

Legislative Update



August 2016

The House and Senate left Washington, D.C. on July 15 for the Republican and Democratic national conventions and a five-week August recess. Members will return to resume work on Sept 7. The chambers did not officially adjourn but instead are in a “pro forma” session that prevents the President from exercising a “pocket veto” and from making recess appointments.

Senate Votes “Aye” to Move to Energy Bill Conference, Names Conferees

By a vote of 84-3, the Senate agreed on July 12 to proceed to a House/Senate conference to reconcile differences between the House and Senate versions of the energy bill. Of interest to NEPPA, both Sen. Bernie Sanders (I-VT) and Rep. Peter Welch (D-VT) were appointed to the Conference. Senate Energy and Natural Resources Chair Lisa Murkowski (R-AK) said she hoped all work could be completed during the four-week September work period; however, the bill could also be finished in a post-election “lame duck” session. Staff has already begun informal meetings to resolve as many non-controversial issues as possible before the principals return.

Issues NEPPA would like to see included in a final bill are:

- Senate capacity market language that would require RTOs to report on opportunities for “enhanced self-supply” by not-for-profit utilities. While NEPPA would have liked to see this provision strengthened to require RTOs to allow all Load Serving Entities to self-supply in capacity markets, we support the Senate provision as an important first step in providing oversight of RTO market designs; in contrast, the House capacity market language suggests a preference for coal and nuclear generation, which NEPPA does not support;
- House language requiring a GAO study on wholesale electricity markets that includes an inquiry on self-supply;
- Improvements to the Federal Energy Regulatory Commission hydropower licensing/relicensing process.

NEPPA opposes inclusion of a provision in the House bill authorizing DOE to develop distribution plans for states. This could allow ISO-New England to enlist the DOE in overseeing public power distribution plans.

In This Issue:

- **Overview:** Congress left Washington the week of July 15; will return Sept. 7...
- **Energy Policy:** Senate Votes to Proceed to a House/Senate Conference to Reconcile Differences Between the House and Senate Versions of the Energy bill; Drones Policy Addressed in 14-month FAA Agreement...
- **Grid Security:** FERC Issues Rule Ordering NERC to Develop a New Supply Chain Standard: DOE Provides Cyber Grants to Public Power...
- **Environment and Regulation:** White House Works to Bring Solar Energy to Low-income Consumers; House Subcommittee Holds Constructive Yucca Hearing...
- **Tax and Finance:** House Republicans Release Tax Reform Blueprint...

Drones Policy Addressed in 14-month FAA Agreement

On July 17, the President signed into law , H.R. 636, the “*FAA Extension, Safety, and Security Act of 2016*,” which reauthorizes the Federal Aviation Administration (FAA) through September 2017 and includes a number of provisions encouraging the FAA to prioritize authorization of unmanned aircraft system (“UAS” or “drones”) operations for electric utility system inspections and restoration. The bill does not give blanket authorization for drone use for utility restoration, but could certainly expedite their use relative to the tight constraints for operation outlined in recent FAA rules.

FERC Issues Rule Ordering on Supply Chain Standard

On July 20 the Federal Energy Regulatory Commission (FERC) directed the North American Electric Reliability Corporation (NERC) to develop a new supply chain risk management standard to address risks to information systems and related bulk electric system (BES) assets. The new Critical Infrastructure Protection is intended to address four objectives: software integrity and authenticity; vendor remote access; information system planning; and vendor risk management and procurement controls. The rule will require every affected entity to develop and implement a plan that includes security controls for supply chain management of industrial control hardware, software and services associated with the BES.

DOE Provides Grants to Help Improve Public Power Cybersecurity

Of interest to some NEPPA members, on June 12, Department of Energy (DOE) Deputy Secretary Elizabeth Sherwood-Randall, announced a \$15 million cybersecurity grant, to be divided between the American Public Power Association (APPA) and the National Rural Electric Cooperative Association (NRECA). The grant is intended to enhance the culture of security within consumer-owned utilities.

With electric grid security and cyber threats continuing to evolve, Secretary Sherwood-Randall stated that the DOE would continue to help utility sector partners strengthen efforts to protect critical infrastructure. DOE’s funding will help public power systems upgrade their power grids as well as their ability to respond efficiently and effectively to current threats.

White House Works to Bring Solar to Low-income Consumers

On July 19, the White House announced a goal to bring one gigawatt of solar energy to low- and moderate-income families by 2020. The *Clean Energy Savings for All Initiative* is a collaboration among the Departments of Energy, Housing and Urban Development, Agriculture, Veterans’ Affairs, Health and Human Services, and the Environmental Protection Agency that will include scaling up Property-Assessed Clean Energy (PACE) financing; making it easier for low-income household to access funding for renewable energy investments; providing technical assistance to help more households participate in the clean energy economy; and building an inclusive solar energy workforce.

House Subcommittee Holds Yucca Hearing

On July 7, the House Energy and Commerce Subcommittee on Environment and the Economy held a hearing on nuclear fuel disposal focused on identifying barriers to implementation of the Yucca Mountain, NV site – a top priority for Subcommittee Chair John Shimkus (R-IL). Unlike prior hearings that were partisan in nature, this hearing focused on how to resolve issues that could lead to a consent agreement with the state of Nevada, although significant state opposition remains. Themes included safety issues associated with transporting waste material, budgeting, and building trust between the state of Nevada and the federal government.

House Republicans Release Tax Reform Blueprint

On June 27, the House Republican Task Force on Tax Reform, led by Ways and Means Committee Chair Kevin Brady (R-TX), released “A Better Way: A Pro-Growth Tax Code for All Americans” to give House Republicans a “blueprint” for comprehensive tax reform. The proposal contains no direct commentary on municipal bonds or the future of the tax exempt status of municipal bonds. The document does, however, reference the need to eliminate numerous deductions, exemptions, and credits that are viewed as “special interest” provisions.

Further, the blueprint identifies two deductions that will not be impacted: the mortgage interest deduction and charitable deductions for individuals. The blueprint is expected to serve as the basis for future discussions on tax reform conducted by the House, mostly in 2017.