



May 2017

## Hydro Relicensing, Other Bills Reintroduced

Rep. Cathy McMorris Rodgers (R-WA) has released a draft bill to revamp the hydropower relicensing process, a top priority for NEPPA members. McMorris Rodgers, founder of the Congressional Hydropower Caucus, and Rep. Jerry McNerney (D-CA) pushed for further hydropower licensing revisions as part of last year's abandoned energy bill. The current draft bill is substantially similar to the hydro provisions from last year's legislation, including making FERC the lead agency for hydropower permitting. The bill also defines hydropower as a renewable resource and provides for longer preliminary permit terms, among other things. The House Energy & Commerce Committee has scheduled a hearing on the draft legislation on May 3.

Meanwhile, on Mar. 30, the Senate Energy and Natural Resources Committee passed by voice vote 59 energy and public lands bills, including several bills that were previously part of last year's bill. Nine bills relate to hydropower, including S. 724, which would provide FERC with authority to extend time limits for the construction of projects and the period of preliminary permits. The Committee also reported Sens. Rob Portman (R-OH) and Jeanne Shaheen's (D-NH) bipartisan bill, now S. 385, that directs the Department of Energy to support national model building codes, set up financing programs, establish worker training programs and require agencies to employ efficiency methods.

## Perry Orders Review of Policies Affecting Energy Supply and Reliability

On Apr. 15, Energy Secretary Rick Perry issued a formal order to his staff to prepare a plan for examining the impact wholesale markets, environmental and renewable policies are having on electricity supply and reliability, including baseload generation such as hydropower. The policy review will be conducted over 60 days and will inform the President's policy proposals affecting the electric grid, including recommendations for action. Political appointee Travis Fisher has been tapped to lead the review. Fisher previously worked as an economist at the Institute for Energy Research and at FERC, and has publicly criticized incentives for renewable energy, such as the wind production tax credit.

## Trump Signs Executive Order Walking Back Clean Power Plan, Court Pauses Suit

On Mar. 27, President Trump signed a long-awaited executive order directing agencies to review regulations that may adversely impact domestic energy production and begin plans to revise, rescind, or suspend such rules. The Clean Power Plan, the flagship climate regulation of the Obama Administration, is singled out by name for such reversal. The order also revokes previous Obama-era orders, reports, and memoranda related to climate change as well as the Council on Environmental Quality's guidance on incorporating the effects of climate change into environmental reviews under the National Environmental Policy Act. On Apr. 28, the D.C. Circuit Court of Appeals paused the litigation over the Clean Power Plan for 60 days pending the review, with monthly check-ins from EPA.

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## Senate Energy and Natural Resources Committee Considers Cyber Threat

On Apr. 4, the Senate Energy and Natural Resources Committee held a hearing to examine the existing responses to cyber threats to the grid and how the federal government could be leveraged to fill in gaps. In his testimony, Gerry Cauley, President and CEO of NERC, enumerated the various mandatory cyber standards it has promulgated through the existing NERC/FERC regulatory process. Chairman Lisa Murkowski (R-AK) asked Mr. Cauley and Duane Highley of Arkansas Electric Cooperative about whether they agreed with the Quadrennial Energy Review's (QER 1.2) recommendation to give FERC more independent authority to set mandatory cybersecurity standards without NERC's involvement. Both witnesses expressed their disagreement with that recommendation and emphasized the importance of including subject matter experts in developing effective mandatory standards. Cauley distinguished between emergency standards and non-emergency standards, suggesting that the former should not be handled through the FERC/NERC process.

This hearing came on the heels of the panel's Energy Subcommittee hearing on Mar. 28, which heard testimony on S. 79, "the Securing Energy Infrastructure Act," to establish a two-year pilot program to identify physical and cyber security risks to the grid and determine whether analog technology and physical inspections can mitigate these risks.

## DOE Issues Report on Strategic Transformer Reserve

On Apr. 10, the Department of Energy released a report to Congress entitled "Strategic Transformer Reserve." The Office of Electricity Delivery and Energy Reliability, in conjunction with FERC and other government and private stakeholders, had been directed in the FAST Act to prepare a plan for developing a reserve of transformers that could be accessed in the event of an emergency that disables or destroys transformers affecting military installations and other critical infrastructure. After considering stakeholder feedback conducting an extensive technical analysis, DOE "does not recommend creation of a federally-owned reserve." Rather, the department recommends "encouraging and supporting an industry-based option driven by voluntary industry actions" and standards approved through the existing FERC/NERC process. DOE intends to reevaluate in one year how it can work with FERC and the electricity industry in meeting that objective and determine whether additional government action is warranted.

## House Committee Considers Nuclear Waste Legislation

On Apr. 26, the House Energy and Commerce Subcommittee on Environment held a hearing on the discussion draft of "the Nuclear Waste Policy Amendments Act of 2017." Chairman John Shimkus (R-IL) is the main sponsor of the legislation, which aims to revive the stalled Yucca Mountain spent nuclear fuel repository. The draft bill also addresses interim storage and structural changes at the Department of Energy. Members of the Nevada delegation spoke out against the Yucca Mountain project, and Ranking Member Paul Tonko (D-NY) expressed concerns about Yucca Mountain's suitability as a storage site. Democrats were also critical of a provision in the bill requiring the Nuclear Regulatory Commission to issue a final decision on Yucca Mountain before licenses for interim storage can be issued.

## White House Releases Tax Plan

The White House released its long-anticipated outline for reforming the nation's tax code on April 26. The plan would reduce individual tax rates and eliminate "tax breaks that benefit the wealthiest taxpayers," while preserving the mortgage interest deduction and charitable deduction. The plan also would slash business taxes from 35 percent to 15 percent, a cut Gary Cohn, President Trump's top economic advisor, referred to as "one of the biggest tax cuts in history." The one-page plan is sparse on details, and makes no mention of tax-exempt municipal bonds or the border-adjustment tax under consideration in the House of Representatives. Republican members of the House Ways and Means Committee met for a retreat on Apr. 30 and May 1 to discuss pathways forward on tax reform.