

## NASEO GOVERNMENTAL AFFAIRS COMMITTEE MEETING AGENDA

THURSDAY, MAY 21, 2020 - 2:00 – 3:00 P.M. (EASTERN TIME)

CALL-IN NUMBER: 1-631-992-3444

CODE – 4962036

- 1) **BUDGET/APPROPRIATIONS** – The House passed (208-199 vote) yet another COVID-19 bill totaling approximately \$3 trillion on 5/15/20 (HR 6800). The Senate Republican Leader McConnell (R-KY) indicated that the House proposal was “dead on arrival,” and the President indicated that he would veto that bill. It is expected that negotiations on a new COVID-19 stimulus bill will begin in earnest in June, even though Senator McConnell had indicated that he wanted to see how the present stimulus was working. The President indicated this week that he is not as supportive of state and local funding and that he would oppose extension of unemployment benefits past July. In addition, during testimony on 5/19/20, Federal Reserve Chair Jerome Powell indicated that additional stimulus may be needed. Treasury Secretary Mnuchin suggested that there should be a pause to see how the economy is doing. You may recall that the National Governors Association, supported by the other “Big Seven” state and local groups, wrote to Capitol Hill and the White House requesting an additional \$500 billion in support. The regular appropriations process has not yet begun, but it is expected to begin in the House in June with the 12 appropriations subcommittee mark-ups. This process may be facilitated by the House decision to permit proxy voting for the first time. It is very likely that Congress and the White House will come to terms on a Continuing Resolution (CR), rather than individual appropriations bills, since this is an election year. We have continued to communicate with the Hill and encouraged them to support robust funding for the State Energy Program (SEP). As you recall, we obtained a large number of signatories on the annual “Dear Colleague” letters in support of SEP and Weatherization in the House (Tonko – D-NY/McKinley – R-WV) and the Senate (Collins – R-ME/Reed – D-RI). We certainly encourage the state energy officials to continue to contact their congressional delegations in support of SEP and WAP. For stimulus proposals, it is very unclear whether there will be significant energy components in future COVID-19 bills. A prior COVID-19 bill (the CARES Act) added \$900 million for LIHEAP, which was distributed to the states on 5/8/20. The prior COVID-19 bills did not contain other energy-related stimulus items. The bill passed by the House on 5/15/20 would also add \$1.5 billion for LIHEAP (and increase the allowable administrative costs) and create a new LIHEAP-like \$1.5 billion water program. The House bill would also place a moratorium on utility shut-offs. The bill also includes a portion of Rep. Tonko’s Scientific Integrity Act (HR 1709). We have made proposals (and joined others in making proposals) to both parties on Capitol Hill in support of certain energy stimulus proposals including: a) SEP (\$3.1 billion under the American Recovery and Reinvestment Act [ARRA]); b) energy emergency preparedness grants (\$50 million); c) mission critical facilities activities for resiliency and energy efficiency and renewable energy, with the primary funding through SEP; d) EV infrastructure funding and other

clean transportation options; e) state energy efficiency appliance rebate program plus insulation (funded under ARRA at \$300 million); f) Energy Efficiency and Conservation Block Grant (EECBG)(\$3.2 billion under ARRA)(Sen. Heinrich [D-NM] just introduced a reauthorization bill in the Senate [S. 3711]); g) Weatherization (\$5 billion under ARRA); h) HOMES and “Hope for HOMES” residential energy efficiency program and an associated training program; i) help for local building permitting funding; and j) tax proposals, etc. Purchases of oil for the Strategic Petroleum Reserve (SPR) are being pushed by the White House, and some oil is being purchased.

