



Government Issues and News of the Week

Federal

[Senator Landrieu \(D-LA\) Loses Seat and Energy Committee Leading Role](#)

[Congress Unveils \\$1.01 Trillion Spending Bill](#)

[2014 Congressional Session Drawing to a Close](#)

[Senate Committee Holds Hearing on FERC Nominee](#)

[HUD Asks Utilities to Provide More Usage Data](#)

State

[PSC Testifies at Assembly on Implementation of Enhanced Regulatory Oversight](#)

[Governor to Take Action of Numerous Pieces of Legislation](#)

[Governor Cuomo Launches Community Solar Program](#)

City

[City Council Passes Updated Building Energy Codes](#)

[Mayor Presents Mid-Year Budget Modifications](#)

[New York City to Spend \\$125 Million on Retrofits](#)

Federal

Senator Landrieu (D-LA) Loses Seat and Energy Committee Leading Role

On Saturday, December 6, Senator Mary Landrieu (D-LA) lost her runoff election to Republican candidate Bill Cassidy. This final election of the year brings the Senate Republican majority to 54 over the Democrats' 46 - a net pickup of nine seats.

Landrieu's loss means a new Senator will take the role of the ranking Democrat on the Energy and Natural Resources Committee. The most likely candidate is Senator Maria Cantwell (D-WA). The incoming Chair of the Committee will be Senator Lisa Murkowski (R-AK), who will take the helm in January.

Congress Unveils \$1.01 Trillion Spending Bill

Late Tuesday, December 9th Congressional leaders unveiled a massive \$1.01 trillion spending bill which will keep most of the federal government funded through September of 2015.

The legislation has a fair chance of passing before the end of the week, when Congress is scheduled to recess until 2015 and will allow the incoming Republican-controlled Congress to avoid lingering spending issues.

The bill includes \$521 billion in military spending, with an additional \$64 billion set aside for overseas military operations, including the fight against the Islamic State and to assist European countries facing Russian aggression. With efforts to pass comprehensive immigration reform stalled, the bill does include \$1.2 billion for agencies to deal with the influx of unaccompanied immigrant children crossing

the border from Mexico. As well as \$948 million to the Department of Health and Human Services unaccompanied children program, an \$80 million increase. Of specific interest to Con Edison, funding for Low Income Home Energy Assistance Program (LIHEAP) is flat at \$3.4 billion.

Some notable cuts include the EPA, whose budget is being reduced by \$60 million and the IRS will lose \$345.6 million. Critics suggest the cuts mean that the EPA will have to reduce its staffing to the lowest levels since 1989.

The bill is also packed with policy instructions, called “riders”. One of the most noteworthy changes includes dramatically expanding the amount of money that wealthy political donors could give the national parties. Top donors would be allowed to give three times the annual cap on national party donations to three additional party committees set up for the purposes of the presidential conventions, building expenses and election recounts.

2014 Congressional Session Drawing to a Close

Congressional leaders have committed to passing an extension of the Terrorism Risk Insurance Act (TRIA), which expires at the end of the year. The Senate has already passed a long-term extension of the program while the House has struggled to find ways to limit the scope of the government backstop. Finally, we expect the Senate to take up a House-passed bill that retroactively extends all of the 55 expiring tax provisions for 2014. These tax programs include the research and development tax credit and the energy efficient commercial buildings deduction.

Senate Committee Holds Hearing on FERC Nominee

On December 4, the Senate Energy and Natural Resources Committee held a hearing to consider the nomination of Colette Honorable to be a member of the Federal Energy Regulatory Commission (FERC). Honorable is the 2014 chair of the National Association of Regulated Utility Commissioners (NARUC).

Senator Wyden (D-OR) chaired the hearing and called for the speedy confirmation of Honorable. The current Ranking Member, Senator Lisa Murkowski (R-AK), echoed the sentiment. The Committee will hold a confirmation vote this Wednesday and Honorable is expected to receive broad bipartisan support.

You can read Colette Honorable’s opening statement [here](#).

HUD Asks Utilities to Provide More Usage Data

In November, the US Department of Housing and Urban Development (HUD) sent an open letter to utilities regarding access to energy usage data for buildings within HUD’s purview. The letter invites utilities to provide comments or submit questions on the issue, rather than request a response by a date certain. HUD also indicates that the Department will create a working group of key stakeholders to collaboratively share best practices for delivery and accessibility of utility usage data in the affordable multifamily housing sector. The text of the letter can be found [here](#).

Through the Edison Electric Institute (EEI), the industry has requested a meeting with HUD to learn more about the barriers that utilities face, and to educate HUD on the issues utilities encounter when handling requests to share customer data. Additionally, EEI intends to be a part of the HUD stakeholder group.

State

PSC Testifies at Assembly Hearing on Enhanced Regulatory Oversight

Last week, Public Service Commission (PSC) Chair Aubrey Zibelman testified at a joint hearing held by the Assembly Energy and Corporations Committees to review the enhanced regulatory authority granted to the PSC post-Sandy.

