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DC UPDATE

WYOMING INFRASTRUCTURE AUTHORITY
JACKSON HOLE, WYOMING
JANUARY 31, 2012

TOM DENNIS, EXECUTIVE VICE PRESIDENT



- **PRESIDENTS STATE OF THE UNION ADDRESS DEALING WITH ENERGY**
- **ENERGY LEGISLATIVE OUTLOOK**
- **PRODUCTION TAX CREDIT FOR WIND ENERGY**
- **1603 GRANTS FOR WIND AND SOLAR**
- **TRANSMISSION**
- **EPA REGULATION**
- **OUTLOOK**





PRESIDENTS STATE OF THE UNION ADDRESS DEALING WITH ENERGY

- An all-out, all-of-the-above strategy developing every available source of American energy
- Big push on Natural Gas and a requirement that companies drilling for gas on public lands to disclose the chemicals used in fracking
- Not ceding wind, solar or battery industry to China or Germany because of refusal to make the same commitment the United States
- Pass clean energy tax credits to create jobs
- Differences may be too deep right to pass a climate change plan





PRESIDENTS STATE OF THE UNION ADDRESS DEALING WITH ENERGY

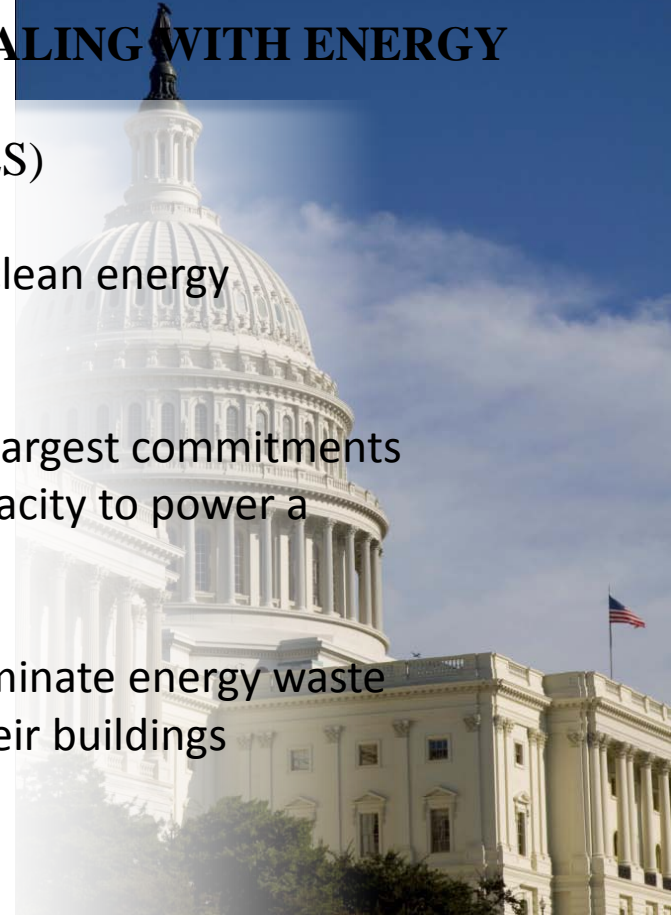
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PRESIDENTS STATE OF THE UNION ADDRESS DEALING WITH ENERGY

- Called on Congress to adopt a Clean Energy Standard (CES)
- Directing Cabinet agencies to allow the development of clean energy on enough public land to power 3 million homes
- Directed the Department of Defense to make one of the largest commitments to clean energy in history -- Navy purchasing enough capacity to power a quarter of a million homes a year
- Asked Congress for legislation to help manufacturers eliminate energy waste in factories and give businesses incentives to upgrade their buildings





