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The Energy Policy and Political Landscapes in Washington and Their Implications for Public Power

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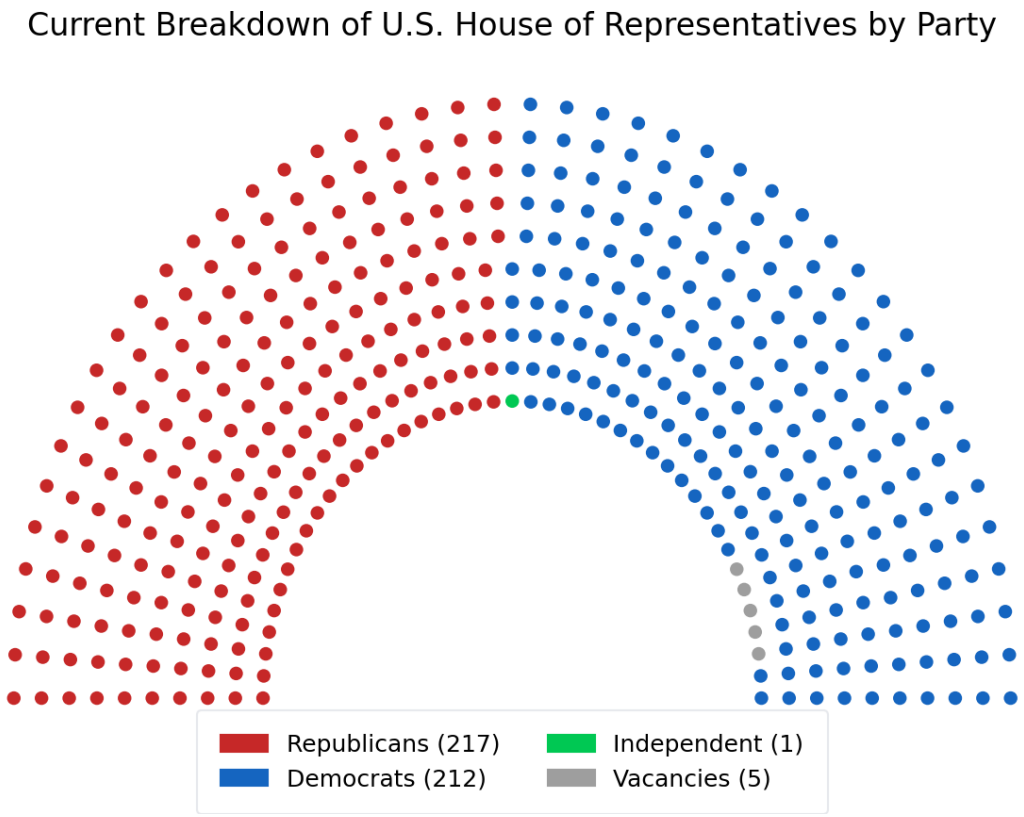
The Three Drivers of Federal Policy

Recent Poll Results Show Americans Are Not Happy with Washington

- A May 2026 New York Times/Sienna poll found 59 percent of Americans disapprove of the way President Trump is handling his job.
- An April 2026 Gallup Poll found 86 percent of Americans disapprove of Congress.
- According to a March 2026 NBC poll conducted by Democratic pollster Hart Research Associates and Republican pollster Public Opinion strategies:
  - Only 22 percent of registered voters have a “great deal” or “quite a bit” of confidence in the U.S. Supreme Court.
  - A plurality of 40 percent have “some” trust in the court.
  - Lastly, 38 percent have “little to no” trust in the court.

What's at Stake for the 2026 Midterm Elections?



