

# Northeast Public Power Association Legislative Update



## January 2021

### Biden Selects Energy and Environment Team

Pres.-elect Biden has reportedly chosen former Michigan Governor Jennifer Granholm to lead the Department of Energy. During her tenure as Governor, Granholm was an ardent supporter of renewable energy, and forged strong relationships with the auto industry, which could be advantageous to the administration as they seek to speed up the rollout of electric vehicles and quickly develop a network of EV charging stations. Although she is seen as a moderate, left-leaning environmental groups applauded the pick, saying they believe she will push hard to deliver Biden's goal of a 100% clean energy economy.

Relatedly, former Environmental Protection Agency (EPA) Administrator Gina McCarthy has reportedly been chosen to serve as the top climate advisor to the administration. McCarthy has a reputation as an aggressive advocate for policies that address climate change and was a key architect of President Obama's climate regulatory efforts to eliminate greenhouse gas emissions. This role will serve as the domestic counterpart to John Kerry, who was named to a climate envoy position early in the transition, and will work closely with the EPA administrator to oversee regulatory action on climate.

The Biden team also announced Brenda Mallory, who served as general counsel for the Council on Environmental Quality in the Obama Administration, will be tapped to lead the organization. She currently serves as the director of regulatory policy at the Southern Environmental Law Center.

Additionally, Rep. Deb Haaland (D-NM) has been chosen to lead the Department of the Interior. Despite Democrats having a thin margin in the House, Speaker Nancy Pelosi (D-CA) publicly endorsed Haaland for the role on Dec. 16, which aides said was intended to serve as a green light for the Biden administration to go through with the nomination.

Finally, Michael Regan, North Carolina's top energy regulator, will be nominated to the position of EPA Administrator. The selection comes after previous favorite for the role, California Air Resources Board (CARB) Chairwoman Mary Nichols, fell out of favor due to criticism from progressive groups over her handling of environmental justice issues in California. Regan is expected to bring a strong focus on racial equity to the agency.

### House Steering Committees Select New Committee Leadership

On Dec. 2, the House Republican Steering Committee chose Rep. Cathy McMorris Rodgers (R-WA) for the top GOP spot on the House Energy and Commerce Committee, making her the first woman to hold a leadership role on the Committee. McMorris Rodgers has long been an advocate for advancing hydropower and has publicly spoken about the need for bipartisan climate change legislation. However, her selection for this position is likely to be seen as a check on the Biden administration's ambitious environment, technology, and health care agenda. House Republicans, while still in the minority, will hold slightly more power in the 117th Congress, as they flipped a significant number of seats in the 2020 General Election.

The Steering Committee also chose Rep. Bruce Westerman (R-AR) for the top Republican spot on the House Natural Resources Committee. Westerman beat out Rep. Paul Gosar (R-AZ) for the spot, and is a somewhat controversial pick, as members in this position typically hail from Western states.

Meanwhile, on Dec. 1, the House Democratic Steering and Policy Committee selected Rep. Rosa DeLauro (D-CT) to serve as Chairman of the Appropriations Committee, replacing Rep. Nita Lowey (D-NY), who retires at the end of this year. This selection comes following a contentious race between DeLauro, Rep. Debbie Wasserman-Schultz (D-FL), and Rep. Marcy Kaptur (D-OH). The full Democratic Caucus will still need to confirm the selection with a vote on Dec. 3.

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## **Senate Confirms Clements and Christie to FERC**

On Nov. 30, the Senate confirmed the nominations of Allison Clements and Mark Christie to sit as commissioners on the Federal Energy Regulatory Commission (FERC). The confirmation comes after considerable speculation over whether the nomination would be put to a vote during the short lame duck session. With this confirmation, Republicans now have a 3-2 majority on the Commission, which will remain until Commissioner Neil Chatterjee's term is up in June 2021. President-elect Biden is expected to pick Democratic Commissioner Richard Glick to be Chairman of FERC once he takes office.

