



## Government Issues and News of the Week

### State

- [New York State Legislative Session Winds Down](#)
- [Governor Cuomo Proclaims Hurricane Preparedness Week](#)
- [Governor Cuomo Announces Storm Recovery Appointments](#)
- [Governor Cuomo Announces Cyber Security Advisory Board](#)
- [PSC Directs NYSERDA to Reallocate Renewable Energy Funding](#)
- [PSC Receives Updates on Utility Audits](#)

### Federal

- [Energy Reliability Bill Passes the House](#)
- [Building Energy Conservation Act Gains Traction](#)
- [House Energy and Commerce Holds Cyber Hearing](#)
- [House Homeland Security Committee Releases Cyber Legislation](#)

### City

- [New York City Hurricane Sandy Recovery Initiatives Approved](#)
  - [US Department of Justice Approves NYC Districting Plan](#)
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### State

#### State Legislature Eyeing an End to Session – Summary of Priorities and Hot Topics

The New York State Legislature is scheduled to conclude the 2013 legislative session on June 20<sup>th</sup>. During these final weeks, Con Edison is actively advancing a legislative agenda related to:

- reducing construction costs in New York City;
- phasing-in tax assessment increases on utility property;
- natural gas expansion;
- preferential tax treatment for mutual assistance workers;
- a study of the impacts of net metering;
- capping RPS and SBC charges.

The following summarizes these legislative initiatives.

#### Joint Bidding – [S.5575](#)

“Joint bidding” is a process that enables New York City to identify the utility interference work that is required for a public works project and include this work as part of the City bid. Joint bidding facilitates the project engineering process, establishes more reasonable prices for interference work, speeds construction by eliminating disputes, reduces the inconvenience to the general public and businesses, and reduces the City’s costs. Despite these benefits, the practice of joint bidding is restricted to specific statutorily-authorized projects.

Con Edison has been working closely with Senator Andrew Lanza (R-SI) to advance legislation that would authorize joint bidding for all public works projects throughout the five Boroughs. The bill was approved by the Senate Committee on Cities this week and could move next to the floor of the full Senate for a vote.

#### Assessment Phase-In – [A.7651](#)

A.7651 provides for a five-year phase-in of any real property assessment increases. This stabilizing mechanism will protect energy customers from sudden spikes in energy costs resulting from rapid changes in property tax liability. Utility real property is currently the only class of real property in New York City that does not have some form of protection against abrupt increases.

#### Natural Gas Expansion – [S.5536](#)

Con Edison partnered with the Energy Coalition of New York (ECNY), which represents the interests of all New York's investor owned utilities (IOU), to draft legislation that would incentivize oil to gas conversions throughout New York State. Senate Energy Chair George Maziarz is the sponsor. The bill would direct all state and local agencies to implement a permitting policy to facilitate oil to gas conversions and would create a revolving loan fund using System Benefits Charge (SBC) money to assist customers with conversion costs. The SBC program supports numerous programs to improve the state's transmission and distribution infrastructure. It is funded through a surcharge on IOU customers' bills.

#### Preferential Tax Treatment for Mutual Assistance Workers – [S.5323](#)

This bill exempts out-of-state businesses and employees that provide disaster relief in NYS from state and local taxes or fees, licensing or registration requirements, unemployment insurance, and sales tax on equipment used.

The intention of this legislation is to reduce the disincentives for out-of-state employees who leave their homes and families to help New Yorkers during times of need. These actions will result in a more efficient deployment of resources and improve response times for companies deploying staff to hard hit areas during and immediately after a disaster.

This legislation is sponsored by Senate Energy Chair George Maziarz and Assembly Ways & Means Chair Herman D. Farrell, Jr. (D- West Harlem/Washington Heights). Con Edison issued a memo in support and worked closely with ECNY, Verizon, and AT&T to assist the sponsors in advancing this important legislation.

#### Net Metering Study – [S.5149](#)

The intent of this legislation is to provide insight regarding the socialized costs imposed on energy consumers to support net metering programs, as well as the avoided costs realized by customer generators. Senate Energy Chair George Maziarz also introduced this legislation which passed the Senate unanimously this week.

#### Capping SBC and RPS Charges – [S.5484](#)

This legislation caps the surcharges associated with the system benefit charge (SBC) and renewable portfolio standard (RPS) at 2013 levels. The money collected through the SBC and RPS surcharges fund various energy programs including energy efficiency and renewable energy initiatives. Utility customers pay these surcharges through their utility bills.

