



The Honorable Joe Manchin
Chairman
Committee on Energy and Natural Resources
U.S. Senate
Washington, D.C. 20510

The Honorable John Barrasso
Ranking Member
Committee on Energy and Natural Resources
U.S. Senate
Washington, D.C. 20510

The Honorable Frank Pallone
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Cathy McMorris Rodgers
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Manchin and Pallone and Ranking Members Barrasso and Rodgers:

On behalf of the members of American Municipal Power, Inc. (AMP), I am writing to express our concern about the Clean Energy Performance Program (CEPP), part of the Build Back Better Act currently under consideration by the Congress.

American Municipal Power (AMP) – headquartered in Columbus, Ohio – is the wholesale power supplier and services provider to 134 municipal electric systems in nine states. AMP’s members serve approximately 650,000 residential, commercial and industrial meters. As non-profit entities, municipal electric systems exist to provide reliable, affordable electric service to their customer-owners. AMP members’ municipal electric systems are locally owned, managed and governed.

AMP has been at the forefront in the development of new, renewable energy generation. In recent years, we’ve completed one of the largest run-of-the-river hydroelectric projects in the United States, bringing more than 400 MW of new, clean energy at existing locks and dams on the Ohio River. Additionally, we’ve made significant investments in new solar and built the first utility scale wind project in Ohio. AMP believes in a diversified power supply portfolio that aligns with our sustainability goals and meets the needs of our members.

While the CEPP may be well intentioned, we are extremely concerned about the practical impact of implementation of such a policy. Specifically, the following key points remain major concerns for AMP and our members.

- The CEPP does not recognize early adoption of renewable and carbon-free resources and would require additional investments that would result in increased electric utility bills for our members’

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BLAKELY • CATAWISSA • DUNCANNON • EAST CONEMAUGH • ELLWOOD CITY • EPHRATA • GIRARD • GOLDSBORO • GROVE CITY • HATFIELD • HOOVERVILLE • KUTZTOWN • LANSDALE
LEHIGHTON • LEWISBERRY • MIFFLINBURG • NEW WILMINGTON • PERKASIE • QUAKERTOWN • ROYALTON • SAINT CLAIR • SCHUYLKILL HAVEN • SMETHPORT • SUMMERHILL • WAMPUM
WATSONTOWN • WEATHERLY • ZELIENOPLE **VIRGINIA** BEDFORD • DANVILLE • FRONT ROYAL • MARTINSVILLE • RICHLANDS **WEST VIRGINIA** NEW MARTINSVILLE • PHILIPPI

customers. Specifically, as noted above, AMP and our members invested in significant new renewable energy resources in recent years as part of our ongoing efforts to diversify our power supply portfolio. Those efforts resulted in investments totaling more than \$3 billion. The CEPP would not provide any credit for those investments.

- The compliance obligation is exclusively on load serving entities. With the majority of AMP members being utilities with fewer than 2,500 customers, consideration should be given to allow joint action organizations to assume the compliance obligation on behalf of member utilities.
- According to the language in the CEPP, penalties for non-compliance cannot be passed on to ratepayers and have to be absorbed by shareholders and owners of the utility. As locally owned, non-profit municipal utilities, public power ratepayers and shareholders are essentially one and the same. It remains unclear how penalties would be assessed and who would ultimately pay them.
- AMP and our member utilities plan for power supply needs years in advance. Under the CEPP, an increasing amount of that portfolio would need to come from new clean energy resources. With an inability to unilaterally add new resources to their portfolio pursuant to long-term contracts, the program would only serve as a financial penalty. Additionally, compliance with the program could ultimately lead to significant stranded costs for generation projects where the debt is not yet paid off.
- We believe the CEPP creates unattainable goals as it does not take into account the long lead times to develop, construct and place in service new renewable energy resources. Additionally, a scenario where all utilities would be seeking an increase in renewable energy generation in a short period of time raises significant concern about prices, supply chain and workforce availability.

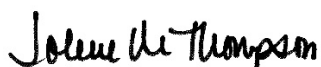
While the reconciliation bill as proposed does contain a few items of benefit – reinstatement of advanced refunding opportunities and comparable incentives for public power – the concerns over the impacts of the CEPP far outweigh those potential benefits.

Additionally, we remain extremely disappointed that AMP and our members continue to suffer through the sequestration of Build America Bonds and New Clean Renewable Energy Bonds. A number of new clean energy resources were developed utilizing financing through these programs. The imposition of sequestration has already cost our members and their customers more than \$38 million to date, and we anticipate more than \$40 million in additional costs through the continuation of sequestration. The continual extension of the sequester – a one year extension is proposed in the infrastructure bill – further exacerbates the problem.

AMP and our members recognize the importance of being good environmental stewards and remain committed to further reducing our overall carbon emissions. However, we do not believe the CEPP as proposed will achieve its original intended goal.

Thank you for your consideration of these important issues and we look forward to working with you to develop policies that provide environmental benefits while maintaining system reliability and minimizing the cost impacts on AMP, our members and their customers.

On behalf of the members,



Jolene M. Thompson
President/CEO