

Rachel Johnson, Cherryland Electric Co-op CEO ([00:15](#)):

Welcome back to Co-Op Energy Talk. I'm Rachel Johnson, the CEO here at Cherry Land Electric Cooperative. And I sat down recently with two really important guests. One is the CEO of our national organization. That organization is the National Rural Electric Cooperative Association. You will hear us refer to it throughout the podcast as N R E C A. His name is Jim Matheson. And we got really, really lucky this year. Jim took the time to come to Traverse City to attend our annual meeting and give an update to our members about energy issues at the national level. So we took advantage of that opportunity to also record a podcast with him on those same issues. Uh, in order to make sure that those of you who maybe couldn't attend the annual meeting could still, uh, get this update and kind of know what's going on. We were joined on the podcast by a very familiar guest here, N R E C A, board President Tony Anderson. So, while Jim was in town, Jim and Tony and I took advantage of this opportunity to sit down and dive deeper on what they see as the biggest challenges facing our industry, what possible solutions look like, and what we all, including our members can do to be a part of those solutions. So listen in as Jim and Tony and I talk about energy at the national level.

Rachel Johnson, Cherryland Electric Co-op CEO ([01:25](#)):

Thank you both for being here. It is such a privilege to have you both in one spot because I know how busy your schedules are. So I will, I will be as efficient as possible with this so you can get onto your, your next big thing. But Tony, can you start just by kinda giving our listeners a brief introduction to N R E C A and how N R E C A supports co-ops across the country?

Tony Anderson, NRECA Board President ([01:43](#)):

Absolutely. N R E C A is our National Trade Association. There are 900 co-ops, like cherryland in 48 different states. And N R E C A is our legislative arm in DC They're our voice in dc That's the primary function and the function that affects us most on things like reliability and, uh, power supply and supply chain and other things they do are, uh, a national magazine to all the co-op employees. They, they do medical insurance for some states. We do not have that in Michigan. They do the RS and the 401k. I've said this before, I, I've worked at five co-ops, but I've been in the same 401k, the same pension that are very stable and very low cost, uh, that whole time. And that's all because of N R E C A. If, if we want co-op employees to move, we want them to stay in the family. And, and reay gives us the tools to do that.

Rachel Johnson, Cherryland Electric Co-op CEO ([02:34](#)):

Well, and for a lot of co-ops, they're located in areas that aren't always bustling with a potential labor force. Absolutely. Yeah. And so having something like a strong benefits package helps us attract the talent that we need to support the, the energy needs of rural communities across the country. And we take for granted here in Traverse City that everybody wants to live here, but that's not true. Mm-hmm. <affirmative> at ev at all of those 900 co-ops. And then the transferability of the benefits certainly benefits anyone who stays within the co-ops as they move throughout their life and career.

Tony Anderson, NRECA Board President ([02:59](#)):

Yeah. And some co-ops are too small for some of these services. Like it's one N E C helps a lot of co-ops with IT issues,

Rachel Johnson, Cherryland Electric Co-op CEO ([03:07](#)):

And that's only becoming more important.

Tony Anderson, NRECA Board President ([03:08](#)):

Yeah. And then technology too. We can't keep up on all the technology. NRECA has a business and technology services division that works on a lot of new technology. So there's a lot of economies of scale that we've all put into NRECA, and they're, and they're driven by resolutions process from the membership. So they don't do anything without the member's approval through a very, uh, good robust input process.

Rachel Johnson, Cherryland Electric Co-op CEO ([03:33](#)):

And they're governed by a board that is, has representation from across the country. Mm-hmm. <affirmative>, can you just talk about that a little bit? Sure. Before we have Jim? Yep. Talk about

Tony Anderson, NRECA Board President ([03:41](#)):

Advocacy, at least one electric co-op in 48 states. And each state has a representative on the NRECA board. So there's 48 board members. I've been the NRECA board member from Michigan since 2008, currently the board chair at NRECA. And, uh, yeah, it's a very good process. We have director directors, we have manager directors, uh, from all across the country.