Imposing a cap on the surcharges will protect customers from increases on their utility bills and encourage efficient applications of the RPS and SBC programs. Con Edison worked in conjunction with the Business Council of the State of New York, and ECNY to draft this legislation. It has been introduced by Senate Energy Chair George Maziarz.

### **Governor Cuomo Proclaims Hurricane Preparedness Week**

Governor Cuomo issued a proclamation declaring May 26<sup>th</sup> through June 1<sup>st</sup> as Hurricane Preparedness Week. During this time, New Yorkers are encouraged to review their preparedness plans in anticipation of the 2013 hurricane season.

“It is essential that all New Yorkers assess their preparedness for any potential disaster, ensuring that they are ready to endure and respond to the types of destructive storms we have experienced in recent years,” Governor Cuomo said. “As we continue to recover from Superstorm Sandy, Hurricane Irene and Tropical Storm Lee, now is the time to make sure our citizens have plans and resources in place for their families, homes and businesses.”

The Governor’s press release announcing the proclamation can be found [here](#).

### **Governor Cuomo Announces Storm Recovery Appointments**

Governor Cuomo announced several appointments to positions that will aid in the State’s recovery from Superstorm Sandy, Hurricane Irene, and Tropical Storm Lee.

#### Director of Storm Recovery

Seth Diamond has been appointed Director of Storm Recovery and will oversee the State’s storm recovery initiatives in the areas of housing, business, transportation, coastal and inland infrastructure, and local community planning programs. Diamond has served as Commissioner for the New York City Department of Homeless Services since 2010. He was also a part of the city’s disaster management leadership team, managing evacuation locations for all city residents.

#### Community Reconstruction Zones Program Leads

The Community Reconstruction Zone Program (CRZ) program is a community driven initiative that will assist localities severely damaged by Sandy, Irene, or Lee to develop rebuilding plans that will be funded by the state and federal government. The leads will oversee this work in various regions.

Claudia Filomena and Chelsea Muller will serve as co-leads for the New York City CRZ program. Filomena is currently the Queens Director for the Community Affairs Unit in the Mayor’s Office, serving as the liaison between the Bloomberg Administration and community groups in Queens. She directed Sandy relief efforts in South Queens. Muller is the Executive Director of Rebuilding Together NYC, a nonprofit organization for safe and healthy housing, providing repairs and modifications to low-income homes and nonprofit facilities.

Lori DuBord will serve as Lead of the Catskills/Mid-Hudson CRZ program which includes parts of Orange and Rockland Counties. DuBord most recently served as District Representative in the Office of Congressman Maurice Hinchey.

Additional information on these appointments can be found [here](#) in the Governor's press release and more information regarding CRZ communities can be found [here](#).

### **Governor Cuomo Announces Cyber Security Advisory Board**

Governor Cuomo announced the membership of the Governor's Cyber Security Advisory Board, which will advise the administration on developments in cyber security and make recommendations for protecting the State's critical infrastructure and information systems. The advisory board will be co-chaired by Deputy Secretary to the Governor for Public Safety Elizabeth Glazer and Superintendent of Financial Services Benjamin M. Lawsky. The other members include:

Richard Clarke (Chairman and CEO, Good Harbor Consulting, LLC) served as a senior White House advisor, as well as Special Advisor to the President for Cyber Security.

Shawn Henry (President, CrowdStrike Services) previously served in the FBI as Executive Assistant Director of the Criminal, Cyber, Response and Services Branch where he oversaw all of the FBI's criminal and cyber programs and investigations.

Will Pelgrin (President and CEO, Center Internet Security/Founder of the Multi-State Information Sharing and Analysis Center) served as Director and Chief Cyber Security Officer of the New York State Office of Cyber Security and Critical Infrastructure Coordination.

Phil Reitingger (Senior Vice President and Chief Information Security Officer, Sony Corporation) oversees information security, privacy and internet safety at Sony Corporation. Reitingger previously served as Deputy under Secretary of the National Protection and Programs Directorate and Director of the National Cyber Security Center at the Department of Homeland Security.