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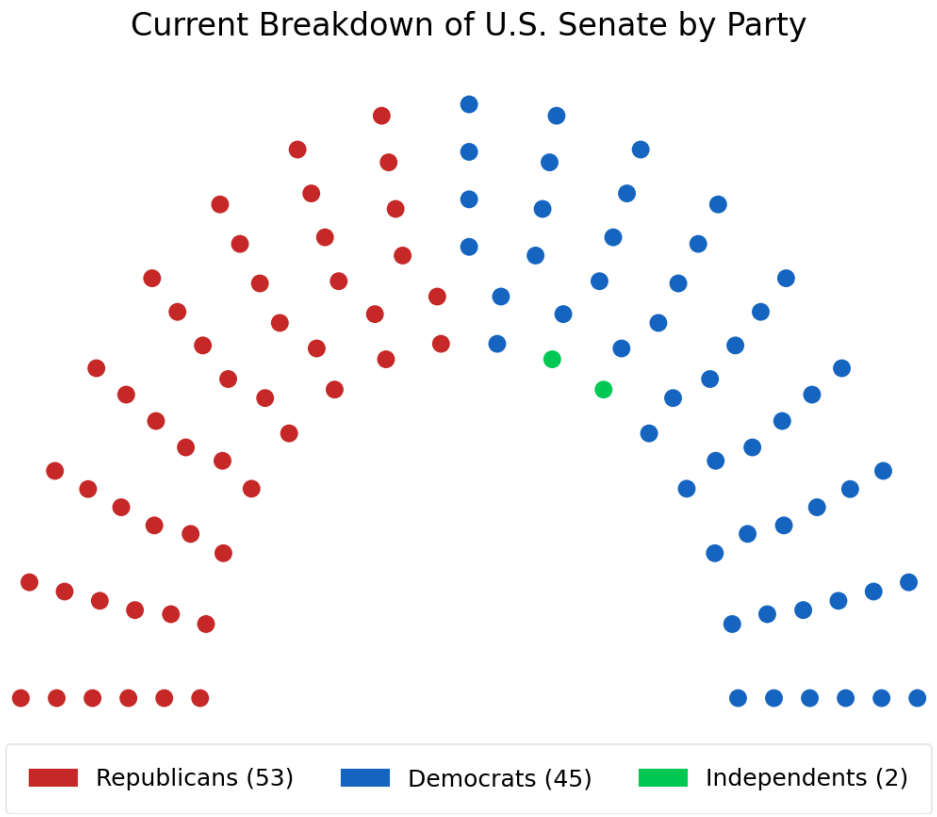
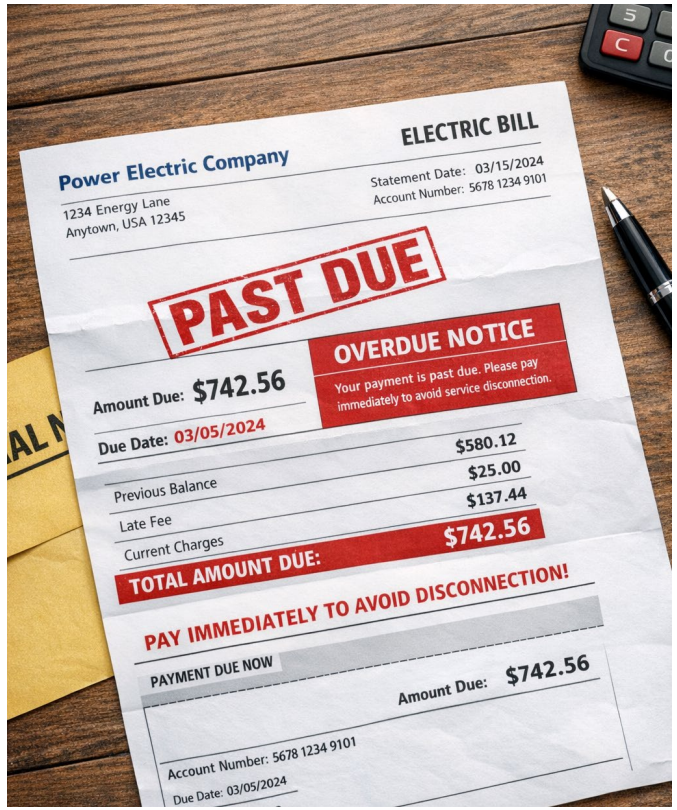


Low Income Home Energy Assistance Program

- The Trump administration proposed eliminating all funding for LIHEAP in its budget request for fiscal years (FY) 2026 and 2027.
- Congress rejected the President's proposal and approved slightly increased funding for LIHEAP for FY 2026 of $4.045 billion.
- A few weeks ago, the Office of Management and Budget released the remaining 10 percent of LIHEAP funds for FY 2026.



Low Income Home Energy Assistance Program

- The House Appropriations Committee expected to markup the FY 2027 Labor-HHS appropriations bill the first week of June. Support for the program remains strong with Chairman Tom Cole (R-OK) publicly expressing his support for the program.
- APPA is actively lobbying on Capitol Hill in support of the program and requesting an increase in funding for it.

