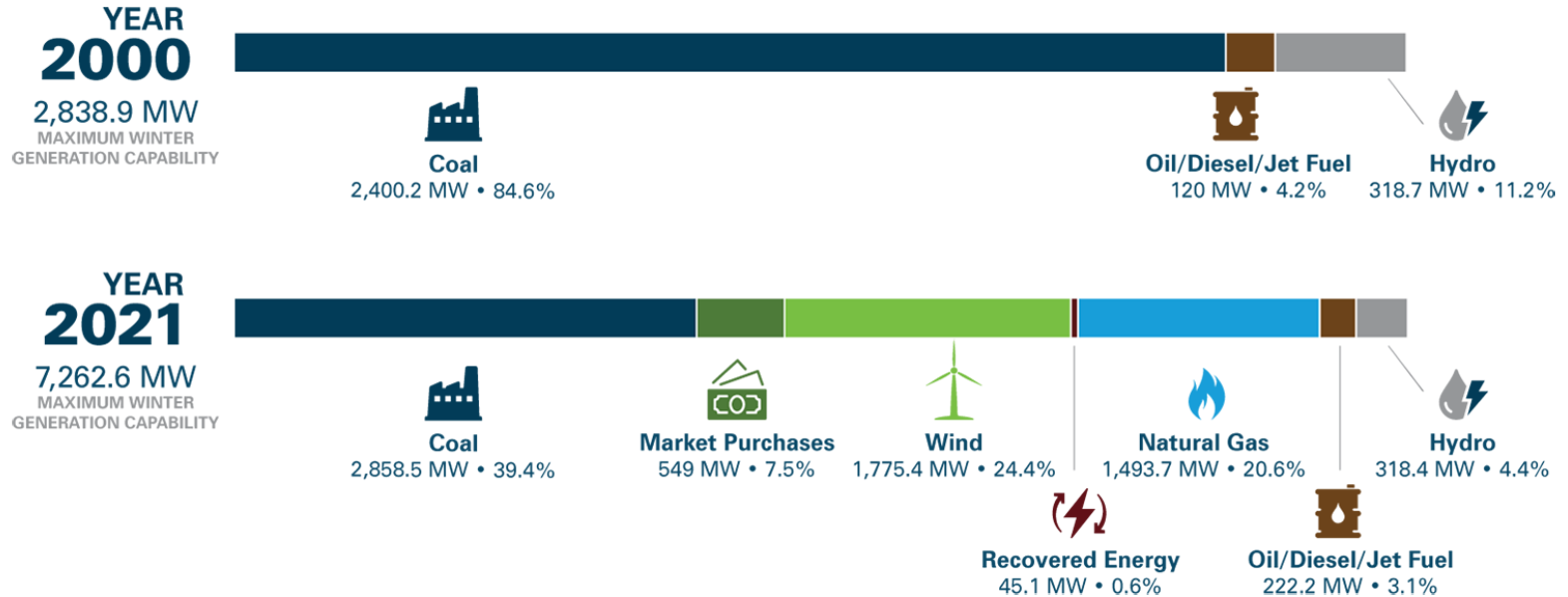
# Government Relations Update

November 8, 2022

Jean Schafer

Senior Legislative Representative

# Changing Capability Portfolio



# Federal Issues

# Election



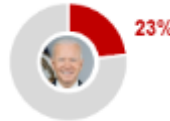
- Control of Senate winding down to several races
  - NH, AZ - races were favored Dem but are now tighter
  - OH, NC deemed safe to remain held by Republicans
    - NV and WI favored by Republicans
  - Wild cards: GA, PA

## What worries Americans if **Republicans** win the Senate and House of Representatives

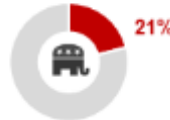
The economy and/or inflation will get worse



