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### Federal

#### **House Intel Committee Holds Cybersecurity Hearing**

On February 14<sup>th</sup>, 2013 the House Permanent Select Committee on Intelligence held a hearing entitled "Advanced Cyber Threats Facing our Nation." The hearing focused on the state of cyber threat information sharing between the U.S. government and the private sector, as well as cyber information sharing within the private sector. In their opening statements Chairman Rogers (R-MI) and Ranking Member Ruppertsberger (D-MD) touted their sponsorship and reintroduction of [H.R. 624](#), the Cyber Intelligence and Sharing Protection Act (CISPA). The legislation grants government the authority to provide classified cyber threat information to the private sector and breaks down the barriers that impede cyber threat information sharing between private sector companies.

The witnesses included Governor John Engler (President of the Business Roundtable), Paul Smocer (President of BITS), Kevin Mandia (CEO of Mandiant), and Ken DeFontes (President and CEO of Baltimore Gas & Electric).

You can find the full testimony [here](#).

#### **Manufacturers Release Carbon Tax Report**

Amid ongoing rumors that taxing carbon might be included in the tax reform debate, the National Association of Manufacturers (NAM) released a study on the economic impacts of a carbon tax. The NAM report concludes that although a carbon tax could lower the overall rate, the economic and employment impacts would be too damaging.

The full report can be found [here](#).

### **House Committee Holds Efficiency Hearing**

On February 26<sup>th</sup>, the House Energy and Commerce- Energy and Power Subcommittee held a hearing entitled “American Energy Security and Innovation: An Assessment of Private-Sector Successes and Opportunities in Energy Efficient Technologies.”

In opening statements, multiple committee members noted that the federal government is the nation’s largest energy user and should lead the way. Similarly, members on both sides of the aisle noted that energy efficiency has bipartisan and bicameral support. .

Rep. Gardner (R-CO) and co-chair Rep. Welch (D-VT) of the newly-formed Energy Savings Performance Caucus – stated that one of the greatest barriers to the increased use of Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs) was that the Congressional Budget Office scores ESPC/UESC use as a cost to government even though the Office of Management and Budget does not. Gardner said he would work on the issue.

Links to testimony and video of the hearing, are available [here](#).

### **Automatic Cuts Set to Begin Today**

After failing to strike a deal on a budget that reduces the deficit, \$85.3 billion in mandatory cuts to federal spending (known as ‘sequestration’) kick-in today. Congress pushed the budget cuts back until March 1 from January 2 by passing the ‘American Taxpayer Relief Act’ just before the close of 2012.

The sequestration trigger was established as part of the Budget Control Act of 2011, which was a deal to raise the debt ceiling. With its across-the-board cuts to defense (9.4%) and nondefense (8.2%) spending, it was thought that Congress and the president would find alternative methods to achieve deficit reduction. It appears that the extent of that pressure was miscalculated or rather, changed. In 2011, many Democrats believed that defense-minded Republicans would balk at the extreme cuts and be forced to deal. Since that time, many industry supporters such as Duncan Hunter (R-CA), Jerry Lewis (R-CA) and Norm Dicks (D-WA) have retired.

What sequestration will ultimately mean to Con Edison, New Yorkers and the nation depends on how long it is in effect. Some economists suggest that the short-term impacts will be minimal. The Obama Administration and others warn that sequestration will slow air traffic, impede the implementation of a new cybersecurity Executive Order, and make the country more vulnerable to terrorism as federal workers are laid off.

In order to escape a complete shutdown of the federal government on March 27, Congress and the president will need to agree on a plan that meets the fiscal year 2013 mandated deficit reduction goal through spending cuts, tax increases or a combination of the two. If an alternative to sequestration is not achieved at this time, the standoff between House Republicans and the White House will likely result in a series of short term funding agreements or a government shutdown similar to what occurred in 1996.

## **State**

### **Governor Cuomo Releases Back-Up Generator Proposal for Gas Stations**

Governor Cuomo released amendments to his Executive Budget proposal which would require gas stations located near hurricane evacuation routes or major highways to have the ability to use back-up generators in the

event of a power outage. Using federal money, the state would subsidize wiring the gas stations to be able to accept the generators. The stations themselves would be responsible for owning or leasing a generator to have available within 24 hours of a power outage. Small gas stations could receive an exemption.

This concept was originally contained in the NYS Ready Commission's report released last month. The NYS Ready Commission was established by Governor Cuomo after Hurricane Sandy to provide recommendations on how to ensure critical systems and services are prepared for future natural disasters. Several similar legislative proposals have also been introduced.