ENERGY LEGISLATIVE OUTLOOK

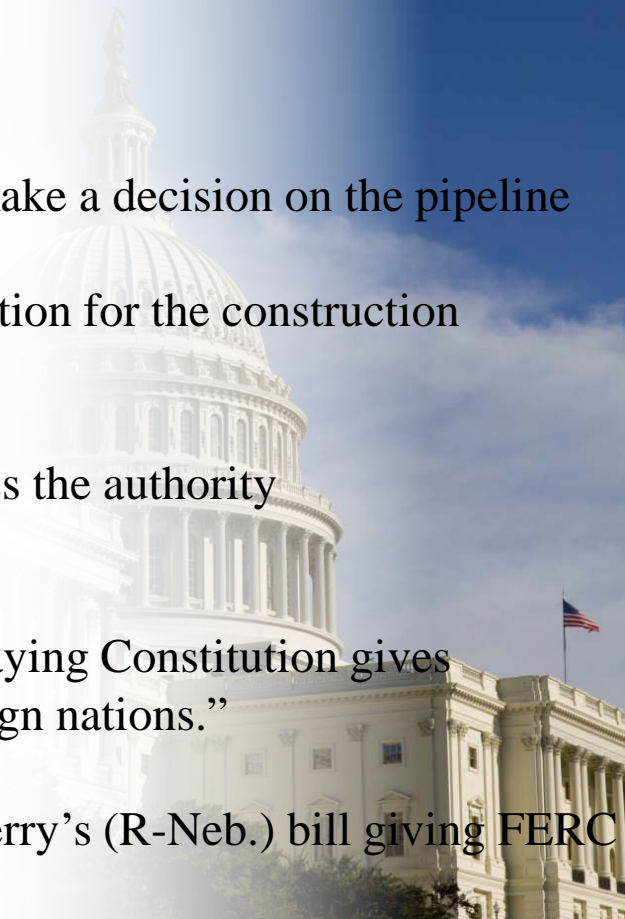
- KEYSTONE XL PIPELINE
- CLEAN ENERGY STANDARD
- TRANSMISSION
- EPA REGULATIONS





KEYSTONE XL PIPELINE

- Jobs Bill in December required the President to make a decision on the pipeline
- Earlier this month the President denied an application for the construction of the pipeline
- 44 Senators supporting legislation giving Congress the authority to approve the Pipeline
- [Congressional Research Service](#) issued a report saying Constitution gives Congress power “to regulate commerce with foreign nations.”
- House Republican leaders supporting Rep. Lee Terry’s (R-Neb.) bill giving FERC Authority to approve the pipeline permit





Clean Energy Standard

- President has called upon Congress to adopt a Clean Energy Standard (CES)
- Senators Graham and Bingaman have attempted to fashion CCS legislation in the Senate
- Prospects for 2012





1603 GRANTS FOR WIND AND SOLAR

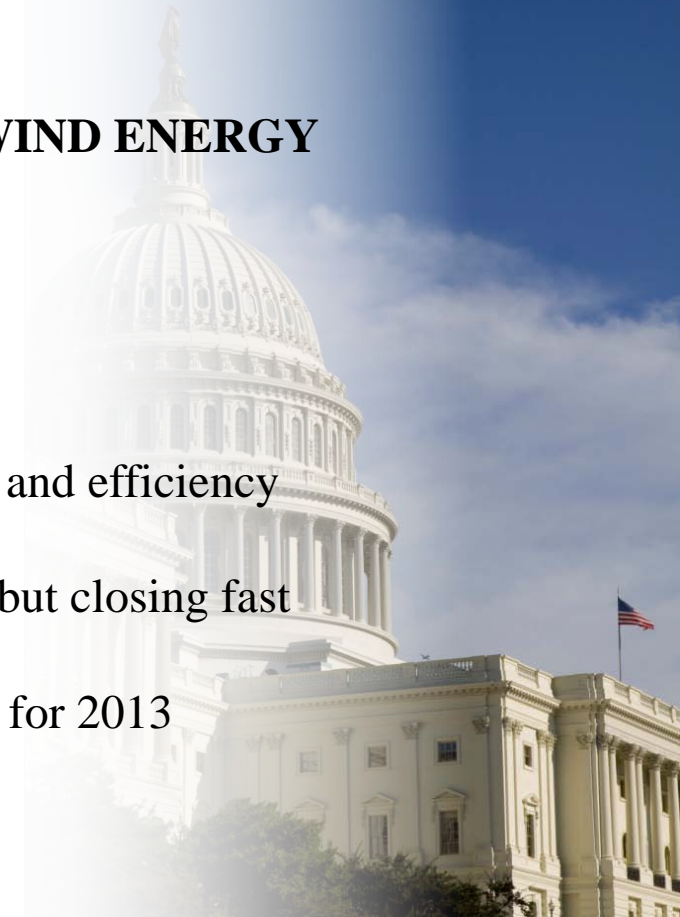
- Used by companies with little tax obligation
- Cash grant in lieu of tax credit
- Used mostly for solar projects
- Some wind projects took advantage of 1603 grants
- Future looks dim, grants expired in December





