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Federal

Energy Secretary Moniz Testifies at House Energy & Power Subcommittee

On Thursday, June 13th, recently confirmed Energy Secretary Ernest Moniz presented the President's Fiscal Year (FY) 2014 budget request for the Department of Energy (DOE) to the House Subcommittee on Energy and Power. Moniz, who most recently was the Director of the MIT Energy Initiative, took questions on LNG exports, hydraulic fracturing, and funding for green energy programs.

Not long after the hearing, the Subcommittee released its draft spending bill for energy and water programs, including the DOE. On June 18th the committee approved the bill. The legislation provides \$30.4 billion next year, about \$700 million less than the current, post-sequestration level. The bill also cuts \$911 million from renewable energy programs and reduces funding for Advanced Research Projects Agency—Energy by 81%

The extreme differences between the budgets offered by the President and House indicate that a bill will not be complete by the start of the federal fiscal year on October 1st. The DOE will likely operate under a Continuing Resolution that will temporarily fund operations at the FY 2013 level until Congress and the President can agree on the FY 2014 bill.

To read the Secretary's testimony, or view the hearing, click [here](#).

DOE Announces Efficient Lighting Projects

On June 4th, Department of Energy (DOE) Secretary Ernest Moniz announced five manufacturing research and development projects to support energy efficient lighting products. The projects will focus on reducing manufacturing costs, while continuing to improve the quality and performance of light-emitting diodes (LEDs) and organic light-emitting diodes (OLEDs).

The program includes \$10 million in DOE funding matched dollar for dollar by private sector funding. According to Secretary Moniz, "This partnership with industry to produce affordable, efficient lighting will save consumers money and create American jobs. It's another example of how energy efficiency is a win-win proposition for our economy."

The press release can be found [here](#).

Northeast Senators Push Obama on Climate Action

Five Senators, including Senators Schumer (D-NY) and Gillibrand (D-NY), have sent a letter to President Obama urging him to use the power of the executive branch to reduce carbon emissions.

The letter calls for action to reduce climate disruptions that cause severe weather such as Hurricane Sandy. "We are writing to urge you to finalize strong carbon pollution standards for new power plants, and to pursue standards regulating carbon pollution for existing fossil-fuel power plants," the Senators say.

Text of the letter can be found [here](#).

House Committee Reviews Ozone Standards

The Environment Subcommittee of the House Science, Space, and Technology Committee held a hearing on June 12th entitled, "Background Check: Achievability of New Ozone Standards." The purpose of the hearing was to review the Environmental Protection Agency's (EPA) forthcoming National Ambient Air Quality Standards (NAAQS) for ground level ozone. Specifically, the Chairman has expressed concerns with the EPA's estimates for naturally occurring ozone and its implications on the NAAQS.

Members in attendance included Subcommittee Chairman Stewart (R-UT), Full Committee Chairman Smith (R-TX), Ranking Members Bonamici (D-OR) and Johnson (D-TX), and Reps. Weber (R-TX), Takano (D-CA), and Edwards (D-MD).

Witnesses included Amanda Smith (Utah Department of Environmental Quality), Sam Oltmans (Cooperative Institute for Research in Environmental Sciences, University of Colorado), Russell Dickerson (Department of Atmospheric and Oceanic Science, University of Maryland), Jeffrey Holmstead (Bracewell & Giuliani), and John Vandenberg (National Center for Environmental Assessment, Office of Research and Development, EPA).

The Committee discussion focused almost entirely on whether the EPA is accurately estimating sources of background ozone, particularly in Western states, in developing new ozone NAAQS standards, and whether that affects the achievability of such standards. Chairman Stewart charged that failure by the EPA to properly acknowledge uncontrollable background concentrations of ozone could lead to the

agency setting a new standard next year that is at or near background levels, with “catastrophic economic impacts for large swaths of the country”, also pointing out that an unachievable standard would result in little actual environmental improvement.

Hearing statements and an archived webcast can be found [here](#).

White House Increases “Social Cost” of Carbon in New Rule

Utilizing an efficiency rule for new microwave ovens, the White House tagged on a new guideline, which could have broad implications for US energy policy. The new provision would change how the U.S. accounts for carbon emissions by increasing the “social cost” of carbon. The new figures (up from \$21 to \$38 a metric ton) are intended to represent the losses from global warming, such as flooding and drought damaged crops.

The end result will be that any government action that reduces emissions (i.e. efficient lighting goals or CAFÉ fuel standards) will score as more valuable in a cost-benefit analysis.

The Department of Energy’s press release can be found [here](#).

House Passes Bill to Protect Commodity Hedging

H.R. 634, the Business Risk Mitigation and Price Stabilization Act of 2013, introduced by Reps. Michael Grimm (R-NY), Gary Peters (D-MI), Austin Scott (R-GA) and Mike McIntyre (D-NY), passed the House on June 12th by a vote of 411-12. Text of the legislation can be found [here](#).

