

Legislative Update



January 2017

Energy Bill Dies at End of 114th Congress

On Dec. 7, Speaker Paul Ryan (R-WI) announced the House would not take up the conference report to S. 2012, the once-broad energy bill that had been significantly narrowed in conference negotiations over the previous weeks. Senate Energy and Natural Resources Chair Lisa Murkowski (R-AK) admonished the House for abandoning the effort.

Over a year of work had gone into the bill, which contained several measures of interest to public power. Key features of the bill included hydropower relicensing process improvements; a provision to give FERC a formal role in agency rules that impact electric reliability, and several energy efficiency measures.

Of particular interest to NEPPA, both versions of the bill would have required RTOs to submit a report on resource diversity in capacity markets. The Senate version, which NEPPA supported, would have required the RTOs to explain how the market rules provide enhanced opportunities for self-supply. The House version would have required a description of how the market rules support resources that have a 30-day supply of fuel available on site. NEPPA had concerns that that language would promote unnecessary complication in an effort to support coal and nuclear.

In the final weeks of the year, conferees struggled to find compromise on numerous items and trimmed the bill down to only a handful of non-controversial positions, excluding most of the items listed above. The failure to act on a final measure leaves open the possibility that the 115th Congress will take up some form of energy bill, although it is likely that other priorities will take precedence.

BED Discovers Grizzly Steppe Malware

Burlington Electric Department found malicious software associated with the Russian state-sponsored hacking program “Grizzly Steppe” on one of its laptops. While the laptop was not connected to the grid, the news links lingering Congressional concerns about grid vulnerability to a high-profile narrative on Russian interference in the election.

Defense Auth Passes with EMP/GMD Language

On Dec. 7, Congress passed the final conference report on S. 2943, the FY 17 National Defense Authorization Act (NDAA), by wide margins. The bill contains concerning, last-minute language on electromagnetic pulses (EMP) and geomagnetic disturbances (GMD).

In This Issue:

- **Energy Policy: Omnibus Energy Bill dies at end of 114th Congress...**
- **Cyber and Grid Security: Burlington Electric discovers Grizzly Steppe malware on company laptop, Defense Authorization includes EMP/GMD...**
- **Municipal Bonds: House GOP meets on tax reform, MBFA circulates letter...**
- **Leadership: Committee leaders named, Cabinet and other nominations...**

House GOP Meets on Tax Reform, MBFA Pushes Back on Muni Bonds

On Dec. 14, House Ways and Means Chair Kevin Brady (R-TX) began a two-day meeting with GOP committee members to map out a plan to move tax reform early in the next session. While no decisions have been made as to the treatment of municipal bonds, Committee members and their staff have made comments indicating that taxing municipal bonds is likely, and others have said, “It is safe to assume that the draft will tax municipal bonds.”

The Municipal Bonds for America coalition has begun planning a strategy to push back on the use of municipal bonds as a revenue raiser. NEPPA has signed a letter from the group to key Members of Congress and encourages its members to add the name of their system by [clicking here](#).

Committee Leaders Named

Republican and Democratic leaders have announced Chairmen and Ranking Members for key committees of interest to NEPPA and public power. Among the energy authorizing committees, the only change is that Rep. Greg Walden (R-OR), who has been a friend to public power, will chair the House Energy and Commerce Committee. On the House Ways and Means Committee, Rep. Richie Neal (D-MA) will assume the Ranking Member position. New Englander Neal has been a champion for the protection of municipal bonds, which are likely to be targeted in tax reform legislation (see related story above).

Trump Nominates Members of Cabinet and Other Administration Posts

President-elect Trump has announced several key nominees:

- **Secretary of Energy:** Texas Governor Rick Perry (R), who previously advocated for abolishing the Department. A Trump spokesperson refused to rule out the possibility that the Administration might entertain the idea (to do so would require an act of Congress, however, which is unlikely).
- **Secretary of the Interior:** Freshman Congressman Ryan Zinke (R-MT), an early Trump supporter, who beat out hydropower champion Rep. Cathy McMorris Rodgers (R-WA) after sportsmen's groups close to one of Trump's sons expressed concerns about her willingness to sell federal lands.
- **EPA Administrator:** Oklahoma Attorney General Scott Pruitt, a leading opponent of the Obama Administration's climate and regulatory agenda.
- **Office of Management & Budget (OMB) Director:** Rep. Mick Mulvaney (R-SC), a founding member of the House Freedom Caucus who has voted against raising the debt ceiling.
- **White House Regulatory “Czar”:** Billionaire investor Carl Icahn.