President Biden will be unable to get anything done



Republicans will spend too much time on divisive social issues

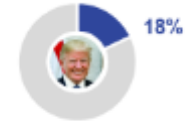


## What worries Americans if **Democrats** keep control of the Senate and House of Representatives

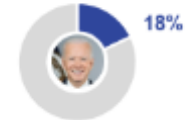
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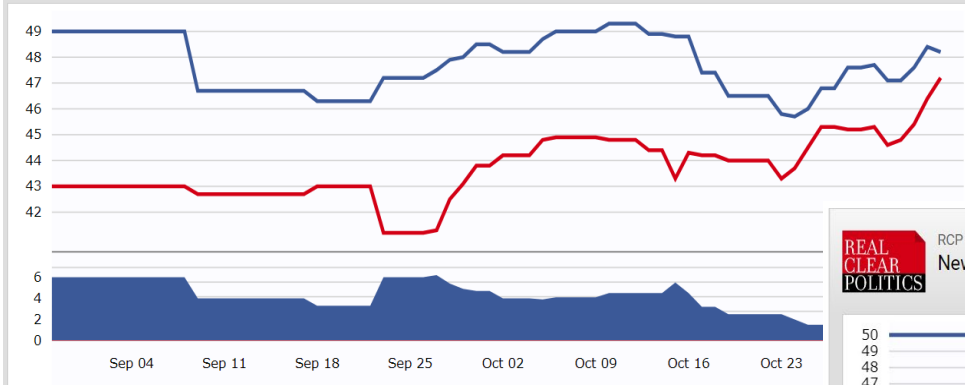
Democrats will spend too much time investigating Donald Trump



