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Federal

Federal Government Faces Partial Shutdown

The U.S. Congress has less than 12-hours remaining to resolve federal spending issues prior to a partial government shut down. If federal spending is not extended by October 1, all non-essential government services will cease. So far, the House has passed a stop-gap spending bill that will keep the government funded through December 15th. The bill also defunds the Affordable Care Act (commonly referred to as Obamacare).

On Friday, the Senate passed a modified version of the spending bill which strips the health care provision and shortens the bill by one month. On Saturday, the House rejected the Senate approach and returned yet another version of the spending bill, which the Senate rejected this afternoon. As of this writing, the House and Senate are left with very little time to pass a consensus measure. A critical mass of Republicans will have to be convinced that they can win a fight to delay Obamacare's individual mandate when the debt ceiling needs to be lifted in the coming weeks. Otherwise, the Federal Government risks a shut-down, which hasn't happen since the 1990's.

EPA Releases Draft New Source Pollution Standards

On Friday, September 20th, the Environmental Protection Agency (EPA) released draft rules to limit the carbon emissions from new power plants. The New Source Pollution Standards (NSPS) include two major components:

- Coal-fired facilities: limited to 1,100 pounds of carbon dioxide for each megawatt hour of energy they produce; and
- Natural gas-fired facilities: limited to 1,000 pounds of carbon dioxide for each megawatt hour of energy they produce.

The initial reaction from the coal industry is that the standards will drive electricity costs up and will require the use of carbon capture and storage – a technology that is not commercially available. The official comment period for proposal will be open for 60 days after rules are published in Federal Register and many industry groups, including the Edison Electric Institute (EEI), are likely to submit input.

The NSPS is the first in a series of climate efforts from President Obama's [Climate Change Plan](#).

Con Edison's CFO Participates in Tax Reform Advocacy

In mid-September, Con Edison CFO Robert Hoglund took part in the Edison Electric Institute's (EEI) Chief Financial Officer advocacy day. Mr. Hoglund met with several members of Congress including Senator Thune (R-SD), Congressman Crowley (D-NY) and committee staff from Senate Finance and House Ways and Means.

The group's focus was to highlight the industry's top issues should tax reform move forward:

1. Maintaining parity between dividends and capital gains tax rates.
2. Maintaining interest deductibility.
3. A normalization transition.

Although none of the utility-specific issues appear to be in jeopardy, many members in Congress seem interested in raising the maximum dividend rate to 25percent but keeping it equal with ordinary income and capital gains. Additionally, some members (Senate Democrats in particular) are looking at limiting the interest deduction for very highly leveraged companies such as hedge funds.

Although the House Ways and Means Committee will likely release a bill this fall, comprehensive tax reform remains far from likely this year.

Congress Begins Review of Terrorism Insurance

Both the House and Senate have begun reviewing the Terrorism Risk Insurance Act (TRIA). TRIA was created in response to the post-9/11 disruptions in the terrorism insurance market. TRIA created a three-year Terrorism Insurance Program in which the government would share some of the losses with private insurers should a foreign terrorist attack occur. The three-year program was extended in 2005 and again in 2007.

In September, the House Financial Services Committee held a hearing on TRIA, which highlighted Republican opposition to extending the program, now scheduled to expire December 31, 2014.

Interested parties (including Con Edison) hope that the committee will vote on an extension early next year. Passing a bill through the House is the biggest challenge as many Republican Members are concerned that the responsibility is exposing the federal government to billions of dollars in liability and preventing a private market for terrorism insurance to develop.

A full summary of the hearing can be read [here](#).

Bipartisan Coalition Urging President to Extend Better Buildings Program

Congressmen Cory Gardner (R-CO) and Peter Welch (D-VT) –co-chairs of the House Energy Savings Performance Caucus – are circulating a letter to the President urging the administration to extend the Better Buildings Initiative (BBI), which is set to close at the end of this year. The BBI encourages federal agencies to use Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs) in order to lower federal energy bills. Con Edison supports extending the BBI and in June signed a letter calling for a 5-year, \$1 billion-per-year extension of the BBI.

President Obama included a proposed expansion of the BBI in his Climate Change Action Plan, though these proposals have yet to be enacted.

You can learn more about the BBI by visiting its [homepage](#).