Howard Schmidt (Former White House Cyber Security Coordinator and Special Assistant to President Obama) recently retired from his position as White House Cyber Security Coordinator and previously served as Special Adviser for Cyberspace Security and Vice Chair of the President's Critical Infrastructure Protection Board.

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

### **PSC Directs NYSERDA to Reallocate Renewable Energy Funding**

The Public Service Commission (PSC) directed the New York State Energy and Research Development Authority (NYSERDA) to reallocate approximately \$30 million in funding for renewable energies that have experienced a recent increase in demand. Funding will be increased through 2015 for customer-sited tier programs including solar, anaerobic digester gas to electricity, fuel cell, and on-site wind. The PSC also granted NYSERDA's request to limit RPS main tier eligibility (utility-scale renewable projects) to projects located in New York State.

More information on these changes can be found in [here](#) in the PSC's press release.

### **PSC Receives Updates on Utility Audits**

The Department of Public Service (DPS) issued a report to the Public Service Commission on the status of recommendations and progress of the audit implementation plan under the PSC's management audit program. "In response to the Moreland Commission's recommendations to improve our management audit process, as well as requirements in Governor Cuomo's 2013-2014 Budget to strengthen the Commission's regulatory oversight of utilities, the Department has enhanced its management audit process and staffing resources to further identify improvements in utilities' planning processes and operational efficiencies," Chairman Garry Brown said.

In each management audit, several areas were reviewed including: the corporate mission, objectives, goals and planning; long-term load forecasting; supply procurement; long-term system planning; capital and operations and maintenance budgeting; program and project planning and management; work management; and performance results measurement.

The report indicated that most of the State's IOUs have been audited to date including Con Edison.

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

### **Federal**

#### **Energy Reliability Bill Passes the House**

The Federal Power Act authorizes the Department of Energy (DOE) to order electric generating facilities to continue operating in order to avoid potential reliability-related emergencies. However, compliance with such an emergency order could trigger a violation of Environmental Protection Agency-related laws and regulations, potentially exposing the generator to penalties and lawsuits.

H.R. 271 is a bipartisan bill which addresses this legal conflict, ensuring reliable emergency grid operations while maintaining other environmental protections. H.R. 271, the Resolving Environmental and Grid Reliability Conflicts Act of 2013, would amend the Federal Power Act to clarify that electricity generating facilities will not be liable for violations of federal, state, or local environmental laws or regulations—or be subject to civil or criminal liability or citizen suits—as a result of complying with DOE emergency orders.

On May 22<sup>nd</sup>, the House passed H.R. 271 by a voice vote. The bill is now poised to bypass the Senate committee process and head straight to the floor for approval.

The House Committee's press release can be found [here](#).

#### **Building Energy Conservation Act Gains Traction**

On May 13th, the Senate Energy and Natural Resources (ENR) Committee passed S.761, the Energy Savings and Industrial Competitiveness Act of 2013. The bill is expected to be taken up by the full Senate sometime in June. In the meantime, Senators are working to draft amendments on everything from LEED certification changes to efficiency tax credit extensions.

Of particular interest is Senator Hoeven's (R-ND) amendment in the form of the "All-Of-The-Above Federal Building Energy Conservation Act of 2013". Hoeven's bill would repeal an existing fossil fuel ban ([Section 433](#)), a law that mandates the elimination of all fossil-fuel-generated energy in federal buildings by 2030 - and replace it with energy efficiency provisions for federal buildings.

The utility trade groups, the Alliance to Save Energy and the Federal Performance Contracting Coalition met with over 40 Senate offices in the last two weeks to request support for the All-Of-The-Above Federal Building Energy Conservation Act of 2013.

The group's letter of support can be found [here](#).

### **House Energy and Commerce Committee Holds Cyber Hearing**

On May 21<sup>st</sup>, the House Energy and Commerce Committee held its first hearing this year on cyber security with the electric sector as the focus of much of the discussion. Industry witnesses included the CEO of the Arkansas Electric Co-op and the President of the American Gas Association (AGA). Other testimony came from the National Institute of Standards and Technology (NIST) representative discussing implementation of the President's cyber security Executive Order, and former CIA Director Jim Woolsey talking about electromagnetic pulses.

