Northeast Public Power Association

Legislative Update

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Lawmakers Set the Stage for Negotiations on a Continuing Resolution

House Speaker Mike Johnson (R-LA) is reportedly preparing a stopgap funding measure ahead of the Sept. 30 deadline for Congress to fund the government for FY25. Johnson's plan includes a six-month Continuing Resolution (CR), to avoid a lame-duck omnibus package fight before the holidays as well as punt final spending decisions into the new year and to a new Congress. In addition, the CR is expected to include a one-year extension of Farm Bill programs, since neither chamber's multi-year reauthorization package has made it to the floor, nor will differences be reconciled by the Sept. 30 deadline. The CR is also expected to include some GOP policy riders, including a House-passed proof-of-citizenship voting measure, which is expected to be dead on arrival in the Senate. As attention shifts to what will be included in a stopgap funding measure, the White House has released its 30-page "anomalies" request listing the extra funding that the Biden administration is seeking amid otherwise unchanged budgets under a CR. Among other things, the list requests language to prevent the transfer of unobligated funds from the Civil Nuclear Credit (CNC) program so that the Department of Energy can initiate a third round of CNC program funding, language to permit the Forest Service to obligate Wildland Fire Management funding for suppression operations, and language to extend Good Neighbor Authority for forest landscape restoration work. As lawmakers return from August recess, the stage is set for debate on what will ultimately be included in a CR, and for how long funding will be extended, with just three weeks for Congress to pass a CR and avoid a government shutdown.

Podesta Suggests Permitting Reform Legislation Could Happen This Year

At an Aug. 13 event hosted by center-left policy think tank Third Way on the U.S. clean energy transition, White House climate adviser John Podesta suggested that permitting reform legislation could come together this year, after the November elections. On July 31, the Senate Energy and Natural Resources Committee approved Chairman Joe Manchin (I-WV) and Ranking Member John Barrasso's (R-WY) "Energy Permitting Reform Act," which aims to update permitting rules to accelerate energy infrastructure development, by a vote of 15-4, sending the bill to the floor. Sens. Manchin and Barrasso both expressed optimism about the bill and its anticipated impact, despite previous efforts to pass permitting reform legislation having stalled in Congress. Podesta, whose team provided some technical assistance for the bill, noted that there were some elements of the bill that he liked and some that he sees as "problematic," although he did not offer specifics and declined to say whether President Biden would sign the bill if it were approved by Congress in its current form. Podesta also predicted the "real negotiating will happen in a lame duck session," with Congress focusing instead on FY25 appropriations and other must-pass legislation upon its return from August recess, and stated that the White House will "continue to dialogue with [Congress]."

Republican Lawmakers Ask Johnson Not to Target IRA Energy Tax Credits for Repeal

In an Aug. 6 letter to House Speaker Mike Johnson (R-LA), eighteen House Republicans led by Rep. Andrew Garbarino (R-NY) urged the Speaker not to target Inflation Reduction Act (IRA) clean energy tax credits if Republicans win a governing majority in the 119th Congress. The lawmakers criticized the IRA as a whole but highlighted the growth in the energy sector spurred by clean energy tax credits, and noted that "Prematurely repealing energy tax credits, particularly those which were used to justify investments that already broke ground, would undermine private investments and stop development that is already ongoing." More than a dozen other Republicans reportedly privately supported the contents of the letter but did not sign on, including Rep. Brett Guthrie (R-KY), who is vying against Rep. Bob Latta (R-OH) for the top Energy and Commerce GOP spot in the next Congress. The letter is the latest example of a growing rift within the Republican Party, with lawmakers who want a full repeal of the IRA on one side and those whose districts are benefitting from IRA investments on the other. The letter also comes as Republicans are discussing how to pay for and pass a 2025 tax package, with Speaker Johnson directing committee chairs to begin making recommendations for a bill to be advanced through budget reconciliation – the process Democrats used to bypass the Senate filibuster and pass the IRA and Republicans used to pass the 2017 Tax Cuts and Jobs Act.

Treasury Releases NPRM to Expand Clean Electricity Low-Income Communities Bonus Credit Program

On Aug. 30, the Treasury and the Internal Revenue Service (IRS) released a Notice of Proposed Rulemaking (NPRM) to expand the types of clean energy technologies eligible for the Inflation Reduction Act's (IRA) 48E(h) Clean Electricity Low-Income Communities Bonus Credit Program. Beginning in 2025, energy tax credits will transition from a technology-specific approach to a technology-neutral approach. The NPRM provides guidance on how the bonus credit program, allocated competitively, will expand to include more clean energy technologies beyond solar and wind (which currently qualify) in economically distressed areas. The expansion would offer tax incentives of up to 20 percentage points for the production tax credit or up to 30 percent for the investment tax credit (if prevailing wage and apprenticeship rules are also met) for geothermal, hydropower, nuclear, and other low-carbon technology projects under 5 megawatts located in low-income communities, on tribal lands, or in affordable housing complexes. Combustion and gasification technologies, including carbon capture projects, would not qualify for the bonus credit program. To target investments in high energy burden areas, the bonus credit program will make at least 50 percent of the allocations to tax-exempt entities, including public power and rural electric cooperatives. Treasury and the IRS are accepting comments on the NPRM until Oct. 3, 2024.

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NERC and NEMA Sign MOU to Enhance Bulk Power System Reliability

On Aug. 26, the North American Electric Reliability Corporation (NERC) and the National Electrical Manufacturers Association (NEMA) announced they have signed a memorandum of understanding (MOU) establishing a framework for ongoing cooperation to facilitate the exchange experience, information, and select data. The MOU aims to enhance the coordination of activities between NERC and NEMA related to the reliability, resilience, and security of the North American bulk power system. NERC's focus, as an Electric Reliability Organization, is on assuring the efficient reduction of risks to grid reliability and security, while NEMA is an American National Standards Institute-accredited standards developing organization representing a broad spectrum of stakeholders involved in electrical product innovation and technology. As the need for grid modernization increases with the growing energy demand, the collaboration between NERC and NEMA will support bulk power system reliability and enable more effective responses to emerging challenges and opportunities.

DOE Announces Round 2 of GRIP Program Grant Awards

On Aug. 6, the Department of Energy (DOE) announced that $2.2 billion will be awarded to eight electric transmission and microgrid projects across 18 states under the Grid Innovation Program (Topic Area 3) grants for the second round of the Grid Resilience and Innovative Partnerships (GRIP) program. The award announcement comes as the Biden administration has been pushing for greater transmission buildout to meet clean energy transition goals, meet increasing energy demand, and bring Inflation Reduction Act projects online. In combination with the nearly $3.5 billion awarded in first-round GRIP program grants, these grants are estimated to add approximately 1,000 miles of transmission lines and 50,000 megawatts of capacity to the grid. Among the projects receiving GRIP program funding is the Power Up New England project, led by the Massachusetts Department of Energy Resources in collaboration with the states of Connecticut, Maine, New Hampshire, Rhode Island, and Vermont. Power Up New England is projected to reduce wholesale energy supply costs for New England customers by about $1.55 billion, and will create new offshore wind interconnections in Massachusetts and in Connecticut, enabling 4,800 MW of offshore wind. In the press release, DOE also noted that it will announce second round selections for GRIP's Grid Resilience Utility and Industry Grants (Topic Area 1) and Smart Grid Grants (Topic Area 2) later this year.