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### Federal

#### **Natural Gas Pipeline Bill Passes House**

Last week, by a vote of 252 to 165, the House passed H.R. 1900, The Natural Gas Pipeline Permitting Reform Act. The bill is designed to expedite the construction of natural gas pipelines by providing for timely consideration of licenses, permits and approvals required under federal law.

Both the electric and natural gas industries supported the bill due to the growing reliance on natural gas for both electric generation and direct use. Despite the bi-partisan support, the future of H.R. 1900 in the Senate is uncertain.

The American Gas Association's letter of support can be read [here](#).

The Edison Electric Institute's letter of support can be read [here](#).

#### **House Committee Holds Hearing on Terrorism Risk Insurance Act**

On November 13, the Housing and Insurance Subcommittee of the House Financial Services Committee held its second hearing of the year on the Terrorism Risk Insurance Act (TRIA). The focus of the hearing was "Fostering Private Market Innovation to Limit Taxpayer Exposure."

TRIA is a federal "backstop" insurance program created following 9/11 to help share the risks of a terrorist attack. Con Edison, as well as the Edison Electric Institute (EEI) supports an extension of the

TRIA program, which is set to expire at the end of 2014. EEI is part of a larger effort called the Coalition to Insure Against Terrorism (CIAT). The Coalition outlines the need for reauthorization of TRIA and addresses some of the issues raised during the hearing [here](#).

To review the hearing witness list, committee memo and other background information, click [here](#).

### **Additional Sandy Recovery Funding Announced**

The U.S. Department of Housing and Urban Development (HUD) has sent its second and potentially final announcement of Sandy disaster relief to the Federal Register. A pre-publicized version of the announcement reveals that New York City's total Community Development Block Grant (CDBG) funding is up to \$3.2 billion and New York State's has reached \$3.8 billion.

Prior to the money being obligated, the city and state must submit a plan detailing the proposed use of the funds, including eligibility criteria. These plans will be in the form of a "substantial amendment" to the original Action Plans.

For the latest tranche of CDBG funding, New York must ensure that a portion of its allocation is used to address resiliency, specifically within Metropolitan Transportation Authority infrastructure and the New York Housing Authority.

For potential energy infrastructure projects, the announcement defers to the Department of Energy's report, "[U.S. Energy Sector Vulnerabilities to Climate Change and Extreme Weather](#)." Unfortunately for the utility industry, investor owned utilities remain ineligible to receive funding, which is in direct contrast to the CDBG emergency relief statute's eligibility language.

### **American Society of Mechanical Engineers Draws Attention to Grid Resiliency**

Through the House Research and Development (R&D) Caucus, the American Society of Mechanical Engineers (ASME) and the Institute of Electrical and Electronics Engineers (IEEE) hosted a Congressional briefing entitled, "Enabling a More Resilient Electric Grid."

The briefing featured Dr. Massoud Amin D. Sc., Director of the Technological Leadership Institute. Dr. Amin briefed the room of House and Senate staffers about the future of the "self-healing grid". The policy message reiterated throughout the briefing was that R&D must be well-funded at the national level and that state commissions should be encouraged to support innovation.

To read Dr. Amin's summary, click [here](#).

### **Senator Baucus Introduces Tax Legislation**

With a U.S. tax code that hasn't been fundamentally changed since 1986, and higher corporate tax rates than most of our foreign competitors, many policy and political experts anticipated that 2013 would be the year of tax reform. For a time, it seemed both parties in the House and the Senate were laying the groundwork for a fundamental policy change. Unfortunately, congressional dysfunction, elections, and the temporary government shutdown has all but derailed that process.

While most members of congress have given up on tax reform for the time being, the soon-to-be retired Chairman of the Senate Finance Committee refuses to walk away from the topic. In an attempt to push the tax reform conversation forward, Senate Finance Chairman Max Baucus (D-MT) has released a handful of issue-specific legislative proposals for discussion. The first proposal focuses on international tax issues, while the second deals with tax filing and fraud issues.

