

FEDERAL UPDATE

President Trump Celebrates Wins in Phase One China Deal

President Donald Trump seemed to get some of what he wanted in the Phase One trade deal signed with Chinese Vice Premier Liu He. The president agreed to cut U.S. tariffs on Chinese goods in exchange for pledges to purchase more American farm, energy and manufactured goods and address some complaints about intellectual property practices. Language in the agreement says China "shall ensure" additional purchases of U.S. agriculture products by \$32 billion over the next two years, but the text of the pact inked in White House ceremonies doesn't provide enough information to determine how it will work in practice. Mr. Liu said his country's businesses will buy American goods and services "based on the market demand in China" suggesting Beijing may not view the targets as ironclad.

According to the EIA, Wind and Solar Expected to add 61 GW Over the Next Two Years

Wind and solar will make up most of the new electric generation capacity in 2020 and 2021, according to the U.S. Energy Information Administration's latest short-term energy outlook. Over the next two years, EIA anticipates 61 GW of wind and solar additions to come online, replacing capacity leftover from rapid coal plant retirements. Coal-fired capacity is expected to decline by about 18.5 GW from last year through the end of 2020, while natural gas is expected to add 11.4 GW of capacity within that time. Coal-fired generation is anticipated to drop from 24 percent of U.S. electricity generation in 2019 to 21 percent in 2020 and 2021, while natural gas generation is expected to remain stable at around 38 percent of U.S. electric power.

Senate Passes North America Trade Deal; Canada Still to Approve

The U.S. Senate approved a revamp of the North American Free Trade Agreement that includes tougher rules on labor and automotive content. The legislation to implement the U.S.-Mexico-Canada Agreement passed on an 89-10 bipartisan vote, sending the measure to President Donald Trump. The House of Representatives passed the legislation on Dec. 19. Mexican President Andres Manuel Lopez Obrador called the deal's approval good news for the Mexican economy and predicted it would jump start new investments. Canada still needs to approve the deal before it can take effect and replace NAFTA.

STATE UPDATE

Governor Reynolds Delivers the Condition of the State

Gov. Kim Reynolds addressed her stance on several key issues on the minds of business leaders in her Condition of the State address. Reynolds said she plans to introduce a bill that she said will cut income taxes, create a sustainable funding source for our mental health system, reduce the burden of property taxpayers, and fund the Natural Resources and Outdoor Recreation Trust. The Governor also called for modernizing Iowa's employment licensing structure, which is stricter than most other states in the country. One proposal is standardizing how ex-offenders can get licensed. Another is to waive license fees for low-income individuals. In addition to asking for statewide

computer science classes for Iowa’s primary students, she called for more broadband funding. “I’m requesting that we appropriate an additional \$15 million and adjust our state match so we can continue to leverage private and federal funding to build out broadband to every part of Iowa, making us the most connected state in the nation.”

Easler Appointed Consumer Advocate for Regulated Utility Issues

Iowa Attorney General Tom Miller has appointed Jennifer Easler as consumer advocate for regulated utility issues. Easler, whose appointment is subject to confirmation by the Iowa Senate, replaces Mark Schuling, who retired Jan. 10. Schuling had been consumer advocate since January 2011.

Upcoming Activities

NET Conference – Amelia Island, FL	February 3-5, 2020
IAEC Iowa Directors’ Update – West Des Moines, IA	February 5-6, 2020
Momentum is Building Conference – Altoona, IA	February 6-7, 2020
IAEC Change Within the Cooperative 1 st Session – Marion, IA	February 12, 2020
IAEC Change Within the Cooperative 2 nd Session – Marion, IA	February 13, 2020
CIPCO Board Committee Meetings – Des Moines, IA	February 24, 2020
CIPCO Board Meeting – Des Moines, IA	February 25, 2020
NRECA Director Education Program – New Orleans, LA	February 27-March 1, 2020
NRECA Annual Meeting – New Orleans, LA	March 1-4, 2020

Consumer Price Index

Month	Seasonally Adjusted Change from Previous Month
December 2019	0.2%
November 2019	0.3%
October 2019	0.4%
September 2019	0.0%
August 2019	0.1%
July 2019	0.3%
Unadjusted Rolling 12 Month Average: 2.3%	