There will be no checks on President Biden's power

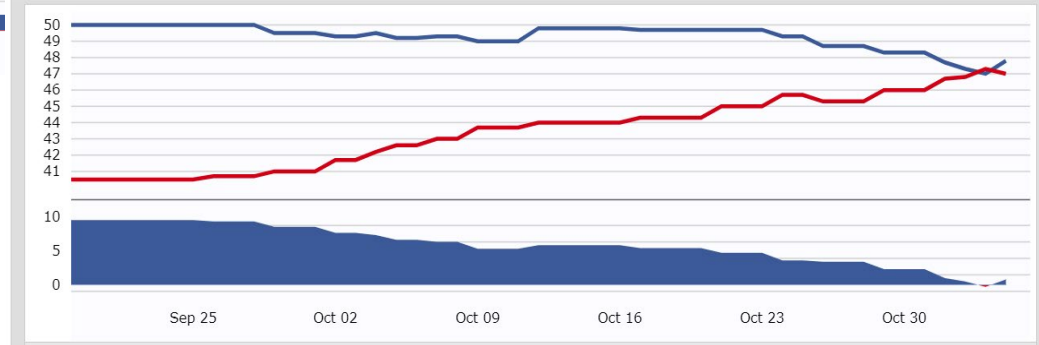


# Closer Margins - AZ and NH



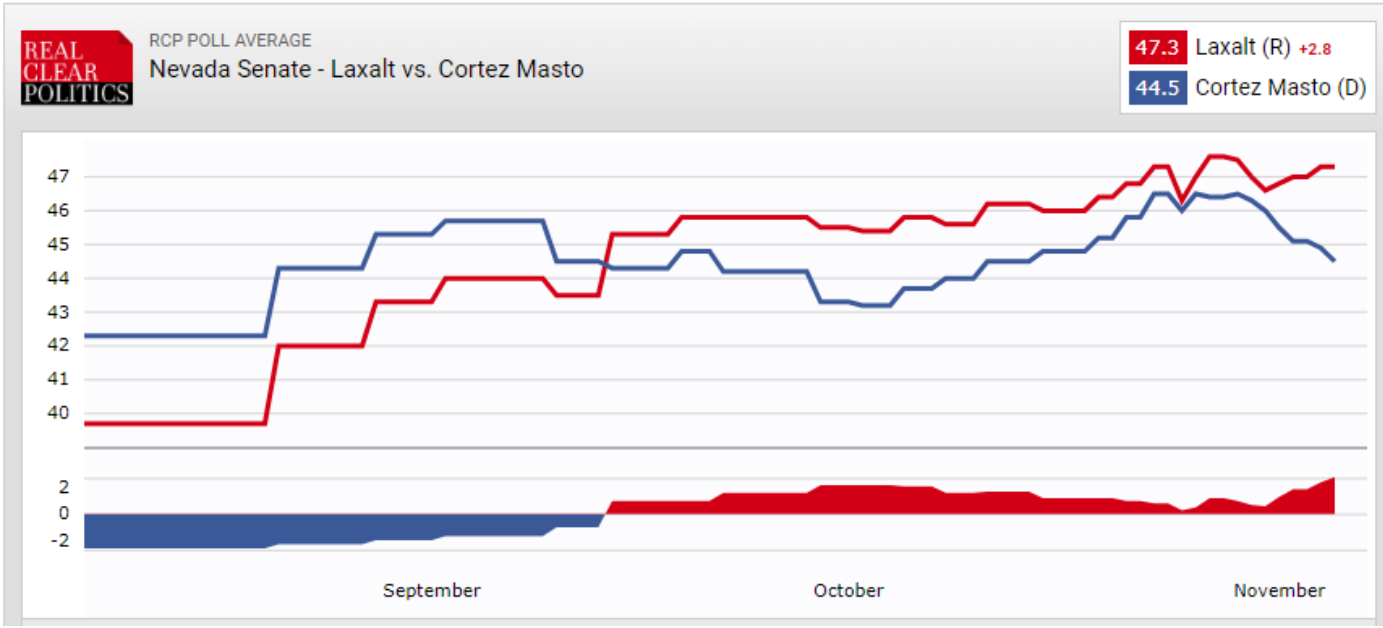
Arizona - Kelly up by a point

New Hampshire - Hassan up by a point