Data Center Issues Are Front and Center

- Just about all the discussions on electricity affordability and reliability involve the growth of data centers.
- The Trump administration and Congress are focused on data centers.
  - Executive orders
  - Federal Energy Regulatory Commission (FERC)
  - Congress
  - Department of Energy (DOE)
  - Environmental Protection Agency (EPA)

Data Centers – Executive Orders

- There have been several executive orders (EO) issued by the President related to data centers.
  - Strengthening the Reliability and Security of the U.S. Electric Grid – addresses growing electricity demand challenges facing the U.S. power grid, particularly from AI data centers and increased domestic manufacturing. (May 2025)
    - It establishes a policy framework to ensure grid reliability and resilience through several key mechanisms.
  - Accelerating Federal Permitting of Data Center Infrastructure – seeks to facilitate the rapid and efficient buildout of energy and data center infrastructure by easing federal regulatory burdens. (July 2025)
- Ratepayer Protection Pledge – several major data center developers signed a pledge committing to cover the full cost of new electric generation resources needed to meet their energy demands.
- The President is expected to issue another EO today that will seek to bolster cybersecurity around advanced AI models and outline plans for a voluntary framework for AI developers to inform the government about new releases.

Data Centers – FERC

- In October 2025, the Secretary of Energy directed FERC to initiate rulemaking procedures and consider an Advance Notice of Proposed Rulemaking (ANOPR) on Ensuring the Timely and Orderly Connection of Large Loads.
- APPA filed comments urging FERC to respect jurisdictional limits set by the Federal Power Act and ensure that large loads pay their fair share.
- In April 2026, FERC announced the intention to act on the ANOPR by June 2026, setting the stage towards more national policies.

Data Centers – PJM Interconnection

- Bitter fights continue in PJM over how to allocate costs to data centers that co-locate with generation.
  - Problems
    - In December 2025, FERC issued a landmark order finding PJM's tariff unjust and unreasonable because it lacked clear rules for co-locating data centers with generation. FERC directed PJM to develop new transmission services that would allow co-located data centers to take only the amount of transmission service they need.
    - FERC also directed PJM to make other changes around behind-the-meter generation.
  - Responses
    - PJM has proposed new rate structures to comply with FERC's December 2025 order. PJM transmission owners believe that PJM's proposal will allow co-located data centers to unfairly avoid costs.

Data Centers – NERC Activities

- The North American Electric Reliability Corporation (NERC) has determined that large computational loads pose unique risks to grid reliability, and that existing processes and requirements for grid planning, operations, and security are inadequate to address those unique risks.
- In response, it developed a comprehensive Large Load Action Plan to organize its activities through 2027.
- Last year, NERC established a Large Load Working Group (LLWG) of industry experts, which has several ongoing projects, including the recent publication of two white papers:
  - Assessment of Gaps in Existing Practices, Requirements, and Reliability Standards for Emerging Large Loads
  - Characteristics and Risks of Emerging Large Loads.

Data Centers – NERC Activities

- In September 2025, NERC issued a Level 2 Industry Recommendation Alert: Large Load Interconnection, Study, Commissioning, and Operations.
- In November 2025, NERC published a draft Reliability Guideline: Risk Mitigation for Emerging Large Loads.
- Over the next several months, NERC plans to finalize its Reliability Guideline, publish additional white papers, issue a Level 3 Alert with essential actions for utilities to take with respect to large loads, establish criteria for registering large computational load entities, and draft a reliability standard for large computational loads.
- APPA is an active participant in the LLWG advocating for public power's interests in addition to serving on the standard drafting team.

Data Centers – Congress

- Congress is interested in U.S. AI leadership, protecting customer rates, and ensuring grid reliability.
- It is eager to act on data center issues, with numerous bills recently introduced.
- There is bipartisan agreement on ensuring data centers pay their fair share of infrastructure costs and that existing customers should be protected from costs associated with serving data centers.
  - APPA agrees with this.
- However, this concept (which is essentially the White House's Ratepayer Protection Pledge) is difficult (if not legally impossible) for Congress to legislate on, since it's ratemaking and outside the jurisdiction of the federal government.