Rachel Johnson, Cherryland Electric Co-op CEO ([04:02](#)):

And it's important because I think the, the, the reason NRECA exists is because at some point in time, we said collectively we can accomplish more together than we do individually as 900 different cooperatives. But at the same time, we need to make sure we're constantly aligning NRECA's positions and their services with the needs of those 900 electric cooperatives. So, uh, Jim, you're here all the way from DC today. And before we get into energy issues, can you, you, you, you have a, a long history in DC? You were an elected official there, uh, for, can you remind me of the years that you were in Congress?

Jim Matheson, NRECA CEO ([04:34](#)):

I was there from 2001 to 2015.

Rachel Johnson, Cherryland Electric Co-op CEO ([04:36](#)):

Okay. So, so some exciting years. Um, so can you kind of, you, with all of your experience in DC can you give us an, an update on the general tone in the capitol and what you are seeing going on right now?

Jim Matheson, NRECA CEO ([04:48](#)):

I think, uh, we all sense that, uh, there's a lot of, uh, polarization in Washington. That's not something that anyone can miss. And, um, it makes it harder to govern. You know, I, I've often said that if you, if you actually look at article one in the constitution that describes the legislative process, it's all about building consensus. And so, um, I think a lot of us, whatever your political persuasion is, you'd like to see folks find ways to engage in a constructive dialogue and try to get things done in a positive way for the country. And that does still happen. Uh, I think the view that the public gets through the media, the media's gonna focus on the controversy, what's most provocative, you know, when people are getting along and getting things done, that's just not exciting enough to make the final cut, uh, in terms of making it on the news.

Jim Matheson, NRECA CEO ([05:36](#)):

And so, uh, if there's some good news I can offer you, it's, uh, there is still a, a book of business going on in Washington that is productive, is constructive, does not receive the publicity that, that the more controversial actions seem to get. And it's really where we focus as a national association on behalf of America's electric cooperatives. We are all about getting things done. We're not about how many, uh, likes we get on our Instagram page or something like that, like a lot of politicians are. And so I think that approach has distinguished us. It's really easy for people in the advocacy space to get swept up in the moment of this polarized dialogue and kind of a, a race to the bottom for who can be the most provocative and get the most attention. At the end of the day, I'm all about getting something done.

Jim Matheson, NRECA CEO ([06:20](#)):

Mm-hmm. <affirmative>, and I believe the electric cooperatives have this interesting position in Washington DC of credibility because we really are based on what we hear from our members across the country. Tony mentioned we have this process. It's, it's what the cooperative's all about. This member resolutions process, one member, one vote, very democratic process where the members give N R E C a guidance and instruction on what the policy priority should be, what the policy provision should be. And so when N R C A engages at the political level in Washington, it's not just us making it up back there in our offices, it's, we say we're, we're connected to these people all across the country. Real people, consumers who use electricity and who own their own cooperative, they're member owners. That gives us a, a sense of credibility that in a, in a town where nobody seems to trust anybody <laugh>, um, I feel like we are actually taking advantage of that situation right now in a constructive way for our members.

Rachel Johnson, Cherryland Electric Co-op CEO ([07:17](#)):

I think that is a, a very optimistic way of describing what is a challenging environment. And I appreciate it because it reminds us how valuable our business model is and how important it is that we protect that by keeping our members engaged, educating them on issues that might impact the cooperative so that they can partner with us in advocating to sustain the needs of the energy needs of rural communities. Right. What you're saying to me is when I walk into a legislator's office and say, I'm here on behalf of the electric cooperatives, what they hear is, I'm here on behalf of millions of, of, of rural Americans. Yeah.

Jim Matheson, NRECA CEO ([07:47](#)):

We've got 42 million people across this country that are served by electric cooperatives. Uh, we serve more than half of all the landmass in this country as well. And I always like to remind policymakers, we are the ones who serve the, the most difficult to serve, the most expensive places to serve in the country. Uh, that goes back to the 1930s when this all started, when the for-profit utilities wouldn't serve rural America, cuz the economics just didn't pan out. Those are still hard to serve places today. Mm-hmm. <affirmative> and, and, and, and as a result, everything is looked at through the eyes of the consumer in terms of, uh, making sure whenever they flip the switch, the light goes on at the end of the month, they're able to pay their bill. And that simple yet really powerful perspective drives all of our political advocacy on every issue that we work on. That's the lens through which we look at those issues. And, um, I take great comfort in that because I'm so confident it's the right thing to do. But I also take great pride in that because it, it again gives us a perspective that any elected official, even if they don't come from rural areas, even if they don't represent electric cooperatives in their congressional district, all of their constituents are consumers. And we're consumer owned, consumer driven. And it really gives us, I think, a credible voice with anybody across the whole political spectrum.