### **NYS Senate Energy Committee Holds Committee Meeting**

Senate Energy Chair George Maziarz (R-Niagara) held an Energy Committee meeting this week. Among the agenda items was a bill ([S.3806-A](#)) that reduces interconnection fees for farms that install renewable energy, increases the size of solar arrays allowed for farms, and directs the New York State Energy Research and Development Authority (NYSERDA) to study the deployment of on-farm renewable energy generation.

The agenda also contained a bill intended to assist in repowering at-risk power plants throughout New York ([S.2532](#)). Assisting the at-risk plants and the communities in which they are located has been a priority of the Chair and members of the Senate Republican Conference.

The bill creates a fund designed specifically to assist repowering the at-risk plants and the local communities where they are located. To bankroll the fund, the New York Power Authority (NYPA) is directed to sell up to ten of its gas turbine electric generating facilities located in and around New York City then deposit the proceeds into the fund. In addition, individual repowering savings accounts for power plants will be established as part of the fund. This measure will allow a power plant to "bank" the amount they are required to spend on certain required RGGI allowances associated with power generation and then use those funds to repower or invest in other infrastructure upgrades.

### **Senate Introduces the "Natural Disaster Preparedness and Mitigation Act"**

Senator Malcolm Smith (D-Queens) introduced the "Natural Disaster Preparedness and Mitigation Act" ([S.3761](#)) intended to ensure the state is better prepared to respond to natural disasters and mitigate the damage resulting from extreme weather events. Senator Smith is co-chair of the Senate bipartisan Task Force for Hurricane Sandy Recovery. The task force was created to identify the area's most in need of recovery assistance, review storm planning policies, and develop related legislative solutions.

The bill focuses on damage to New York's utility infrastructure, telecommunications capabilities, and health care facilities. It encourages communication and coordination between these entities and all levels of government with the use of integrated disaster preparedness plans, training drills, and other communications efforts.

The bill also requires all utilities, telecommunication providers and cable companies to file disaster preparedness plans with the Public Service Commission (PSC) for approval. Such plans shall provide for a regularly scheduled vegetation trimming program to minimize damage to infrastructure. Approved plans shall be filed with the appropriate local comprehensive emergency management plan authority.

In addition, the Disaster Preparedness Commissioner, the PSC, NYSERDA, and other agencies are directed to make recommendations concerning the costs and of hardening buildings, infrastructure, public utility facilities, energy sources, and health care facilities to ensure their continued operation, before, during and after a natural disaster.

### **Senate Holds Hearing on Future of LIPA**

This week the NYS Senate held a hearing in Albany to examine the proposed changes to the operating structure of the Long Island Power Authority (LIPA) and how to handle its \$7 billion debt.

After Hurricane Sandy, Governor Cuomo established a Moreland Commission to provide recommendations on how to improve LIPA's performance. Three options were considered: privatize LIPA, increase LIPA's authority to manage and operate the system, or have the New York Power Authority (NYPA) assume the responsibility of running the system. The Commission concluded privatization would be the best option because synergies would result in lower rates and an Investor Owned Utility would be subject to the enhanced regulatory structure proposed in the Executive Budget. LIPA is not currently subject to regulation by the Public Service Commission.

Many Long Island lawmakers are not convinced that privatization is the best option - arguing that it would actually result in higher rates because a private company would not be eligible for specialized tax treatment and federal storm assistance as is the case with a public entity. Consequently, many lawmakers are advocating for complete municipalization of LIPA.

Gil Quiniones, President & CEO of NYPA testified that Cuomo, with the assistance of financial consulting firm Lazard Ltc., is reviewing all potential options despite Cuomo announcing in his State of the State address that he will pursue privatization. Quiniones stated that it could take months before a final recommendation on the future of LIPA is made. Regina Calcaterra, Executive Director of the Moreland Commission also testified and reiterated the Commission's finding that privatization is the best option.

### **City**

#### **Mayor Bloomberg Signs Legislation Requiring Creation of a Report on Undergrounding Powerlines**

Mayor Bloomberg approved legislation that requires the Office of Long-term Planning and Sustainability to study and issue a report on weather related outages of both above ground and underground power lines, and their associated costs.

"During major storms many above ground power lines are susceptible to failure or damage as a result of falling trees and strong winds. This report will include recommendations of where it may be practical to consider relocating above ground power lines to underground locations," Bloomberg said.

Con Edison was instrumental in amending the bill to ensure that some requirements of the study were less onerous.

A copy of the enacted legislation can be found [here](#).