State

NYS Senate Hold Hearing on Indian Point Contingency Plan

The New York State Senate Committee on Energy and Telecommunications held a hearing today to review the Indian Point Contingency proceeding currently pending before the Public Service Commission (PSC). Most of the hearing focused on who will bear the costs of the Indian Point Contingency Plan (Contingency Plan). The hearing press release can be found [here](#).

Committee Chair Senator George Maziarz (R-Niagara), Senator Patricia Ritchie (R-St. Lawrence), and Senator David Carlucci (D-Rockland) were in attendance. Maziarz and Ritchie frequently expressed concerns about upstate ratepayers bearing the costs of a 'downstate issue'. Concerns were also raised about the precedent the Contingency Plan would create for other generators undergoing license renewals.

Testimony was provided by Gil Quinones, President and CEO of NYPA; Rajendra Addepalli, Deputy Director – Office of Electric, Gas, & Water NYS Department of Public Service (DPS); James Slevin, VP – Utility Workers Union of America (UWUA). Stuart Nachmias testified on behalf of Con Edison.

Gil Quinone's testimony argued that the Contingency Plan is a prudent and essential insurance policy which will provide the best possible combination of reliable, economical, and environmentally compatible power sources. Quinones cautioned that a failure to act in a timely fashion would violate effective public policy. Quinones' testimony can be found [here](#).

Rajendra Addeppali's testimony consisted of a brief overview of the generator retirement process and the Contingency Plan proceeding to date. He addressed three concerns commonly raised by parties in the proceeding: (1) need for the contingency plan; (2) cost allocation and rate impacts; and (3) potential intrusion into competitive markets. Addeppali's testimony can be found [here](#).

James Slevin, VP of the Utility Workers Union of America (UWUA) testified with James Spry, a 1-2 Executive Board Member for Indian Point Planning, as well as Dominic Marzullo, a 1-2 Business Agent and Indian Point employee. The testimony focused on Indian Point's safety features and the economic impacts closure would have on the region. Slevin's testimony can be found [here](#).

Stuart Nachmias' testimony highlighted that Con Edison does not take an official position on the closure of Indian Point - Con Edison was directed by the PSC to develop the Contingency Plan to ensure replacement electricity is in-place prior to a shutdown. Nachmias' testimony can be found [here](#).

State Tax Collections Above Forecast Through August

According to the August cash report recently issued by New York State Comptroller Thomas DiNapoli, tax revenues through the month of August were \$69.8 million over budget projections. The 10.3% increase is largely due to strong personal income tax collections. However, year-end growth is slightly below projections.

"We've seen robust collections in April followed by continuing strength in sales tax receipts, and nearly \$550 million in unexpected miscellaneous revenues," DiNapoli said. "Our largest in-state source of revenue, income tax withholding, is growing. However, the growth is slightly below updated projections for year-end. Much of the good news so far this year comes from one-time windfalls."

DiNapoli's August Cash Report can be found [here](#).

State Pension Fund Looking for New York Investments

Approximately \$400 million is now available for investing in New York-based companies through the New York State Common Retirement Fund's (Retirement Fund) In-State Private Equity Program (In-State Program). New York State Comptroller Thomas DiNapoli will be touring the State to seek new investment opportunities and inform entrepreneurs about the In-State Program.

Through the In-State Program, the Retirement Fund has established partnerships with private equity managers from around the state who invest in New York companies that require capital for growth, refinancing, or early stage investment. The In-State Program is designed to provide investment returns consistent with the risk of private equity by making investments that meet fiduciary standards.

The In-State Program was created by the New York State Legislature in 1999 to stimulate job growth. The original investment goal was \$250 million, which was achieved in 2007. More than \$600 million in additional investments have been added to the program since that time.

More information about the In-State Program can be found [here](#) and a copy of the In-State Program's progress report can be found [here](#).

Governor Cuomo Announces Next Steps in Charge NY Program

As part of the State's continuing efforts to accelerate the deployment of electric vehicles (EV), Governor Cuomo announced a new Charge NY initiative that will provide funding for EV research.

