

**APPA/NRECA Briefing Paper:
Why Generation and Transmission Cooperatives and
Municipal Joint Action Agencies
Should Be Eligible to Participate in the
Distribution/LSE Segment of the NAESB WEQ
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- What Are Generation and Transmission Cooperatives and Joint Action Agencies? Both Generation and Transmission Cooperatives (“G&Ts”) and Municipal Joint Action Agencies (“JAAs”) are entities that groups of distribution utilities have formed to procure wholesale power and transmission services for them. G&Ts are cooperatives owned jointly by a group of member distribution cooperatives, so they are private, not-for-profit cooperative entities—in essence, a cooperative owned by cooperatives. JAAs are agencies or authorities, often creatures of state statute, formed by municipal electric distribution utilities to provide them wholesale power supply and transmission services. The municipal distribution utilities served by the JAA jointly own or control the JAA, typically sitting on the JAA’s governing board.
- What Do G&Ts and JAAs Do For Their Member Distribution Utilities? Some G&Ts and JAAs own their own generation and transmission facilities. Others own generation but not transmission or vice versa. Still others do not own facilities, but contract for the power and transmission services required by their distribution utility members. They all, however, act as the wholesale power supplier to their distribution utility members, taking care of their wholesale arrangements. In most cases, the distribution utilities have signed very long-term (20-30 year) requirements-type contracts with their G&Ts or JAAs. These contracts in turn form the basis for the G&Ts’ and JAAs’ own financing.
- Why Should G&Ts and JAAs Be Eligible to Participate In the WEQ’s Distribution/LSE Segment? G&Ts/JAAs obtain transmission and generation service and deal with the details of moving power in wholesale markets (*e.g.*, reservations, schedules, e-tags, transmission and power supply contract negotiations, *etc.*) for their distribution utility members. Because the WEQ will develop business practices for the *Wholesale Electric Quadrant*, it makes sense to allow G&Ts and JAAs to participate in the Distribution/LSE Segment on behalf of their distribution utility members. *This is exactly what they do in wholesale power markets.*