PRODUCTION TAX CREDIT (PTC) FOR WIND ENERGY

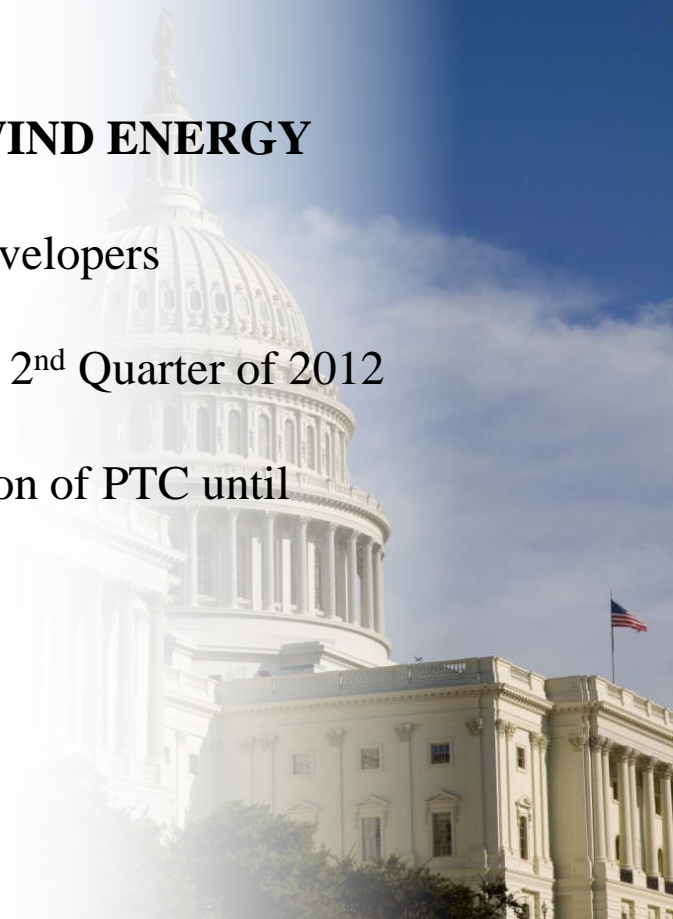
- Expires in December of 2012
- For all practical purposes PTC has expired
- PTC has worked in accelerating turbine design and efficiency
- Without the credit wind is not economic today but closing fast
- Wind developers are not ordering new turbines for 2013





PRODUCTION TAX CREDIT (PTC) FOR WIND ENERGY

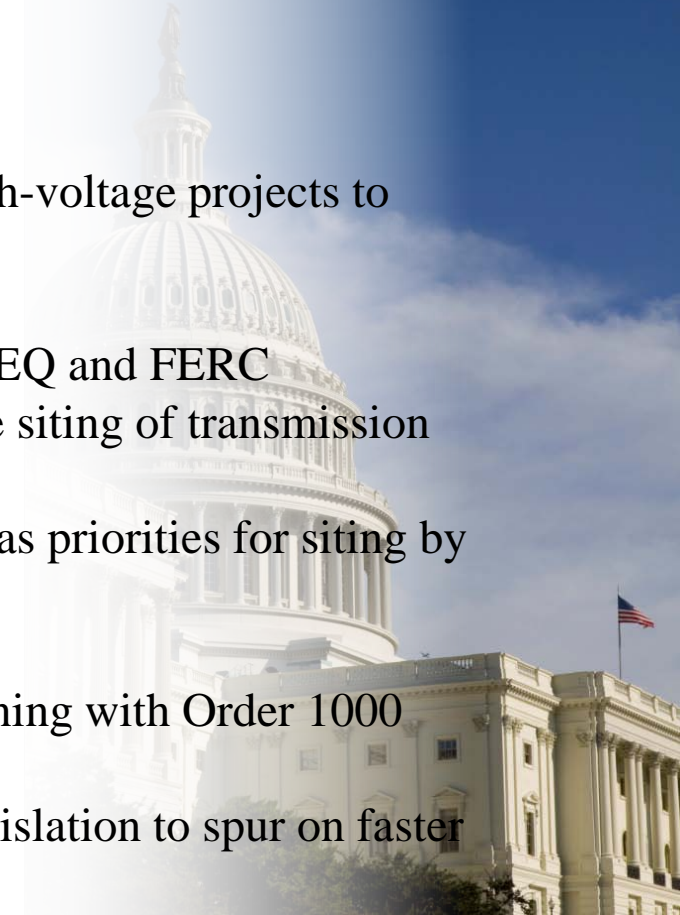
- Large wind companies are laying off project developers
- Predictions of wind supply chain unraveling by 2nd Quarter of 2012
- Wide spread concern Congress to defer extension of PTC until after November elections





TRANSMISSION

- Federal government engaging in large scale high-voltage projects to modernize the Nation's electric grid
- Departments of Interior, Energy, Agriculture, CEQ and FERC mounting unprecedented effort to streamline the siting of transmission
- Two Wyoming Transmission Project's selected as priorities for siting by
 - the Federal Rapid Response Team
- FERC spearheading regional transmission planning with Order 1000
- Congress continues to lag behind in moving legislation to spur on faster development of transmission facilities





EPA REGULATIONS

The rules of interest include:

- Cross-State Air Pollution Rule--the interstate flow of air pollution
- Mercury and Air Toxics Standards for hazardous air pollutants (HAPs)
- Tailoring Rule for large sources of greenhouse gases
- New Source Performance Standards (NSPS) for greenhouse gases from fossil fuel power plants





EPA REGULATIONS

- Other pending related regulations include the Boiler MACT and Utility MACT rules
- Coal ash regulations, and new standards for cooling water intake structures.
- All of these rules are expensive and will have an impact on jobs.
- *“Part of the uncertainty is that no one is sure how strictly the Environmental Protection Agency will enforce its rules or exactly what the rules will be”.*





Overall Outlook

- Election year politics are front and center
- Limited prospects for any “major” legislation in the energy space