Under the bill, companies that buy and sell derivatives (i.e. natural gas) to hedge against business risk, such as big swings in commodity prices, would be exempted from new margin and capital requirements. Such companies are often referred to as “end-users” because their derivative purchases are directly related to their business and not used solely as a financial instrument.

The bill’s chances in the Senate are uncertain, as senators have been reluctant to bring up any changes to the sweeping 2010 financial industry reform law known as “Dodd-Frank”. A companion bill, S. 888, was introduced on May 7 by Nebraska Republican Mike Johanns with bipartisan support.

Industry associations, including the American Gas Association and the Edison Electric Institute are also pursuing regulatory relief from hedging requirements. In early June, the groups wrote to the Commodity Futures Trading Commission (CFTC) urging them to maintain the \$8 billion de-minimis exemption for end-users. The argument is that requiring end-users to register as swap dealers would only increase the cost of hedging, and therefore increase the cost of power, without providing the benefit of additional oversight or manipulation protections.

The Latest on Nominations

Senate Majority Leader Reid (D-NV) has indicated that he will call for votes next month on a series of nominees that have thus far been blocked by Republicans. The votes are likely to include three of President Obama’s picks for the U.S. Court of Appeals for the District of Columbia.

The Nuclear Regulatory Commission (NRC) is awaiting a vote in the Environment and Public Works Committee on a new term for the NRC Chairman Allison Mcfarlane. The Committee’s Chairman, Senator Barbara Boxer (D-CA), has delayed the hearing due to her concerns with the San Onofre nuclear power plant.

The Internal Revenue Service (IRS) also lacks a Commissioner. Under federal law, once the position was open, a 210-day clock began. June 10 was the last day an acting commissioner could serve and as a result, Treasury put a notice on its website indicating that Daniel Werfel is no longer the acting commissioner. He is now the principal Deputy Commissioner for Services and Enforcement, retaining all the duties and responsibilities of the commissioner.

State

Smart Grid Funding Made Available

The New York State Energy & Research Development Authority (NYSERDA) will award \$10 million in funding for projects that promote “smart grid” technologies. The intent is to re-engineer New York’s electric grid to accommodate a diverse supply of power generation sources, enhance grid performance, lessen environmental impacts, reduce energy consumption, and lower costs to customers. Awards will be made to projects that support research, engineering studies, product development, and demonstration projects.

The funding is part of Governor Cuomo’s Energy Highway Blueprint which called for projects that help reduce peak demand strains on the electric system, as well as reduce associated costs, integrate intermittent power sources, strengthen the security of the system, and improve overall reliability. The Energy Highway Blueprint is a product of Cuomo’s Energy Highway Initiative that was introduced in his 2012 State of the State Address to upgrade New York’s electric power delivery and generation system. The Blueprint was developed by the Energy Highway Task Force which consists of New York’s principal energy, environmental and economic development officials. It provides for as much as 3,200 megawatts in new generation and transmission capacity through additional renewable energy production, modernizing power plants, investing in transmission upgrades, and developing Smart Grid technologies.

Proposals for the first round of the program are due August 14th and a second round of proposals is due February 12, 2014. More information can be found [here](#) in the solicitation.

Governor Cuomo Announces "FUEL NY" Initiative Funding

Governor Cuomo recently announced the launch of “Fuel NY” which is an initiative to improve access to gasoline during a severe storm or other major weather event. “The lack of access to gasoline greatly interfered with recovery and restoration efforts following Superstorm Sandy,” said Governor Cuomo. “Fuel NY will provide first responders, essential personnel, evacuating residents and other motorists with peace-of-mind knowing that gas stations have the necessary back-up power capacity to distribute gasoline...”

As part of the initiative, \$17 million has been made available for NYSERDA to administer a grant program to assist gas stations with installing the wiring necessary to connect portable emergency generators in the event of an extended power outage or to install permanent back-up power generators. The enacted 2013-2014 State Budget requires approximately half of all gas stations in New York City, Long Island, Westchester County, and Rockland County to have access to back-up power in the event of an emergency.

Additionally, a new [website](#) has been created to provide information for both gas station owners and motorists identifying which gas stations are required to participate in the program.

Additional information can be found [here](#) in the Governor's press release.

Governor Cuomo Releases Provisional Open Data Guidelines to Increase Transparency

Provisional open data guidelines were recently released for state agencies and public authorities to participate in www.open.ny.gov. In March, Governor Cuomo directed state agencies to review and catalogue data they collect, and take steps to make public data available on open.ny.gov in accordance with guidelines developed by the NYS Office of Information Technology Services (ITS). The provisional guidelines will help with identifying, reviewing, and prioritizing state data for publication.