The third, and likely final proposal of the year, addresses cost recovery and accounting issues, which could potentially impact the utility industry. Specifically, the draft includes language that would fundamentally change the way businesses depreciate their investments. The proposed language would shift from the current tax system for depreciation which allows for an accelerated pace of deducting the depreciation of an asset – to a depreciation pooling type of a system which creates a set number of depreciation rate pools into which assets will be aggregated. This new procedure would save the government money but limit a company's ability to deduct taxes. The change has the potential to drive up the costs of investing in infrastructure, such as transformers.

Summaries and text of the cost recovery proposals can be found [here](#). Notably, the language is not supported by Senate Republicans and the House Ways and Means Chairman Dave Camp (R-MI) is not likely to introduce counterpart measures this year.

## State

### **Tax Reform Reports Released – 18a utility tax targeted for faster phase out**

Reports were recently released by the New York State Tax Reform and Fairness Commission and the New York State Senate Republican Conference which provide recommendations on how New York's Tax Code can be simplified and reformed to provide relief to New York's residents and businesses. The recommendations may become the subject of tax reform negotiations in the upcoming legislative session.

Both reports call for an accelerated phase-out of the 18-a utility tax which is paid by all customers through their monthly utility bills. Originally intended to fund energy-related initiatives, this assessment was increased six-fold in 2009 and directed into the State's General Fund. The increased assessment was scheduled to expire in March of 2014; however, the 2013-2014 Enacted Budget extended the increased assessment and phased it out over the next four years. The Senate Republican Conference's report specifically advocates for cutting it in half in the '15-'16 FY, and completely eliminating it in '16-'17. The Tax Reform and Fairness Commission's report does not provide details regarding its recommended accelerated phase-out.

The New York State Tax Reform and Fairness Commission was established by Governor Cuomo to provide revenue neutral policy recommendations that will modernize the current tax system with the goals of increasing its simplicity, fairness, economic competitiveness and affordability. The Tax Reform and Fairness Commission report will be shared with the New York State Tax Relief Commission which was also established by Governor Cuomo to identify ways to reduce the State's property and business taxes. The Tax Relief Commission's report is expected to be released next month.

The New York State Tax Reform and Fairness Commission's report can be found [here](#) and the Senate Republican Conference's report can be found [here](#).

## **NYSERDA Awards Energy Efficiency Funding**

Approximately \$4.8 million was awarded through the New York State Energy Research and Development Authority's (NYSERDA) Advanced Buildings Program which supports energy efficiency product development. Funding was awarded to projects which ranged from studies and proof-of-concept work to product development and demonstration projects. Specific areas of interest included construction materials and strategies, heating and cooling systems, solid-state lighting, demand response and smart buildings.

In Manhattan, Steven Winters Associates (SWA) received \$56,000 and to work with the New York City Housing Authority (NYCHA) to analyze energy retrofit upgrades for comparable building types to achieve high energy-efficiency savings in multi-family buildings. A primary goal will be to link long-term capital and operations and maintenance planning in a way that most cost effectively addresses energy use and resiliency.

In Queens, Hudson Fisonic Corporation received \$500,000 to develop, design, manufacture, install and test a supersonic, condensing heat pump to reduce the energy consumption of district-heated buildings, including space heating and domestic hot water services.

This is the second of six rounds of funding under the Advanced Buildings Program, which will provide a total of \$25 million over the next three years. NYSERDA is partnering with manufacturers, research scientists, building owners and property managers interested in developing and applying new and emerging energy-efficient technologies that offer improved energy and environmental performance. Additional information on the awards can be found [here](#) in the Governor's press release.

#### **NYS Common Retirement Fund Announces Gain in Second Quarter**

The New York State Common Retirement Fund's (Fund) estimated rate of return for the second quarter ending September 30, 2013 was 4.61%, increasing the Fund's value to an estimated \$160.4 billion, according to New York State Comptroller Thomas P. DiNapoli.

"The New York State Common Retirement Fund realized strong second quarter returns even with uncertainty in the markets," DiNapoli said. "The Fund benefited this quarter from strong global equity performance particularly in the developed international markets. Our investment strategy is geared toward consistently achieving above-average long term results but we watch the markets closely to capitalize on opportunities."

The Fund has a diversified portfolio of public and private equities, fixed income, real estate and alternative instruments and has consistently been ranked as one of the best managed and best funded plans in the nation. 37.2% of its assets invested in publicly traded domestic equities including Con Edison.