Rachel Johnson, Cherryland Electric Co-op CEO ([09:06](#)):

So let's, um, let's shift a little and dig into some of these issues. You, you, you talked about how like, at the end of the day, the only reason electric cooperatives exist is to provide reliable, affordable power to the communities they serve. That is not as easy as it sounds. Let's, let's talk about some of the things going on nationally that are impacting electric cooperative's ability to keep the lights on and to do so at the most affordable price for our members. And I will allow either of you to weigh in on what you see as the, the biggest issues that we need to be talking about and working through right now in order to meet that mission.

Tony Anderson, NRECA Board President ([09:38](#)):

I'll take the biggest one because Jim talks about it a lot. N R A C A in DC is leading the, the charge on reliability. We don't have one entity in the country who's responsible for reliability. The Federal Energy Regulatory Commission isn't the National Energy Regulatory Commission isn't, EPA isn't Department of Energy doesn't take responsibility for reliability. Jim and his team on all the coop's behalf have taken charge on reliability at the national level. And that's our biggest issue. I'll let Jim get into permitting reform and litigation reform and all the other stuff that tie into reliability that they're also working on for us.

Jim Matheson, NRECA CEO ([10:16](#)):

Yeah, we're really talking about reliability because we're in a situation in this country where, uh, demand continues to grow. We're using more and more electricity for a lot of reasons. Uh, one is just basic economic growth and the other is certain sectors of the economy are shifting to more electrification. Clearly we all know about electric vehicles. That's, that's coming, but there are other aspects of our economy. They're shifting to more electrification. There are a lot of reasons why one of 'em is the environmental benefit of shifting to electrification in terms of, uh, the energy source. And so demand is grow growing, but our supply in this country is not. And in fact, our supply is, um, uh, in some ways decreasing. We are shutting down power plants that are designed to be available all the time. You may not run them all the time, but they're always available if you need them.

Jim Matheson, NRECA CEO ([11:01](#)):

Uh, to the extent we're replacing them with resources, often they're what we call intermediate resources like wind or solar, which, uh, aren't available 24 7. Um, that does not mean renewable resources have no value as part of a portfolio. They're an important value component, but you've gotta have that always available power. So demand is going up of always available supply is going down. That's a recipe for reliability problems. And this isn't just me saying this. We've got this separate entity called the North American Reliability Corporation that is set up simply to look at and evaluate integrity of the grid. Uh, every year they issue their own reports describing the risks to the grid. And for the fifth year in a row they say, this trend is developing of demand going up, supply going down, and we're at greater risk of, uh, rolling blackouts. And so this is an issue that has been evolving for a while.

Jim Matheson, NRECA CEO ([11:53](#)):

It's been accelerated by the fact that you can't build anything in this country because it's so difficult to permit and cite new infrastructure. And that's not just new generation capacity, although that's a big part of it. Whether it's a solar plant, a wind plant, a natural gas turbine plant, it's also transmission infrastructure cuz the grid is remarkable. It is in this country, uh, needs more investment, but it's really difficult to build new transmission lines. So just to repeat, demand up, supply down hard to build new stuff cuz of permitting. Um, there's some immediate concerns about supply changes, getting stuff to

build and, uh, and, and you, you pile all that together and it, and it paints a picture where reliability is being compromised. Lemme just say one more thing on this. This isn't just theoretical. Just last December we had an out rolling blackouts in nine states on Christmas Eve.