Data Centers – Congress

- Several notable bills include:
  - S. 3585, the Decentralized Access to Technology Alternatives (DATA) Act of 2026
  - S. 3682, the Power for the People Act of 2026
  - S. 3852, the Guaranteeing Rate Insulation from Data Centers Act (GRID) Act
  - H.R. 6983, the PRICE Act
- Last month, the House Subcommittee on Energy held a legislative hearing on several bills, most notably a discussion draft titled the Ratepayer Protection Act.
  - It would create a new PURPA section 111(d) “must consider” requirement for the consideration of “Standards for Large-Load Customers,” including rates designed to recover from the large load customer the full, incremental cost of any generation, transmission, or distribution upgrades necessary to serve the large load customer and financial contributions or assurances ahead of the utility making any upgrades to serve the large load customer. Public power is not exempt from this requirement.
  - Energy & Commerce staff have not indicated if they plan to move forward with the Ratepayer Protection Act.

Data Centers – Congress

  - APPA appreciates and shares the goal of this bill, to protect existing customers from costs associated with serving large loads; however, APPA does not support new mandates under PURPA section 111(d).
  - Additionally, many public power utilities have already finalized rates, terms, and conditions for data centers and other large loads, and others are actively considering such policies. APPA opposes this bill.

- APPA doesn't support one-size-fits-all federal policies on data center interconnection, cost allocation, and rates.
- We continue to meet with policymakers and communicate key policy priorities related to data centers, such as maintaining affordability, protecting electric reliability, and enacting permitting reform.

Data Centers – Treasury Department

- APPA is working with the Treasury Department to update tax-exempt bond rules to better accommodate larger customers, such as data centers.
- Under current rules, retail customer contracts are largely limited to three years. Terms longer than three years can call into question the tax-exempt status of bonds used to finance the utility's capital investments.
  - This affects both new and existing bonds.
- We are seeking a change in tax regulations to extend the maximum length of a contract from three years to 20 years. Locking new large customers into longer-term contracts will hedge against the risk of stranded assets.
- We are also seeking clarity in the allocation of taxable debt, equity, and tax-exempt debt to project costs to allow utilities to make the investments needed to bring on larger customers without inadvertently exceeding private use limits.

Permitting Reform

- APPA is emphasizing that permitting delays directly increase costs and threaten reliability, and that while transmission is important for meeting demand and maintaining reliable power, transmission costs are already rising and overbuilding ultimately costs customers.
- APPA is advocating for:
  - Infrastructure-neutral permitting reform to accelerate generation, transmission, and distribution buildout.
  - Clear deadlines, interagency coordination, and judicial reforms across federal permitting processes.

Permitting Reform

- House and Senate leaders remain optimistic that they will reach a deal and pass permitting reform before the end of the year.
- The environmental permitting reform piece of the equation is well underway, with APPA supporting the following legislation, all but one of which passed the House in December 2025:
  - H.R. 4776, the SPEED Act, which would reform permitting procedures under the National Environmental Policy Act and enact judicial review reform to prevent lengthy legal battles if a permit is challenged.
  - H.R. 3898, the PERMIT Act, which would reform permitting under the Clean Water Act and enact judicial review reform similar to the SPEED Act.
  - H.R. 4553, the ePermit Act, which would modernize and digitize the federal permitting process, and received broad bipartisan support.
  - H.R. 1897, the ESA Amendments Act of 2025, which would narrow the scope of reviews under the Endangered Species Act (ESA) to facilitate permitting while maintaining the underlying intent of the ESA to preserve endangered species and habitats.

Permitting Reform

- On the Senate side, the Environment & Public Works (EPW) Committee continues to negotiate in private to develop a legislative package that consolidates certain provisions of the House-passed legislation into a single bill.
- APPA has spoken with committee staff who stated that the House-passed legislation, particularly the SPEED Act and PERMIT Act, are great starting points, but that the provisions included in their package will be narrower in scope.
- EPW Committee Chairwoman Shelley Moore Capito (R-WV) said that she remains optimistic that her staff and the committee can produce a bill that will enable real permitting reform and allow infrastructure construction to move forward to meet demand.

Permitting Reform

- Transmission remains a key sticking point for Democrats in the negotiations.
- Staff from the Senate Energy & Natural Resources Committee are engaged in negotiations, but there has been less movement on the House side.
- However, last week the House Subcommittee on Energy held a hearing on transmission permitting. No consensus emerged, with Republicans especially focusing on supporting state and local roles in transmission planning and siting as part of integrated resource planning, and pushing back on Democratic proposals to mandate interregional minimum transfer capabilities.
- There is also increasing interest in deploying grid enhancing technologies (GETs) to support load growth.
  - APPA supports the deployment of GETs when they are technically feasible and cost-effective, but is opposed to efforts that would mandate the deployment or over-incentivize GETs and not ensure savings stay with customers.