## **FERC Proposes Grid Security Incentives**

During its December meeting on Dec. 17, FERC proposed a new rule that would create incentives for utilities to add cybersecurity protections beyond the current minimum requirements. This rule was proposed in response to a cyber attack on the IT service provider SolarWind, which affected thousands of organizations including electric power utilities, several networks within the Departments of Homeland Security, Treasury, and Commerce, and at least two Energy Department national labs. The proposal encourages utilities to go further than the Critical Infrastructure Protection minimum requirements laid out by the North American Electric Reliability Corporation (NERC) by allowing utilities to receive an add-on to their cost recovery that is passed along to customers. While the order was unanimous, there was bipartisan questioning from Chairman James Danly and Commissioner Richard Glick on whether the incentives were adequate to effectively achieve the desired outcome.

## **Year-End Bill Funds Government Through FY21**

The year-end bill includes \$39.6 billion for the Department of Energy (DOE), an increase of \$1 billion from FY20. Energy Efficiency and Renewable Energy (EERE) will receive \$2.86 billion, the Office of Electricity will receive \$211.7 million, and the Cybersecurity, Energy Security, and Emergency Response (CESER) office will receive \$156 million. Nuclear energy will receive \$1.5 billion. The Low-Income Home Energy Assistance Program (LIHEAP) is funded at \$3.8 billion, an increase of \$10 million. The EPA will receive \$9.24 billion, \$180 million more than FY20.

## **COVID-19 Relief Included in Year-End Package**

The bill passed by Congress includes \$286 billion in direct economic relief for individuals, which includes \$600 stimulus checks for individuals (and dependent children) making less than \$75,000/year and an additional \$300 per week in unemployment benefits through March, 2021. Unemployment benefits are also extended to 50 weeks. \$325 billion is for small business relief, including Paycheck Protection Program and other lending and grant programs. Vaccine procurement and distribution, testing, tracing, and mitigation programs will receive \$69 billion in funding.

Of interest to utilities, \$25 billion will extend the rental assistance program, which also allows renters to use funds to pay past-due utility bills. Further, the bill includes \$7 billion for low-income families to access broadband services, which includes a new \$300 million grant program to fund broadband in rural areas.

## **Energy Provisions Included in Year-End Bill**

The bill passed by Congress before the end of 2020 includes several provisions that had been included in the House or Senate energy bills. The final bill reauthorizes and updates research and development programs for solar, wind, geothermal, hydropower, carbon removal, industrial emissions reduction, advanced nuclear, as well as hydropower incentives. The Secretary is directed to establish a rebate program for the purchase of energy efficient transformers. It includes \$1.7 billion for weatherization assistance, \$180 million for energy management in federal buildings, and reauthorizing DOE's sustainable transportation programs.

The bill includes \$1.08 billion for energy storage technology cost reduction and \$2.36 billion to advance smart grid technology. ARPA-E is reauthorized at \$2.9 billion, and a new Office of Technology Transitions is authorized, along with an expansion of the loan guarantee program. The Secretary is directed to establish a program to support high-assay low-enriched uranium and reauthorizes the advanced nuclear programs.

Of particular interest, the bill directs DOE to establish an energy storage and microgrid grant and technical assistance program for electric cooperatives and public power to design and demonstrate energy storage and microgrid projects that use renewable energy.

The tax section of the bill also includes a number of health care provisions and extenders. It makes permanent the energy efficient commercial buildings deduction, extends the tax credit for paid family and medical leave and employer payments of student loans, and provides a two-year extension to the solar and residential energy-efficient property credit, and one-year extensions of the wind production tax credit, the biofuel producer credit, the energy property credit, the alternative fuel refueling credit, and the energy efficient homes credit. Other provisions would make waste energy recovery property eligible for the energy investment tax credit, extend offshore wind investment tax credit through 2025, allow certain public instrumentalities to claim the Employee Retention Tax Credit, and allow companies to write off expenditures made with Paycheck Protection Program loan proceeds.