Jim Matheson, NRECA CEO ([12:38](#)):

Uh, it was a cold snap, a polar vortex in the mid-Atlantic area. And, um, and so consumers were left without power. And uh, my concern is, is that's not gonna become, um, infrequent. It may become more frequent as we go along. So this is important to talk about now. And, and, and there's not an easy fix or a quick fix, but I like to say at the end of the day, it's the old saying, if you find yourself in a hole, the first step is stop digging deeper <laugh>. And uh, and that's the message we're taking is to Washington on the part of America's electric cooperatives.

Rachel Johnson, Cherryland Electric Co-op CEO ([13:08](#)):

And and part of the not digging deeper is if we have existing reliable power supply sources with useful life left, we should not be taking them off the grid.

Tony Anderson, NRECA Board President ([13:18](#)):

Absolutely.

Rachel Johnson, Cherryland Electric Co-op CEO ([13:19](#)):

And stop. Like, period. Nothing, nothing else. One of the things that's interesting that you talked about, Jim, that I hear in my, my job members will say, well, if we have this, this reliability issue, we shouldn't be electrifying things. And it's an, it's a very interesting argument because I hear what they're saying. They're saying like, why are we increasing the demand for electricity while you're simultaneously saying we don't have enough supply? And what, and, and my my favorite way to approach that is, do we really want an economy whose growth is limited by policy that prevents us from building things We're very good at building, running, maintaining, and using. And that, that's the piece that's just really baffling to me. I I, I don't think we should stop electrifying things because we can't build things. We should start building things to, to continue to fuel a modern economy through low carbon sources. You talked about the kind of the decarbonization impacts of electrification. Cherry land's power supply portfolio is already over 60% carbon-free. We have several major solar projects in the works. We are constantly looking for new carbon-free sources of energy. I I think that number will be 70, 80, 90% within the next 10 to 15 years. So every vehicle, every heating system, every industrial, uh, motor that I move over to electric, I am decreasing the carbon impact of it. We should be building things to serve it, not trying to avoid electrifying our economy. I,

Tony Anderson, NRECA Board President ([14:31](#)):

I think we solve that, that person's question by just not shutting stuff off. How about we don't shut stuff off until we have a replacement built mm-hmm. <affirmative>. And then we can, we can electrify everything if we just do that. Look at what was shut off in Michigan, you know, three coal plants a new plant, we leave those on. I I got space for all the electric heat cars in the world, but we're shutting stuff off and we're not replacing it. That's the answer to that question. Pretty easy solution. Just stop, stop digging like Jim just said. Stop digging.

Rachel Johnson, Cherryland Electric Co-op CEO ([15:02](#)):

Well, and not shutting things off goes back to the point you made Tony. It, it seems important that as a nation we identify one umbrella entity whose responsibility is electric reliability with the ability to enforce that in some way, that that seems like a, a, a gap. And, and, and Jim, I heard you say earlier that you're seeing some things happening with our, with regional transmission operators kind of coming out and taking a more active role in this, the, the PJM example you were talking about. Can you talk a little bit about that?

Jim Matheson, NRECA CEO ([15:30](#)):

Yeah. This is one of the challenges we have is this patchwork of different entities having different responsibilities or lack of responsibilities when it comes to the broader issue of how do we keep our grid functioning with the best reliability. And there's federal agencies out there, there are regional entities, and you mentioned them, they're called these regional transmission operators, which are entities set up to kind of manage power flows in certain regions of the country across the grid. And they can't force policy changes, but they do enforce, uh, management practices to maintain reliability. And they understand they're, they're living at everyday operating these regional grids. And, and they, I think can be a really important voice in helping articulate the challenges we have and the more immediate threats to reliability. And we do have the head of one of the larger, um, regional transmission operators whose acronym is P J M, which is in the sort of mid-atlantic northeast states.