Grid Reliability

- Congress remains focused on reliability risks tied to rising demand (especially for AI and data centers) and delayed infrastructure buildout.
- The reliability (and affordability) concerns are tied to permitting reform discussions, including the need to build new transmission and generation, and deploy GETs.

Grid Reliability

- In addition to permitting reform, APPA strongly supports the Reliable Power Act (H.R. 3616 / S. 3034), which would give FERC a formal role in determining, and mitigating, the potential reliability impacts of federal regulations whenever NERC finds that the bulk-power system is at risk.
  - The Reliable Power Act passed the House in December with bipartisan support.
  - The Senate Subcommittee on Energy held a hearing in April, which included consideration of the Reliable Power Act.
- However, Democrats on the committee oppose the bill, so it is unlikely to be considered by the full committee.

FEMA Reform

- APPA has been actively involved in supporting H.R. 4669, the FEMA Act, which would establish the Federal Emergency Management Agency (FEMA) as a cabinet-level agency and streamline the federal government's disaster response and recovery programs.

FEMA Reform

- It would also:
  - Expedite payment for emergency work.
  - Simplified estimate-based claims process for permanent work.
  - Better integrate of hazard mitigation in disaster recovery.
  - Require to cover interest payments for loans to cover public assistance costs.
- It passed the House Transportation & Infrastructure Committee 57-3 but stalled while waiting for President's FEMA Review Council report.

FEMA Reform

- Earlier this month, the FEMA Reform Council released its report.
  - It does NOT recommend getting rid of FEMA.
  - But it does propose a massive reduction in amount of direct and indirect aid provided by FEMA.
- Recommended changes to the Public Assistance Program:
  - Increasing the threshold for declaring disasters.
  - Requiring unspecified additional proof that event had exceed local AND state capacity or resources.
  - Adding unspecified state minimum disaster expenditures (akin to a deductible)
  - Reducing the public assistance minimum reimbursement from 75 to 50 percent.
  - Creating a parametric model for estimating damages (rather than field assessments)
    - The model could easily inadvertently disadvantage certain types of events or facilities depending on design.
    - It could intentionally be manipulated to reduce estimates.

FEMA Reform

- APPA is working with the FEMA working group to discuss the report's recommendations.
- APPA will file comments based on member feedback on the report
- W are also working with congressional champions and allied stakeholders on analysis, strategy, and messaging.
- We are working to determine the most effective response that will result in FEMA Act being taken up and passed.
  - For example, it may be best to praise the FEMA Review Council report's overall goals while continuing to express support for FEMA Act.

Pole Attachments

- Rep. Morgan Griffith (R-VA) introduced H.R. 278, the BROADBAND Leadership Act, which seeks to streamline the deployment of broadband infrastructure by removing regulatory obstacles and requiring more timely decisions by government entities overseeing the permitting of broadband projects.

Pole Attachments

- APPA had strong concerns with section 102 of the bill, which would effectively remove public power utilities' long-standing exemption from Federal Communications Commission oversight of pole attachments without any guarantees that purported savings for broadband companies would be passed on to consumers.
- The legislation was folded into a larger broadband package, H.R. 2289, the Proportional Reviews for Broadband Deployment Act, that was approved by the full committee.
- APPA worked members to raise strong concerns with the bill.
- Thanks to that effort, which included our VA members, we were able to develop compromise language that committee staff accepted that reinforces the section 224 municipal exemption from federal pole attachment regulations by effectively exempting public power poles, ducts, and conduits from the problematic provisions included in section 102.

Pole Attachments

- The new language was included in updated version of the bill that was scheduled to go to the House floor in April.
- However, the bill was pulled from the calendar due to opposition from some Republicans.
- It is unclear if the legislation will get floor time this year.

Southeastern Power Marketing Administration

- Unlike in his first term, President Trump has not sought to divest the PMAs in whole or in part, or to move them from a cost-based rate structure to a market-based rate structure.
- The President's FY 2027 budget request included funding for the PMAs, including SEPA.
- The House Appropriations Committee recently released the text for the energy and water bill with funding for SEPA included that are in line with what the President's budget requested.
  - $9,285,000 is included for transmission facility operation and maintenance and selling electric power.
  - Up to $81,819,000 would be available to recover purchase power and wheeling expenses credited as offsetting collections.
- The full House Appropriations Committee will mark up the FY 2027 energy and water appropriations bill this week.