

Midterm Election Impacts on Electric Power Industry

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Midterm Election Impacts on Electric Power Industry

Written by Matt Derstine on November 12, 2018

Aside from deciding high profile Senate, House and governor races across the country, the midterm elections impacted a variety of electric power industry issues at the state and federal level.

State Midterm Elections

Mixed results on ballot initiatives to increase renewable energy mandates.

Arizona and Nevada voters were presented with virtually identical ballot initiatives to mandate that 50% of all energy be generated through renewable sources by 2030. NextGen Climate Action, a super PAC created by California billionaire Tom Steyer, sponsored both initiatives and both sought to impose the renewable mandate by amending the state constitution. In Arizona, Proposition 127 was soundly defeated carrying only 30% of the vote, but Nevada voters passed Question 6 with 60% of the vote.

One of the many factors that may have contributed to the different election outcomes is that Nevada voters were also presented with a ballot initiative to deregulate the retail electricity market that drew considerably more debate and election spending. Question 3 was

supported by large corporate retail customers like Las Vegas Sands Corp. while several clean energy, environmental and labor groups sided with the incumbent utility, NV Energy, in opposing the measure. Nevada voters passed Question 3 in 2016 with 73% of the vote, but constitutional amendments must pass in two consecutive elections to become law in Nevada and the deregulation measure was soundly defeated in this election cycle.

The debate over renewable energy mandates is, however, not over in Nevada or Arizona. In Nevada, the 50% renewable mandate will need to pass in the next election to become law and it remains to be seen whether Nevada voters will pass the measure a second time. And in Arizona, the Arizona Corporation Commission is currently considering a plan to require that regulated utilities get 80% of their energy from “clean energy sources” by 2050, a dramatic increase of the current renewable requirement of 15% by 2025.

Washington State rejects carbon tax again.

Voters in Washington again rejected a carbon tax initiative. Measure 1-1631 would have imposed a tax of \$15 per metric ton of carbon emissions beginning in 2020. Voters rejected a similar carbon tax in 2016 that would have used the revenue to fund a tax cut that progressive groups opposed as too conservative. This year’s carbon tax measure proposed using the revenue to fund more progressive causes like relocating tribal lands threatened by rising sea levels, but the measure drew criticism as lacking accountability and benefiting special interests.

Federal Midterm Elections

PURPA legislative reform in doubt as Democrats recapture the House.

As the Public Utility Regulatory Policy Act of 1978 reaches its 40th anniversary, efforts to enact legislative reform of PURPA may have reached another roadblock with the Democrats retaking the majority in the House. PURPA was enacted to encourage energy conservation and support domestic renewable energy in response to the energy crisis of the 1970s. The law imposed mandatory purchase requirements to allow small renewable energy developers to secure favorable long-term contracts from utilities. But utilities and industry advocates have long argued that market conditions are profoundly different from the late 1970s and various provisions of PURPA need to be revised or eliminated.

While there have been several legislative proposals to make changes to PURPA including the “PURPA Modernization Act” sponsored by Representative Tim Walberg (R. Mich) in the House and the “Updating Purchase Obligations to Deploy Affordable Resources to Energy Markets Under PURPA Act” sponsored by Senators John Barrasso (R. WY) and James Risch (R. ID) in the Senate, it is unclear whether any of these Republican-sponsored bills will make any headway with the Democrats retaking control of the House. At the same time, however, FERC is renewing its examination of PURPA and the Republican-led majority of the five-member commission may be ready to adopt PURPA reforms.

House Climate Solutions Caucus loses Republican members.

The Climate Solutions Caucus was formed in 2016 to develop bipartisan solutions to climate change. The Caucus requires equal

participation by both parties and over the past two years, the Caucus has grown from six to 45 Republican members. But at least 13 of the 45 Republican members lost their seats in the midterm election, including the Republican Caucus Chairman Carlos Curbelo, and Democrats took control of the seats held by 5 retiring Republican members. Given that the Caucus requires equal participation by both parties, the future of the group and its role in shaping any future climate action in Congress is uncertain.

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