Jim Matheson, NRECA CEO ([16:24](#)):

Um, and the, the head of that organization said, look, you can't shut down any more power plants for the rest of the decade. We do not think we can function and keep the lights on without that. So their important voice and, and the last part since I talked about the patchwork is, uh, uh, states have their own regulatory public utility commission. So we've got a, a mash of different agencies, federal, state, regional, uh, and, and, and as a result, no one's fully in charge of reliability. That's gonna be tough to change. I personally think the Department of Energy at the federal level needs to assert itself in terms of helping coordinate this better than they have. Um, and then finally you've got a bunch of agencies completely outside of the, uh, the electric reliability com perspective, but they're making decisions that affect reliability. And I'll just point out one, and that's the Environmental Protection Agency. It's an important agency. It has its own mission, but when it's making decisions about regulating, uh, on an environmental way, I don't think they consider the impacts on reliability at all. And so all these decisions that affect reliability have to be put on a broader, more inclusive table, if you will, of people sitting around the table to figure out what that's gonna mean.

Rachel Johnson, Cherryland Electric Co-op CEO ([17:28](#)):

One of the, um, analogies I like to use to describe what you just said, Jim, is the idea of a three-legged stool where what we're doing with energy needs to take into consideration affordability, reliability, and environmental impact. And where we get ourselves into trouble is if we are only focused on one leg of the stool, the stool eventually will wobble and fall over. And so it's not that the role the EPA plays isn't important, it's that we have to make sure that all of those voices are equally weighted as we move forward with power supply planning into the future. Um, let's take one minute before we start to wrap up. I just wanna, so we kind of talked about how like a piece of the solution here is having someone, having some entity responsible for reliability, not retiring, things that have useful life. You, you, you hinted at some of the headwinds to building new things, but I think we could talk a little bit more about like, what does it take to build high speed transmission across the us? What makes that so complex today?

Jim Matheson, NRECA CEO ([18:19](#)):

It, it's really difficult for a few reasons. One is, uh, um, each state has kind of, if you will, veto power. It's not a federally driven process. And, uh, if a transmission line's going across a state to serve states on each side of it, often states say, well, not in my backyard. Why should I have this high voltage line come through when I get no benefit from it? Mm-hmm. <affirmative>, um, it just takes a long time to permit things. I'll give you a great example. There's a high voltage transmission, uh, pro proposal called the Cardinal Hickory Project, which is supposed to bring a gigawatt, which that's a lot of power, a gigawatt of, of, of basically wind energy from the Dakotas over into the Wisconsin area. Uh, that transmission project has been, they've been pursuing that for nine years and they still can't get the permitting done. And, uh, and, and there are all kinds of different agencies that have different roles to play for this piece of the, of the project or that piece of the project. But this is a project that, uh, I would think the environmental community would want. It's upbringing, renewable energy, wind energy to another part of the country where the load exists. And, and yet we've got environmental permitting, uh, challenges that are holding up that project. So that's one example of a much, uh, a very prevalent problem across this country when it comes to building new transmission

Rachel Johnson, Cherryland Electric Co-op CEO ([19:31](#)):

And a and a problem that really impacts Michigan because we are a peninsula state <laugh>. And, um, and maybe Tony, you can talk a little bit about this. The, the, the Wolverine is working and has kind of in proposed to Miso expanding high speed transmission access to Michigan. Yes.

Tony Anderson, NRECA Board President ([19:46](#)):

They, they're looking at two paths a across to Wisconsin to, uh, eliminate that congestion, uh, that we see in Chicago, which raises our prices. Yes. It, it would be, I I believe a 10 million, no, that 10 millions too cheap, but

Rachel Johnson, Cherryland Electric Co-op CEO ([20:01](#)):

An expensive project. Yes. An

Tony Anderson, NRECA Board President ([20:03](#)):

Expensive project across the Lake Lane electrical cable in Lake Michigan.

Rachel Johnson, Cherryland Electric Co-op CEO ([20:07](#)):

And we're calling that the Lake Michigan Connector Project, but it's all built on this idea that to incorporate more renewables in a meaningful way into our grid, we have to be able to transport the, the energy from where it makes the most sense. Mm-hmm. <affirmative>. So wind in the Dakotas solar in the, you know, the south southwest states, that kind of thing to the places where there's a demand for that electricity up here in Michigan. Yeah.

Tony Anderson, NRECA Board President ([20:27](#)):

And, and we have connections on the lake at Holland and at Ludington that make it completely doable.