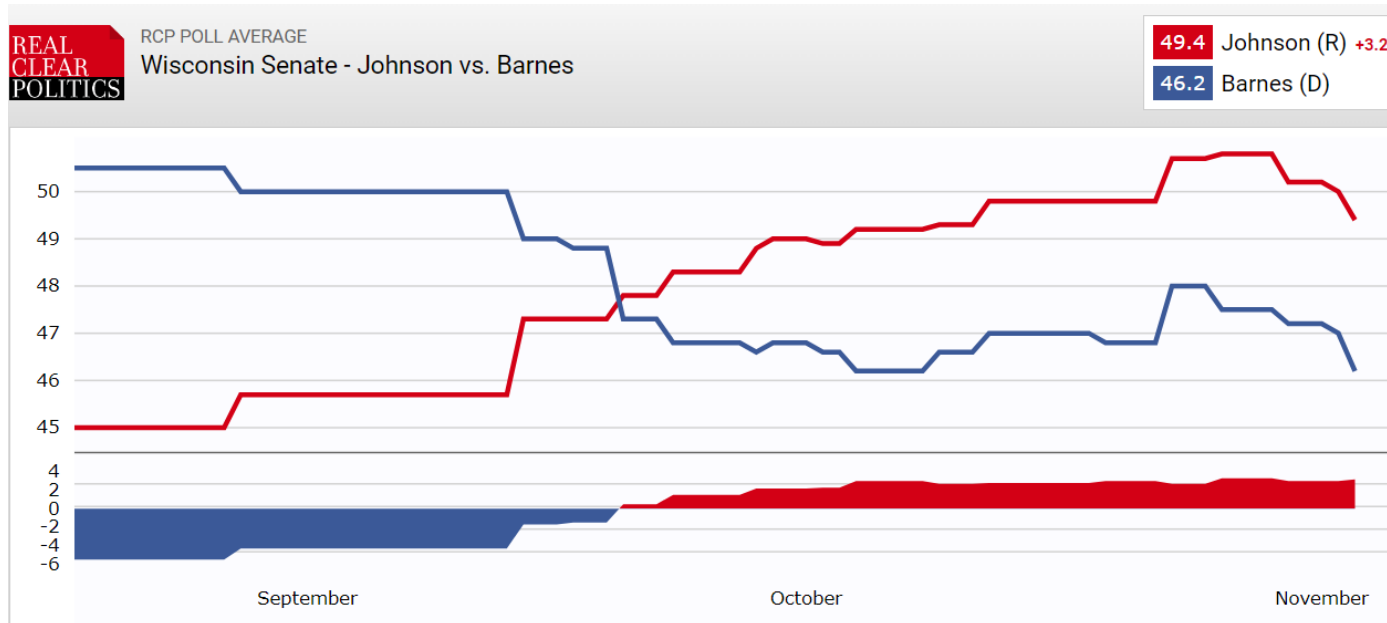
# Nevada

- Incumbent Sen. Cortez-Masto now behind Laxalt ~3 pts



# Wisconsin

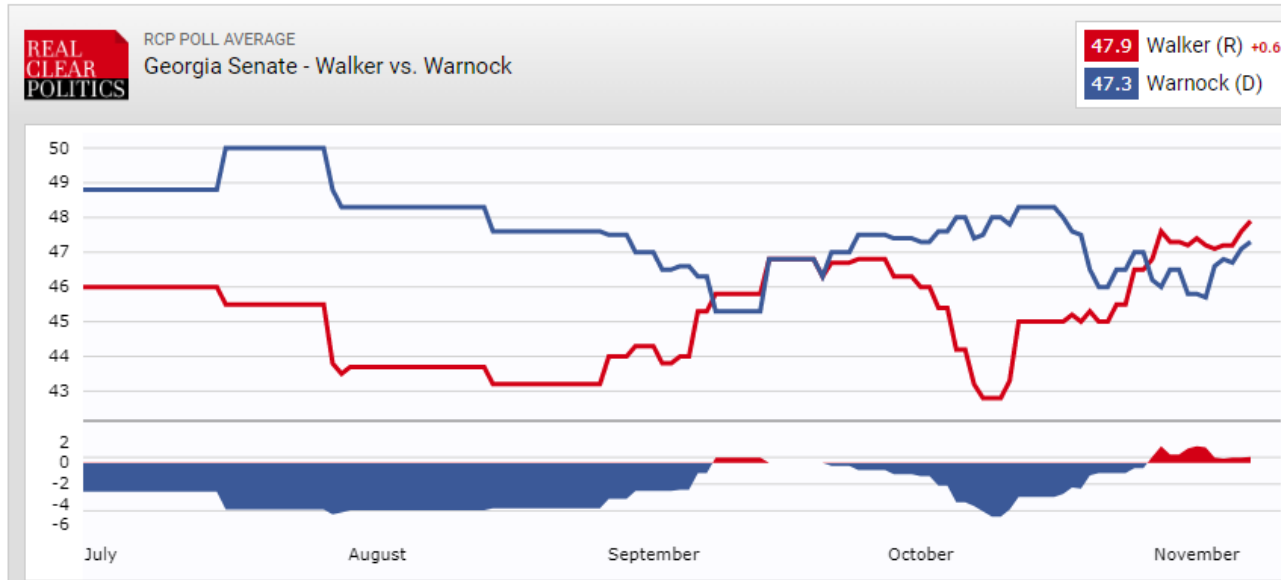
- Incumbent Sen. Johnson has held consistent leads in polling ~3 pts



