

# Northeast Public Power Association Legislative Update



## December 2017

### Hydropower Bill Passes the House

On Nov. 8, the House passed H.R. 3043, the Hydropower Policy Modernization Act, by a 257-166 vote. Sponsored by Rep. Cathy McMorris Rodgers, (R-WA), the bill designates the Federal Energy Regulatory Commission (FERC) as the lead agency for hydropower permitting, includes hydropower in the federal definition for renewable energy, and streamlines hydropower licensing by allowing FERC to set a schedule for federal approvals. NEPPA has long advocated for hydropower licensing reform, given the unreasonably lengthy process to relicense even small hydropower projects, and shared its support for the bill.

Environmentalists and some Democrats expressed concern that the bill diminishes the role of state resource agencies, and the House Energy & Commerce Committee searched for a bipartisan compromise after passing the bill by a voice vote in committee. Yet such a compromise never materialized before the bill passed the House floor, and the bill passed mostly along party lines with only twenty-six Democrats supporting it. The bill now moves to the Senate, where chances of action on this measure as a stand-alone bill are slim. A bipartisan version of hydropower licensing reform is included in S. 1460, the Senate energy bill, which is awaiting consideration but not expected to advance this year.

### Committees Hear Testimony on Puerto Rico Recovery

Several congressional committees held hearings this month on the government response to hurricanes, particularly the vulnerability of the grid during and after such disasters. On Nov. 2, the House Energy and Commerce Subcommittee on Energy heard from the Department of Energy (DOE) and the U.S. Army Corps of Engineers on the recovery effort and the toll recent disasters have taken on the energy grid in Puerto Rico, including the controversial Whitefish Energy contract. Based in Interior Secretary Ryan Zinke's rural hometown, Whitefish Energy was awarded a \$300 million contract to restore power to Puerto Rico, which raised many flags because of the company's relative lack of experience and workforce.

On Nov. 7, the House Natural Resources Committee held a hearing on Puerto Rico's hurricane recovery efforts. Two key invited witnesses for the hearing, however, declined to participate. Ricardo Ramos, the executive director of Puerto Rico's Electric Power Authority (PREPA), and Carmen Yulin Cruz Soto, mayor of San Juan, did not appear to deliver testimony citing their inability to be away at such a "critical time." Chairman Rob Bishop (R-UT) said that he was "very disappointed" that PREPA was not present and discussed its history of management problems prior to the hurricane's devastation. "There has to be some kind of oversight, there has to be some kind of transparency, so a situation like Whitefish does not occur again," Bishop said.

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On Nov. 14, three committees held hearings on the government response to major hurricanes of 2017, two focusing heavily on the ongoing concerns about the response in Puerto Rico, still without power weeks after the hurricanes hit. The Senate Energy and Natural Resources Committee heard testimony from the governors of Puerto Rico and the U.S. Virgin Islands as well as Ricardo Ramos, CEO of the Puerto Rico Electric Power Authority (PREPA). The House Natural Resources Committee heard from both governors as well, and the House Energy & Commerce Subcommittee on the Environment held a broad hearing on the environmental impacts of the storms. House Resources Committee documents showed PREPA ignored advice from its attorneys to cap the amount of the Whitefish contract and preserve other rights for the utility. Another theme of the hearings centered on Puerto Rico's request for over \$90 billion in supplemental disaster appropriations, nearly twice what has already been spent to respond to the multiple natural disasters of 2017.

### **House Holds Hearing on the Future of the Energy Star Program**

On Nov. 7, the House Energy and Commerce Subcommittee on Energy held a hearing to consider reforms to the Environmental Protection Agency's (EPA) Energy Star program. Energy Star is a voluntary program that consumers and businesses can use to make decisions regarding energy efficiency products. Since its inception in 1992, the EPA has been the lead agency for developing guidelines and standards for the program. The discussion draft of the "Energy Star Reform Act of 2017" proposes making DOE the lead agency while giving them the power to bring in the EPA as needed, among other things. Several witnesses argued against DOE assuming primary control. President of the Alliance to Save Energy, Kateri Callahan, testified that due to the already effective, trusted brand accepted throughout the U.S., the subcommittee should avoid "fixing" what is not broken. In contrast, Joseph McGuire of the Association of Home Appliance Manufacturers argued that DOE's "expertise is fair, predictable, open and transparent." All witnesses opposed eliminating Energy Star, first proposed in the Trump Administration's FY18 Budget.

### **House Passes Sweeping Tax Reform Bill; Senate Finance Committee Advances Bill**

On Nov. 16, the House of Representatives passed sweeping tax reform legislation by a vote of 227-205. Thirteen Republicans joined all Democrats in opposing the bill. The bill would cut corporate and personal tax rates, and it removes many deductions and credits. The bill does not remove the deduction for municipal bond interest, but ends the deduction for interest on advanced refunding bonds. The bill also ends the credit for electric vehicles, reduces the value of the wind production tax credit, and terminates the permanent solar investment tax credit.

Meanwhile, the Senate Finance Committee advanced its tax reform proposal along party lines. The Senate proposal also cuts corporate and individual tax rates, preserves the deduction for municipal bond interest, and ends the deduction for advanced refunding bonds. Unlike the House version, it makes no changes to the production and investment tax credits for wind and solar technologies, and also does not remove the credit for electric vehicles. However, Republican senators included a provision that would repeal the individual health insurance mandate, dramatically complicating the already fraught politics involved in obtaining support for the bill and raising the stakes of passage further. Several Republican Senators remain undecided on the bill as it advances to the floor for a vote as soon as this week. NEPPA sent a note to its Senate delegation urging removal of the advance refunding provision and expressing concern about removing the electric vehicle and renewables credits.

### **Glick and McIntyre Confirmed**

FERC Nominees Rich Glick and Kevin McIntyre were confirmed by unanimous consent of the Senate on Nov. 2, bringing the Commission back to a full five members.