According to the provisional guidelines, data is defined as the final versions of statistical or factual information that (i) are in alphanumeric form reflected in a list, table, graph, chart or other non-narrative form, that can be digitally transmitted or processed; (ii) are regularly created or maintained by or on behalf of a covered state entity and are controlled by such entity; and (iii) record a measurement, transaction or determination related to the mission of the covered State entity. The term "data" does not include image files, such as designs, drawings, photos or scanned copies of original documents. Public input is encouraged and the guidelines are expected to be finalized in the coming months.

The provisional guidelines can be found [here](#).

DiNapoli: Mayor's FY 2014 City Budget is Balanced, but Substantial Risks Remain

Mayor Bloomberg's proposed budget for the upcoming fiscal year is balanced, but challenges remain including the unknown cost of potential labor agreements and the likelihood of realizing anticipated revenue from the sale of new taxi medallions, according to an [analysis](#) of the city's four-year financial plan released last week by New York State Comptroller Thomas DiNapoli.

DiNapoli Issues Report on Public-Private Partnerships

Comptroller DiNapoli called for strong oversight provisions if New York broadens the authority of the state to enter into public-private partnership (P3) projects or goes forward with private financing of public projects. DiNapoli's recommendations follow the release of a [report](#) earlier this month P3 projects elsewhere in the country.

City

Mayor Bloomberg and Finance Commissioner Announce \$90 Million in Property Tax Reductions for Homes and Businesses Impacted by Hurricane Sandy

Mayor Michael Bloomberg and Finance Commissioner David M. Frankel announced a \$90.3 million reduction in property taxes for homes and businesses impacted by Hurricane Sandy. The reductions are due to reassessments of the final values of homes and businesses reflecting damages to, as well changes in their respective market values following the storm. More than 88,000 property owners will receive notices with revised assessments. For Class 1 and Class 2 residential properties in neighborhoods with extensive Sandy-related damage, the City reduced Market Value by 15 percent; for Class 4 commercial properties, Market Value has been reduced by 10 percent.

After the publication of the tentative property assessments in January, the Department of Finance worked to ensure that properties that were damaged by Hurricane Sandy and those in hard-hit areas were accurately assessed. Inspectors inspected 6,122 individual properties, including those that the Department of Buildings had marked with a red tag – meaning they had suffered extensive damage following the storm – regardless of whether a damage form was submitted.

The Department of Finance also looked at decreased values for properties in hard-hit areas, even if the individual home or business was not significantly damaged. Since State law limits year-to-year tax increases on Assessed Value, Class 1 residential properties at 6 percent, some property owners will not see an actual decrease in their bill compared to last year's. Overall, more than 50,000 property owners will pay less in property taxes for Fiscal Year 2014 than the prior year.

In conjunction with the revised property tax assessment process, the Tax Commission has also extended the deadline for property owners impacted by Hurricane Sandy to appeal the Assessed Value. The extension is offered to any property with a decrease in either their Market or Assessed Value due to Sandy changes. Owners must file an Application for Correction with the Tax Commission by June 20th.

Applications for Business Loan and Grant Program Now Open, Part of Federal Hurricane Aid Package

Mayor Bloomberg and NYC Small Business Services Commissioner Robert W. Walsh announced that the application process for the City's business and loan grant program – a part of the Federal Community Development Block Grant Disaster Relief Program – was now open. The Federal Department of Housing and Urban Development has allocated \$1.77 billion in aid for Hurricane Sandy Relief; of which \$293 million will be spend on business recovery programs:

- \$72 million for business loans and grants
- \$90 million for investments in business resiliency
- \$90 million for "Game-Changer Investment Competition" to reward innovative ideas for spurring economic development in hard hit areas
- \$41 million for a competition to develop resilient technologies

The City's Department of Small Business Services will oversee the loan and grant program. Business owners will work directly with an account manager at the NYC Business Solutions Center to apply for loans of up to \$150,000 and matching grants of up to \$60,000. The City also established emergency grant and low-interest loan programs that have provided nearly \$15 million in loans to 650 businesses and \$4 million in matching grants to 400 businesses.

Mayor Bloomberg Vetoes Paid Sick Leave Bill

Mayor Bloomberg used his power of veto on the paid sick leave bill on June 7. The Bill, Intro. 97-A, which took nearly three years to pass in the City Council, would give nearly 1 million New York City workers five paid sick days per year.

"While the motivation behind Intro. 97-A is laudable, the bill will have deleterious effects on businesses and not-for-profit organizations throughout the city and it will hurt the city's economy," Bloomberg said in statement.

The mayor also expressed concern over having the Department of Consumer Affairs (DCA) as the agency overseeing paid sick leave. During much of the three year battle over paid sick leave, the Department of Health was to be tapped as the agency in charge of overseeing paid sick leave, however, when a compromise on the bill was announced on March 29, DCA was the agency named in charge. The mayor said the city estimates DCA would need to hire 49 extra staff and spend \$8 million in fiscal year 2014, and \$4.8 million annually thereafter to comply with the change.