- But...total ad spending has ranked 2<sup>nd</sup> behind GA

# Georgia

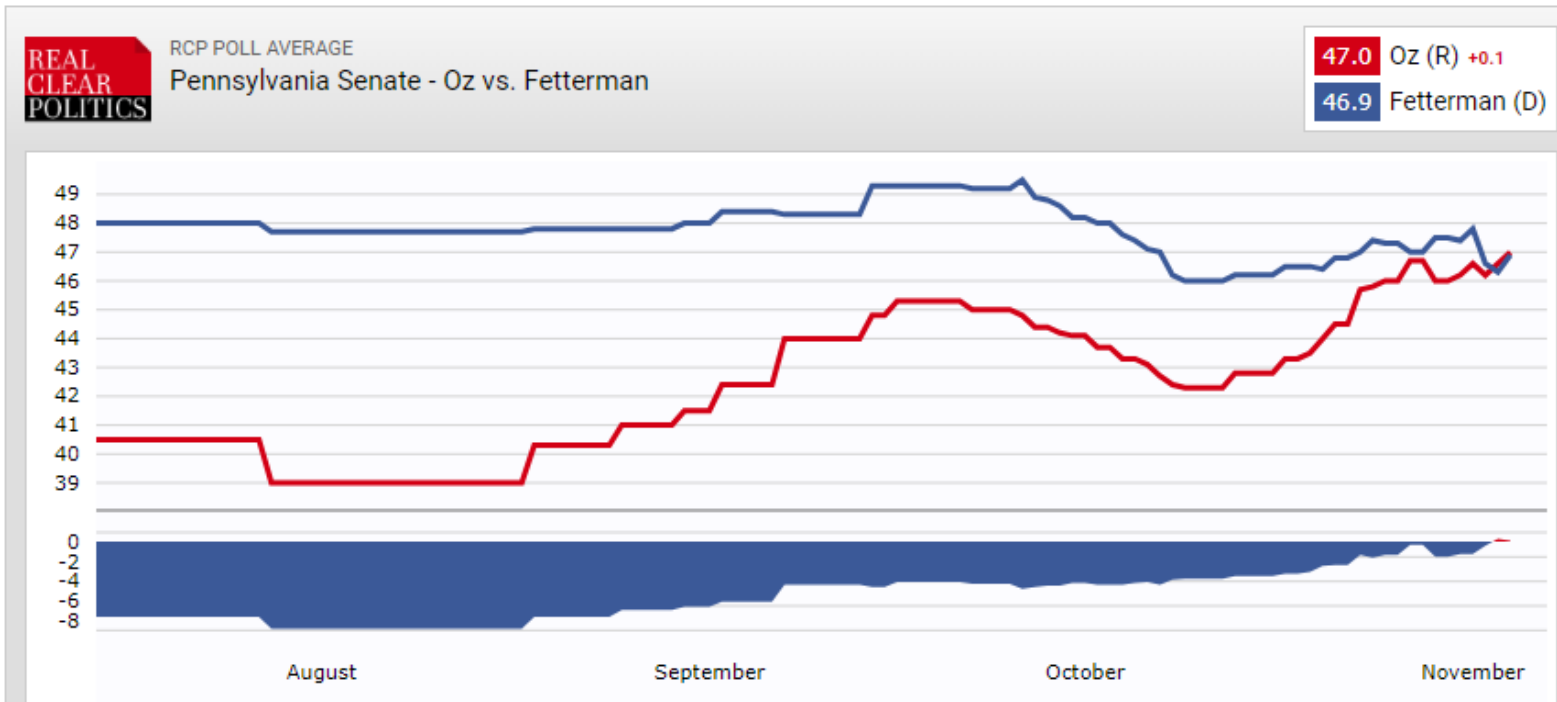
- Incumbent Sen. Warnock trails GOP candidate Herschel Walker by ½ a point, while GOP Gov. Kemp leads Democrat candidate Stacey Abrams more than 8 points





# Pennsylvania

- Tightest race - too close to call - polling has Oz up ~1.9 pts



# RCP Election Projections

State	RCP Average	RCP Average 1 Days to Election Day				Adjusted Poll Average November 7	RCP Projection November 8
		2020	2018	2016	Polls Underestimated		
Pennsylvania	Oz +0.1	Biden +2.6	Casey +14.3	Clinton +1.9	GOP 1.8	Oz +1.9	GOP Hold
New Hampshire	Hassan +1.0	Biden +9.0	-	Clinton +0.6	GOP 1.1	Bolduc +0.1	Dem Hold
Arizona	Kelly +1.0	Kelly +5.7	McSally +0.2	Trump +4.0	GOP 0.1	Kelly +0.9	GOP Pick Up
Georgia	Walker +0.6	Trump +0.2	-	Trump +4.8	Dem 0.1	Walker +0.5	Dec 6th Runoff
Nevada	Laxalt +2.8	Biden +3.3	Tie	Trump +0.8	Dem 2.5	Laxalt +0.3	GOP Pick Up
Washington	Murray +3.0	Biden +21.5	-	Clinton +14.5	Dem 0.3	Murray +3.3	Dem Hold
Wisconsin	Johnson +2.8	Biden +6.7	Baldwin +10.6	Clinton +6.5	GOP 4.3	Johnson +7.1	GOP Hold
North Carolina	Budd +5.6	Trump +0.2	-	Trump +1.0	GOP 1.9	Budd +7.5	GOP Hold
Ohio	Vance +7.5	Trump +1.0	Brown +7.5	Trump +3.5	GOP 4.3	Vance +11.8	GOP Hold
Florida	Rubio +7.8	Biden +0.9	Nelson +3.3	Trump +0.2	GOP 2.9	Rubio +10.7	GOP Hold

# What does it all mean?

## Gridlock

In politics, gridlock is a situation in which no political or congressional action can be taken one way or the other due to a lack of consensus or other impediment. The term is most often used when Republicans or Democrats in Congress block action by the other party.