Zibelman provided an overview of what the Department of Public Service (DPS) has been doing since enactment of the new laws including additional audits, review of emergency response plans, and creation of the scorecard which is used to measure utilities' responses to major outages. The fusion recertification issue was briefly referenced in the context of recent audits, but no detailed discussions ensued. The Q&A primarily focused on gas safety, communication with the public, and staffing levels.

Gas Safety

Corporations Chair Jim Brennan (D-Brooklyn) asked most the gas safety questions, inquiring about the status of the East Harlem investigation, the status of Con Edison's enhanced gas leak surveillance efforts, and whether or not the replacement schedule for leak-prone pipes has been improved.

Zibelman responded that the East Harlem investigation is ongoing and the PSC could release its findings before the NTSB releases its reports if doing so does not violate any agreements in place between the PSC and NTSB.

With respect to Con Edison's enhanced surveillance, Zibelman was complimentary of the program and indicated that the company intends to transition the program from a pilot to a permanent component of its gas safety efforts.

Finally, Zibelman was again complimentary of the utilities' efforts to enhance their pipeline replacement programs. She specifically noted O&R's recent rate case filings, as well as Con Edison's request to implement a program that would allow utilities to accelerate pipeline replacement outside the rate case process. Several other utilities have also made this request. Zibelman indicated that the request is under consideration.

Communication

The Westchester delegation focused on communication issues experienced during Sandy restoration. Energy Chair Amy Paulin (D-Scarsdale) specifically opined about the inaccurate estimated times of restoration (ETR) that were reported, and a lack of coordination with local governments. Zibelman referenced new utility outage maps, better communication between utilities and all levels of government such as enhanced "muni" calls, and the scorecard which includes accurate ETRs as a metric.

Assemblyman Steve Otis (D-Westchester) requested that the PSC consider invoking the scorecard for outages lasting two days. The scorecards are currently used to measure efforts during an outage lasting three days or more. Zibelman indicated that they would consider it.

Staffing

Members expressed concerns over utility staffing levels and how they impact restoration. Zibelman discussed the ongoing staffing audit of all utilities, the need to balance the costs and benefits of

maintaining a large in-house workforce versus qualified contract workers, and enhanced mutual assistance protocols.

Governor to Take Action on Numerous Pieces of Legislation

With only weeks left in the 2013-2014 legislative cycle, numerous bills were delivered to Governor Cuomo for action. Cuomo has until December 17th to either sign the bills into law or issue vetoes.

The following bills of interest have been delivered:

- Crediting fuel cells at retail rate
- Increasing combined rated capacity for fuel cell systems
- Net metering study
- Farm waste net metering
- PSC hearings following major power outages
- Municipal energy aggregation program
- PSC study on supply prices
- Hearing requirements for closing a call center
- Lighting fixture requirements for public buildings

[Fuel Cells](#)

Two fuel cell-related bills have been delivered to the Governor. The first bill credits net metered fuel cells and CHP at the retail rate, similar to renewable energy technologies. Fuels cells and CHP are currently credited at the lower wholesale rate. The second bill increases the combined rated capacity for fuel cell systems for non-residential customers from 1,500 kilowatts to 2,000 kilowatts.

Fuel cells have received a lot of attention from lawmakers because they are considered to be a cleaner energy source. Last year, legislation was enacted to permit remote net metering for fuel cells and CHP. Con Edison is pursuing a veto for several reasons. Fuel cells should not be afforded the same treatment as renewable energy technologies because they are a fossil fuel and not intermittent. In addition, crediting net metered fuel cells at the higher rate would likely result in significant cost shifting to the remaining customer base.

[Net Metering Study](#)

This legislation directs the PSC to conduct a cost-benefit analysis of New York's net metering program. It is part of Con Edison's proactive agenda and is intended 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. This study would enable policymakers to make more informed choices when considering expansions of the net metering program.

[Farm Waste Net Metering](#)

This bill expands farm waste net metering to non-residential customers who generate farm waste as part of their business, but process it at a location other than the farm.

The intent is to benefit the yogurt industry. However, it could have larger impacts on other food processing industries resulting in significant cost shifting to non-net metered customers. As a result, Con Edison, in conjunction with the Energy Coalition of NY (ECNY), opposes this legislation and is seeking a veto.

[PSC Hearings Following a Major Outage](#)

This bill would require the PSC to convene public hearings in areas affected by major power outages pursuant to a local resolution requesting such hearing. A “major outage” is defined as any outage within a utility service territory that leaves at least 5% of customers without power for at least 72 consecutive hours following the event that caused the outage.

[Municipal Energy Aggregation](#)

This bill authorizes the creation of a municipal aggregation program in Westchester County. The aggregation program would allow municipalities in Westchester to procure electric and/or gas supply services from an ESCO on behalf of its residents.

