

Northeast Public Power Association Legislative Update



February 2023

Kevin McCarthy Secures Speakership in the House

Late on Jan. 6, Rep. Kevin McCarthy (R-CA) finally won the election to become Speaker of the House on the 15th ballot. Of the bloc of 20 Republicans that had at one point voted no, fourteen eventually switched to a 'yes' in later votes. Six voted 'present' in the final vote, including Rep. Matt Gaetz (R-FL), Andy Biggs (R-AZ), Eli Crane (R-AZ), Bob Good (R-VA), Matt Rosendale (R-MT), and Lauren Boebert (R-CO), effectively lowering the win threshold to 215 votes. To win support from the holdouts, McCarthy agreed to add several changes to the House rules package: 1) restore a rule that allows a single member to call for a vote to oust the Speaker; 2) allow a single member to force a recall vote at any time; 3) limit bills to a single subject, and 4) set up a separate vote to create a Judiciary subcommittee to centralize investigations into the Executive branch. McCarthy also agreed to appoint three "solid conservatives" to the Rules Committee and ensure that the Freedom Caucus has proportional representation on other House committees.

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DOE Proposes New Energy Efficiency Standards for Distribution Transformers

The Department of Energy (DOE) has proposed new efficiency standards for transformers that would require all three subcategories of transformers manufactured or imported in 2027 or later to have amorphous steel core components, shifting from the current traditional, grain-oriented electrical steel. Under the Energy Policy and Conservation Act (EPCA), DOE is authorized to prescribe new energy conservation standards for distribution transformers when it is technologically and economically feasible and improves energy efficiency standards. As such, DOE has identified that amorphous steel is much more efficient than grain-oriented steel, contending that the regulation change would cut carbon dioxide emissions by an estimated 340 million metric tons over the next 30 years. With the ongoing supply chain and critical mineral challenges, electric utilities currently face severe shortages of distribution transformers. The new proposed standard could further exacerbate transformer production challenges for manufacturers due to the lack and competition for steel supplies, which will significantly increase the already-long lead times electric utilities have to contend with to procure distribution transformers. Comments on DOE's proposal are due on March 13, 2023.



Biden Names Acting Chair for FERC

President Biden has chosen Willie Phillips to serve as the acting Chair of the Federal Energy Regulatory Commission (FERC) until a new permanent Chair is nominated and confirmed by the Senate. Phillips currently serves as a FERC commissioner and has formerly chaired the D.C. Public Service Commission and worked at the North American Electric Reliability Corporation (NERC). Former Chair Richard Glick exited the agency at the end of 2022 after Senate Energy and Natural Resources Committee Chairman Joe Manchin (D-WV) chose to not hold a hearing on his renomination. Sen. Manchin has endorsed President Biden's temporary pick, saying that Phillips is a "supremely qualified and reasonable person" and someone who "understands the need to balance affordability and reliability" in energy markets.

Biden Announces DOE, EPA, and Interior Renominations

On Jan. 23, President Biden announced the renominations of Jeffrey Marootian to be assistant secretary for the DOE Office of Energy Efficiency and Renewable Energy, Laura Daniel-Davis for Assistant Interior Secretary for Land and Minerals Management, and Joe Goffman for EPA air chief. A couple weeks earlier, President Biden renominated David Crane to be Undersecretary of Energy for Infrastructure. These candidates were renominated after failing to secure Senate confirmation before the end of the 117th Congress.

FERC Orders Development of Reliability Standards for Monitoring Internal Network Systems

At its monthly meeting on Jan. 19, FERC directed the North American Electric Reliability Corporation (NERC) to develop new reliability standards requiring electric utilities to monitor the internal networks of high-impact bulk electric system cyber systems and medium-impact systems with external routable connectivity. The final rule directs NERC to study whether similar protections should be required for other medium- and low-impact cyber systems. The rule builds on another FERC proposal first issued in January 2022 and is in response to the SolarWinds cyberattack in 2020 and other similar attacks in which traditional security monitoring controls under existing regulations were bypassed.

FBI Sends Memo to Utilities on Physical Attacks Against Grid Infrastructure

On Jan. 12, the Federal Bureau of Investigation (FBI) released a memo to utility providers regarding the increase in attacks and threats against the U.S. electric grid, encouraging utilities to report suspicious activity, including "explicit reconnaissance or surveillance activity" of critical facilities, signs of tampering or unauthorized access, and theft of equipment including employee uniforms and access keys. The memo comes as the number of physical attacks and threats against the electric grid reached its highest point in at least a decade last year, according to news sources.