The Committee's Ranking Member, Rep. Waxman (D-CA), focused his questions and comments on his recent report challenging utility implementation of cyber security protections. Mr. Waxman used these findings to support the theory that standards take too long, are not reflective of the existing threat environment, and need more teeth and oversight from FERC. Despite the messaging from Congressman Waxman, throughout the hearing the NIST witness and Members of Congress from both sides of the aisle made the point that public-private coordination is the only way to deal with a dynamic, evolving threat like cyber. The NIST witness also noted that the electric sector was a "high performer" when it came to coordinating with each other and the government and could serve as a model for other industries.

Hearing materials can be found [here](#).

### **House Homeland Security Committee Releases Cyber Legislation**

Last week the Chairman of the House Homeland Security Committee released a draft of the The National Cybersecurity and Critical Infrastructure Protection (NCCIP) Act of 2013. The bill would establish the Federal Government's role in coordinating cybersecurity activities between Homeland Security (DHS), Defense and the Department of Justice. The proposed legislation also includes the following;

- Codifies DHS' role in protecting critical infrastructure
- Establishes DHS as the federal civilian interface for information sharing
- Facilitates information sharing with robust privacy and liability protections and safe harbors through the NCCIC (National Cybersecurity and Communications Integration Center)
- Empowers private industry to raise the bar on cybersecurity through industry developed cybersecurity guidelines

Because the House already passed a cyber security bill (Cyber Intelligence Sharing and Protection Act), it is unclear how much traction a secondary bill will receive. Additionally, the Senate has yet to draft any legislation on cyber security reform.

## City

### **New York City Hurricane Sandy Recovery Initiatives Approved**

New York Mayor Michael Bloomberg, U.S. Department of Housing and Urban Development Secretary Shaun Donovan and Senator Chuck Schumer recently announced Federal approval of the City's plan for \$1.77 billion in Hurricane Sandy recovery funding. The City submitted its Community Development Block Grant Disaster Recovery Action Plan, which outlined its plan to spend the initial Federal aid allocation on programs for housing recovery, business recovery, infrastructure and resiliency. A copy of the entire approved Community Development Block Grant Disaster Recovery Action Plan is available on [www.nyc.gov](http://www.nyc.gov).

The City's recovery programs fell into four categories: housing recovery, business recovery, infrastructure and resiliency.

#### *Housing Recovery - \$648 Million*

The housing relief programs include:

- \$306 million for reconstruction of one- and two- family homes;
- \$225 million for repair and reconstruction projects in multi-family buildings;
- \$108 million for resiliency improvements to public housing; and
- \$9 million for up to 24 months of rental assistance for families displaced by Hurricane Sandy.

The application/registration process for the housing recovery programs will begin in early June 2013. Homeowners will be able to register for grant, loan and rental assistance and more information by calling 311 or visiting [www.nyc.gov](http://www.nyc.gov). Homeowners are advised to collect the documents they will need as part of the aid application process, including: photo identification; proof of income; proof of residency; and any insurance claims or settlements for Sandy-damaged structures. With the exception of the money going towards public housing, the New York City Housing Recovery Office and the Department of Housing Preservation and Development will manage these funds.

#### *Business Recovery - \$293 Million*

The business relief programs include:

- \$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; and
- \$41 million for a competition to develop resilient technologies.

The application process for the business loan and grant program opened on Monday, May 20<sup>th</sup>. Business owners can find out more information about the application and other requirements by calling 311 or visiting [www.nyc.gov](http://www.nyc.gov). 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.

#### *Infrastructure and Resiliency - \$831 Million*

The City will allocate \$360 million to repair City infrastructure damaged by the storm, and for City services set up in the response and recovery work. The City set aside \$294 million for resiliency

investments to be detailed in a later report issued by the Special Initiative for Rebuilding and Resiliency and as federally required, \$177 million has been allocated for planning and administration of the City's recovery programs.

### **US Department of Justice Approves NYC Districting Plan**

Executive Director Carl Hum of the Districting Commission announced Thursday, May 23 that the U.S. Department of Justice approved the redistricting plan to redraw New York City's 51 City Council districts.

Hum said the district lines were redrawn after three rounds of public hearings with more than 1,750 people in attendance.

He said the commission also received 1,500 comments from people who submitted statements. In addition, commission staff members spoke to more than 50 community groups throughout the five boroughs.

The new City Council district lines will go into effect for the 2013 elections later this year.

The final districting plan can be viewed here at: [www.nyc.gov/districting](http://www.nyc.gov/districting)