Con Edison was heavily engaged in the drafting of this legislation. Our goals were to limit the additional burdens and responsibilities the program imposes on the company, and to keep the program consistent with our current ESCO procedures.

[Supply Price Study](#)

This legislation directs the PSC and NYISO to conduct a study on the causes of large price increases for electric and gas supply last winter and provide policy recommendations to the legislature.

This bill represents a compromise between the utilities and the Legislature which originally sought to enact legislation mandating utilities to offer customer credits when the supply portion of a bill increases by at least 15% from the previous month.

[Call Center Hearing Requirements](#)

This bill seeks to clarify what constitutes a “hearing” when a call center is closed. The hearing would need to be held at a physical location, attended by a member of the PSC, and provide the public with an opportunity to testify.

This legislation relates to the PSC’s decision to not hold an “evidentiary hearing” when Grid relocated one of its LI call centers to Brooklyn last summer. The union petitioned for an evidentiary hearing but the PSC determined that it wasn’t necessary in light of the statutory language.

[Lighting Fixture Requirements for Public Buildings](#)

This bill restricts the “luminous power” of lighting fixtures installed or maintained by the state. Several iterations of this legislation have been considered over the years which were much more expansive and applied to private entities. This represents the final version which is restricted to state facilities.

Governor Cuomo Launches Community Solar Program

Originally announced in the 2014 State of the State address, Community Solar NY has officially been launched. Community Solar NY is an effort under the NY-Sun initiative intended to make solar implementation easier and more affordable to communities.

The Community Solar program supports community projects known as “Solarize” campaigns which are locally-organized community outreach efforts aimed at getting homes and businesses to install solar.

Community Solar will support these campaigns by providing marketing materials, technical assistance and funding, and by sharing best practices.

Another component of Community Solar, K-Solar, was launched earlier this year. K-Solar is partnership between NYPA, NYSETDA and the State Education Department intended to help school districts reduce their energy costs by going solar. Under K-Solar, NYPA provides free solar consulting services. As of November, 194 school districts, representing more than 800 schools in 51 counties, have signed up to participate in K-Solar.

Additional information about these programs can be found [here](#).

City

City Council Passes Updated Building Energy Codes

The City Council on Monday passed updates to the city buildings code that promise to significantly reduce consumption in newly constructed buildings. The city is required to bring its building energy codes into compliance with the state's codes every three years. The bill, Intro 550, does that with some city-specific measures. Among the new requirements will be more efficient boilers, a higher percentage of energy-efficient lighting, and testing new buildings systems before occupants move in. You can review the approved legislation, which now goes to Mayor de Blasio for his consideration, [here](#).

Mayor Presents Mid-Year Budget Modifications

Mayor Bill de Blasio recently presented his Financial Plan Update for Fiscal Year 2015. The announcement showcased lower future deficits, larger-than-expected savings and tax revenues, as well as a new approach to requiring financial cuts from individual city agencies. The Mayor stated that the cost of long-term debt is \$1.1 billion less than when the Fiscal Year 2015 budget took effect on July 1. That savings will be spread over the city's four-year financial plan, which runs through Fiscal Year 2018.

In June, the debt through Fiscal Year 2018 was budgeted at about \$35 billion. However, with expected increases in tax revenues future deficits will be reduced to \$1.8 billion in F.Y. 2016, \$1.1 billion in F.Y. 2017 and \$1.7 billion in F.Y. 2018.

The November Financial Plan, which reflects new initiatives that have been launched since last June also includes significant savings over the adopted budget's projections. Those savings will be derived through managerial and/or productivity initiatives, the elimination or reduction of costs for programs not proving effective, the consolidation or restructuring of programs, and the reduction in the use of consultants or outside contracting.

For a full reading of the Mid-year budget; [November Financial Plan Update](#)

New York City to Spend \$125 Million on Retrofits

In an effort to jumpstart "One City Built to Last", the de Blasio administrations long-term program to cut greenhouse gas emissions 80 percent by the year 2050, Mayor de Blasio is committing \$125 million over the next four fiscal years. The spending plan, which does not include capital costs to retrofit the City's building stock in order to make them more energy efficient, is just one aspect of the approach the city will have to take over the next 10 years towards its greenhouse gas emissions goal.

The biggest portion of the projected budget of approximately \$76.4 million, will be for the Department of Citywide Administrative Services (DCAS) to hire personnel and project managers over the next four years. The Department of Environmental Protection (DEP) and the Office of Long-Term Planning and Sustainability (OLTPS) will jointly see an additional \$30.3 million over the next four years for additional staff to implement several outreach programs to the private real estate industry. The outreach will include an Energy Efficiency Retrofit Accelerator to market and help finance retrofits in water, heating and energy upgrades.

Housing Preservation and Development (HPD), Small Business Services (SBS), the city's Economic Development Corporation (EDC) and the Department of Buildings (DOB) will jointly share \$18.6 million to upgrade building codes, conduct audits, launch a marketing campaign and expand existing energy efficiency programs.