- 2) **ENERGY TAXES** – Outside of stimulus tax proposals in the energy sphere, there are continuing discussions on tax extenders beyond the end of 2020. These proposals include potential extensions of the PTC/ITC for wind and solar, 179d (commercial buildings deduction for energy efficiency), 25c (residential energy efficiency), carbon capture utilization and sequestration, EVs, potential tax relief for the oil and gas sector, etc. Senators Alexander (R-TN) and Carper (D-DE) introduced legislation on 5/14/20 to expand and extend tax breaks for clean cars, including hydrogen and EVs. The Treasury IG issued a report in late April that indicated that a large portion of the 45Q tax credits had been improperly submitted under EPA guidance.
- 3) **ENERGY LEGISLATION** – Congress has been discussing energy legislation in the context of stimulus legislation, which could include both funding/appropriations matters and authorization issues. NASEO has pushed for existing programs to be utilized to the extent possible, in order to speed the release of funds. Also, Senate Energy Chair Murkowski (R-AK) indicated in the past few days that she would get floor time to move the comprehensive energy bill she authored with Senator Manchin (D-WV), the ranking member of Senate Energy. This legislation includes the reauthorization of SEP (also S. 2094, which passed the Senate Energy Committee in 9/19). The virtually identical SEP reauthorization bill passed the House in September 2019. Mark-ups of other energy legislation have not been set in the House or Senate. The House Republicans just restarted their Energy Action Team as a counter-weight to the efforts by House Democrats to push for climate-related legislation. There is also some impetus behind funding and reauthorization of the Land and Water Conservation Fund.
- 4) **TRUMP ADMINISTRATION ACTIONS.**
  - A) The President has directed federal agencies to examine regulations that could be suspended in light of the pandemic, including environmental and energy regulations.
  - B) Mark Menezes, Undersecretary at DOE, has been nominated to serve as the Deputy Secretary of DOE. His nomination hearing was held on 5/20/20 before the Senate Energy and Natural Resources Committee.
  - C) NASEO has held two phone calls with the states in the past month to discuss the impacts of the PJM MOPR decisions and the issues surrounding the NERA petition at FERC to place net metering under FERC jurisdiction. In the PJM MOPR case, the

Commission denied rehearing (in large part) on 4/16/20, and compliance filings have been made (EL16-49, ER18-1314 and EL18-178). In the net metering case (EL20-42), NASEO intervened and filed preliminary comments in opposition to the NERA request. The comment period has been extended to 6/15/20. NASEO had also supported NARUC's request for an extension to file comments to August, but FERC only extended the comment period to June 15<sup>th</sup>. In another petition, a number of parties have requested that FERC conduct a technical conference to consider carbon pricing and the grid. Finally, on the DC rumor mill, FERC Chairman Chatterjee is being talked about as a potential candidate for governor in Virginia. We cannot verify that rumor.

- D) NASEO also submitted comments to the DOE Buildings Technology Office on the draft "Connected Communities" Funding Opportunity Announcement. NASEO staff is also working closely with that office on the GEB program and policies.
- E) The Trump Administration has also resumed charging (including retroactively) for suspended rent payments on federal lands for wind and solar projects. It had been suspended for a reevaluation since 2018.
- F) The U.S. Supreme Court has denied cert on disputes surrounded EPA implementation of the Renewable Fuel Standard.
- G) On May 1<sup>st</sup>, the President issued Executive Order 13920, "Securing the Bulk Power System," dealing with limiting the use of equipment from certain foreign sources.
- H) DOE announced on 5/14/20 a new funding opportunity for advanced nuclear reactors totaling \$230 million, including \$160 million for two new advanced reactors.

**5) MISCELLANEOUS.**

- A) NASEO Priorities (David Terry).
- B) Report of Energy Security Committee (Campbell Delahoyde/Jeff Pillon) – NASEO comments to FEMA regarding hazard mitigation assistance under the Building Resilient Infrastructure and Communities Program (BRIC), state of oil markets, oil storage crunch, reduction in rig counts, emergency actions, etc.
- C) Report from NGA.
- D) Report from regional governors' organizations and regional energy boards.

**6) NEW BUSINESS.**

**7) NEXT NASEO GOVERNMENTAL AFFAIRS COMMITTEE MEETING – THURSDAY, JUNE 18, 2020 (2:00 PM) (EASTERN TIME).**