#### **New York Partners with National Center for Internet Security**

The New York State Intelligence Center has relocated to the Center for Internet Security in East Greenbush, New York. The New York State Intelligence Center is responsible for gathering, analyzing and disseminating information and intelligence to a wide variety of state, local, territorial and tribal governments. The Center for Internet Security is a global nonprofit organization whose mission is to enhance cyber security readiness and response of the public and private sectors. This new partnership is intended to create a joint operations and analytic unit to analyze and respond to cyber occurrences

including, but not limited to, network intrusions, hacking attempts, and efforts to disrupt the normal operation of public and private sectors such as the energy and electric grids and financial institutions.

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

### **Governor Cuomo Appoints Green Bank President**

Alfred Griffin has been appointed President of the New York Green Bank. Griffin served as director of Citigroup's Alternative Energy Banking Group where he specialized in structured finance with roles in corporate and investment banking, capital markets and risk management. Over his career, Griffin worked with multiple asset classes and industries including alternative energy and new product development to finance renewable energy generation and energy efficiency.

The Green Bank is an initiative intended to leverage private sector financing for clean energy projects. Governor Cuomo announced the Green Bank's launch in September with a petition filed by the New York State Energy Research and Development Authority (NYSERDA) to the Public Service Commission (PSC) seeking to use approximately \$165 million in uncommitted funds for the Green Bank's initial capitalization.

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

### **New York State Assembly Holds Hearing on Data Collection and Dissemination**

The New York State Assembly Committee on Consumer Protection held a hearing to review company privacy policies and data collection efforts, as well as state and federal law relating to the distribution and use of personal consumer data by businesses, digital data brokers, and the state. In addition to review of current policies, practices, and laws, the hearing sought to determine what resources can be made available for consumers to access their own personal information used by companies and to control the use of that information.

Several direct marketers testified, as did the New York State Business Council and the New York Public Interest Research Group (NYPIRG). NYPIRG urged the Legislature to enact stricter data collection protections while the Business Council urged the Legislature to proceed with caution to avoid overregulating the private sector.

### **New York State Assembly Holds Hearing on Wage Theft Prevention Act**

The New York State Assembly Committee on Labor held a hearing to review the Wage Theft Prevention Act – a law enacted in 2010 which is intended to prevent employers from "stealing" wages by refusing to pay minimum wage or overtime, or by skimming tips.

Much of the hearing focused on the law's enforcement with labor advocates calling on the state to increase the number of investigators to cut down on a backlog of thousands of complaints against employers. However, a significant amount of attention was also given to the law's annual notice provision which requires private sector employers to annually provide a written pay notice to each of their employees in New York State. The employer must obtain a written acknowledgement of the receipt of such notice from each employee, as well as retain the notices and written acknowledgement for six years or be subject to stiff penalties.

The private sector has lobbied the Legislature since the law's enactment to repeal the annual notice requirement arguing that components of the annual pay notice are virtually identical to information employers already include on weekly or bi-weekly employee pay stubs. As a result, employers bear the additional administrative costs for providing the same information that employees have already received at least 26 times during the prior year.

Assembly Labor Chair Carl Heastie (D-BX) introduced legislation, also sponsored by Senate Labor Chair Diane Savino (D-SI), at the end of last session which would repeal the annual notice requirement but keeps the remaining components of the law intact. Despite his sponsorship, Heastie commented during the hearing that the annual notice requirement is necessary largely because it can be written in the spoken language of the worker. Heastie and Savino both sponsored the original legislation which enacted the law.

A copy of the legislation to repeal the annual notice requirement can be found [here](#).

## City

### **NYC Office of Management and Budget Releases Capital Commitment Plan**

The Office of Management and Budget, responsible for preparing the Mayor's Preliminary and Executive Budgets released its Capital Commitment Plan for 2014-2017. The Plan was released in three volumes. According to the newly released update, the City is expected to fund approximately \$11 million of the projected \$16 million in Capital investments for fiscal year 2014. The Plan also details authorized commitments as well as, appropriations and commitments for fiscal years 2014-2017 by project type.

A copy of the each volume of the plan can be found [here](#).