The Electric Vehicle-Enabling Technology Demonstration Program will provide \$2 million in funding for universities, research centers, and businesses pursuing EV-related projects. Eligible projects include

studies on new electric rate structures or other utility incentives to help reduce the cost of EV ownership. The Public Service Commission (PSC) is also currently reviewing utility rate incentives at the direction of Governor Cuomo. Other areas of interest under this initiative include technologies and strategies that can integrate EVs into the electric grid, enable long-distance EV travel, and ease financial and regulatory obstacles to EV adoption.

In the 2013 State of the State address, Governor Cuomo proposed investing \$50 million over the next five years through the Charge NY Program to stimulate demand for EVs and investments in related infrastructure. Charge NY is funded by the New York State Energy Research and Development Authority (NSYERDA), the New York Power Authority (NYPA), and tax credits which were contained in the enacted 2013-2014 State Budget. The goal is to create a network of up to 3,000 public and workplace charging stations over the next five years to accommodate an anticipated 40,000 EVs. Currently, there are approximately 640 public EV charging stations throughout New York and 5,000 EVs in operation. Additional information about the Electric Vehicle-Enabling Technology Demonstration Program can be found [here](#) in the Governor's press release.

Assembly Public Hearing on Data Collection and Use Postponed

The New York State Assembly Committee's hearing on data collection and use has been postponed. Originally scheduled for September 23rd, the hearing was supposed to examine company privacy policies and data collection efforts, as well as the current state and federal laws relating to the distribution and use of personal consumer data by businesses, including digital data brokers, and the state.

A new date and time for this hearing has not yet been made available.

City

Mayor Bloomberg Signs Environmentally Friendly Bills

Mayor Michael Bloomberg recently signed several bills aimed at promoting fuel efficiency, cleaner fuel and upgraded engines in the city's fleet of vehicles. The legislation is part of the Bloomberg Administration's continuing effort to reduce the city's emissions and overall carbon footprint.

Full texts of each bill can be viewed below:

[Intro. 1061](#) – Pertains to the reduction of pollutant emissions by diesel fuel powered City owned vehicles with emphasis on ultralow sulfur diesel fuel that will increasingly have biodiesel fuel blended into its composition over a designated four (4) year period beginning in July 1, 2014. The biodiesel fuel shall be derived from fatty acids from feedstock and that meets the specifications of the American society of testing and materials designation. Classification of diesel fuel powered City owned vehicles include road, non-road and school buses.

[Intro. 1062-A](#) – Allows for a waiver for diesel powered vehicles which cannot be retro fitted to meet new emission standards with focus on contractor used vehicles in the solid waste and recyclable, and sight-seeing bus industry. Contractors would be granted an initial waiver for up to three (3) years. Upon expiration of the waiver period, the contractor would then be required to implement the best available technology for reducing pollutants that is available for purchase for said vehicles.

[Intro. 1074-A](#) - Requires the calculating and reporting of the use-based fuel economy of light-duty and medium-duty City vehicles. Use-based fuel economy will be determined by the total number of miles driven by all light-duty and medium-duty vehicles in the City fleet during the previous fiscal year divided by the total amount of fuel used by such vehicles during the previous fiscal year.

[Intro. 1082-A](#) – Outlines required minimum annual increases in the average fuel economy of all light-duty vehicles purchased by the City.

Committee on Environmental Protection Votes to Expand Duties of Office of Long-term Planning & Sustainability

The New York City Council Committee on Environmental Protection recently voted to expand the duties of the New York City Office of Long-Term Planning and Sustainability to include consideration of climate change when undertaking resiliency planning. The goal of the legislation is to require the City to take action to create a permanent and ongoing planning and preparation effort to make the City more resilient against future weather based disasters. The proposed legislation now goes to the full City Council for a vote and if successful, to the Mayor's desk for signature.

The full text of the bill can be viewed [here](#).

Committee on Parks & Recreation Proposes Bill to Manage Downed Trees from Severe Weather

The NYC Council Committee on Parks and Recreation recently proposed legislation that is designed to foster greater communication between the Office of Emergency Management, Department of Sanitation and utilities in regards to the removal of downed trees as a result of a severe weather occurrence. The bill will require the Department of Parks and Recreation to establish a protocol for downed tree removal as well as create and maintain a system of identifying and tracking downed trees.

The proposed bill can be viewed [here](#).