ARTICLE

## Going Nowhere: A Gridlocked Congress

Sarah A. Binder · Friday, December 1, 2000

# Inflation Reduction Act

- 45Q Tax Credit
  - Base credit rate: \$17/ton for projects placed in-service after 12/31/22
  - Bonus credit rate: \$85/ton for projects constructed with prevailing wages, apprenticeship requirements
    - ***Projects that have started construction eligible for bonus credit without satisfying requirements***
  - Direct Air Capture projects eligible for up to \$180/ton
  - Extends commence construction deadline through EOY 2032
  - Reduces capture threshold on EGUs to 75% of “baseline emissions”

# Inflation Reduction Act

- Direct Pay - important for co-ops
  - Provides option to elect a cash payment in lieu of all energy tax credits
  - Applicable entities: Organizations exempt from corporate income tax, state and local governments, the TVA, Indian tribal governments
  - Allows any taxpayer to elect direct pay for 45Q, 45V, and advanced manufacturing tax credit for a period of 5 years
    - Co-ops - 12 year period
  - Transferability: Allows option for a taxpayer to transfer tax credits to a non-related entity for cash
    - Cash payment treated as tax exempt income

# Inflation Reduction Act

- Renewable Production Tax Credit
  - Renewable PTC extended retroactively to projects placed in-service after 12/31/21 through projects that commence construction prior to 1/1/25
    - Solar eligible in lieu of ITC
    - Credit increased by 10% for projects that meet domestic content requirements
  - Renewable ITC extended retroactively to projects placed in-service after 12/31/21 through projects that commence construction prior to 1/1/25
    - Includes energy storage as an eligible technology (min. capacity of 5 kWh)

# Inflation Reduction Act

- New “technology-neutral” credits for zero-emission electric generation projects placed in-service after 2024
- Credits phasedown 25% each year beginning the later of 2032 or year in which Treasury Secretary determines that annual GHG emissions in the U.S. are 25% or less from 2022 baseline

# Permitting Reform

- Sen. Manchin conditioned support of IRA on future consideration of permitting reform
  - Agreement between Manchin and Majority Leader Schumer was that it would be put onto government spending bill
  - Government funding was to expire on September 30 - CR without Permitting Reform
    - Transmission-related language
  - Best options before EOY
    - National Defense Authorization Act or the Omnibus spending bill
    - Election results likely to determine next steps
- Senate still to consider nomination of FERC Chairman Glick
  - Needs approval of Senate Energy Committee
    - Chaired by Sen. Manchin





# Regulatory Issues

- Ozone Transport Letter
  - Sent to EPA on July 28
    - Signed by Sens. Barrasso, Lummis, Romney, Lee
  - Urges EPA to withdraw proposed Federal Implementation Plan
  - WREA, Utah Rural Electric Cooperative Association reaching out to WY/UT House members on sending similar letter
- Docket released for draft comments on the GHG rule
  - “Non-rulemaking” docket for public input in EPA’s efforts to reduce emissions from EGUs
    - Open until March 27, 2023
  - Proposed rule on EGUs forthcoming, separate formal comment period

# State Activities

# State Legislative Sessions

- Wyoming
  - Potential legislation to make the ITC a standalone entity
    - Better positioned to take advantage of DOE funds
    - BEPC retains permanent board seat as host-site
- North Dakota
  - Proposed legislation to prohibit eminent domain for CO2 pipeline siting
    - Promoted by Rep. Rick Becker
    - Senate candidate Jeff Magrum to sponsor during session
- Montana
  - Co-ops, IOUs discussing planning reserve margin requirements for load serving entities that purchase generation solely from market
- Iowa
  - Potential for incremental deregulation - C&I customers could go around the service territory laws (Google, others)



# Questions?