Rachel Johnson, Cherryland Electric Co-op CEO ([20:33](#)):

But the thing that's so concerning as a utility planner is this, okay, we're nine years in on this project you were talking about Jim, and haven't made a lot of progress. You know, we can't wait 20 years, 20 years

of rolling blackouts in the US is so economically disruptive to our economy. It just, it's, it's a really bad way to do it. And quite frankly, it's very dangerous. Like, we need access to electricity for hospitals, for homes, et cetera. So it's, it's, it's really concerning and I, I appreciate you both taking the time to kind of talk through some of these issues and help our, our members better understand challenges we face and what we need to do to try to break through some of those challenges. So I'm hoping we can end with some final thoughts on kind of what are, what, what can we do, what can our members do to be a part of the solution here?

Tony Anderson, NRECA Board President ([21:19](#)):

Stay informed. They absolutely need, need to stay informed through all the avenues that Cherryland provides and be ready for the legislation when it needs to be passed. When there's a bill we need to get passed. We need the members to participate in that. We need to be able to reach out to them and use their voice to pass needed legislation information. Listen to what we're telling you and be ready.

Rachel Johnson, Cherryland Electric Co-op CEO ([21:42](#)):

Jim, is there anything our members can do to help support what you are doing on our behalf in DC?

Jim Matheson, NRECA CEO ([21:46](#)):

Well, there's no question that this is a long-term play. And, uh, there are other factors outside of policy that affect reliability. But policy is really the big part of it. And it's where NRECA is a national organization that acts on behalf of America's Electric cooperatives. That's where we are positioned. Um, we are looking to build, we're always looking to build our grassroots base. Uh, I can tell anyone if they want to be an advocate for that. We have a group called Voices for Cooperative Power. And if you, uh, Google Voices for Cooperative Power, you can look if you want to sign in, it's an opt-in program if you wanna be part of our grassroots advocacy program across this country. Um, it's a grassroots advocacy program that's available for national engagement and also at the state level as well. And, uh, we've already had some activities in Michigan at the state level where Voices Cooperative power has been engaged. So, uh, that's a direct way for any consumer to, uh, lend their voice be part of it. And isn't it a great example of what cooperatives are all about? Because cooperatives are owned by the consumers they serve. It's the consumers that drive what we do, and consumers have the voice that's most powerful. So to the extent more member owners get involved in Voices for Cooperative Power, that's an important step your members could take. We

Tony Anderson, NRECA Board President ([22:55](#)):

Also have the pack, the Political Action Committee, America's Electric Cooperatives Pack. If somebody wants to write a check and be active that way, that's available to our members as well.

Rachel Johnson, Cherryland Electric Co-op CEO ([23:06](#)):

And, um, for those of you listening, uh, you are as a member eligible to contribute to the pack. We also, uh, can make that very easy for you by letting you do that contribution on your electric bill. So just give us a call and we can walk you through that process. And then Jim, I'm, I'm really glad you brought up Voices for Cooperative Power. Our members may remember that last year we used Voices for Cooperative Power in Michigan to advocate about not shutting down a coal plant that clearly had useful life left. Um, that is a, is a campaign we would reengage for future reliability issues. Mm-hmm. <affirmative>. So to the extent that you sign up, you will get notified, Hey, this thing is happening and we could use your voice. So if, if that is something that you're, you, you recognize the importance of and



would like to be a part of, go ahead and get signed up for Voices for Co-Op Power and that'll put you on that list to be called to action when we need help and continue to educate you on these issues.

Rachel Johnson, Cherryland Electric Co-op CEO ([23:48](#)):

Um, give us a call if you have any questions about that. So I wanna thank both of you for taking the time to talk through this with us today and update our members. This is a part of our ongoing goal of just, I mean, at the end of the day, we wanna make sure our members know what impacts their co-op and how, what we're doing about it and what they can do to help. So I really appreciate both of you taking the time and your busy schedule. Yeah. Always, always happy to be here. Yeah. Thanks so much. Appreciate, you know, you are Tony a hundred a hundred episodes. And, and Jim, thank you for coming to Traverse City to meet with our members. That's great to be here. Thanks so much. Join us next time for more co-op Energy Talk.