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Federal

President Obama Releases Executive Budget Request

On February 2, President Obama released his budget requests for the 2016 fiscal year. Unlike appropriations bills, the President's budget is a political document as opposed to an actionable one. The budget provides the President an opportunity to lay out his funding priorities and highlight the areas where Congress and the President are the farthest apart.

The President's proposal includes \$1.087 trillion in spending, split nearly equally between defense and non-defense programs. The total spending level goes above the federal spending caps which were set in 2011. In order for his budget to be considered, Congress would have to raise the spending caps.

The administration is also seeking to raise \$2.1 trillion in additional revenue over the next 10 years, \$1.44 of which trillion would come from new tax proposals. Those taxes would come from a variety of sources, including raising the dividend and capital gains tax rate to 28%, changing taxes on inherited wealth, and imposing a 19% minimum tax on future overseas business income. Another \$142 billion would be set aside to help pay for revenue-neutral corporate tax-code changes intended to lower the 35% rate to 28%.

Other significant components include:

- Funding the Highway Transit Trust Fund through gas tax increases and a one-time 14% tax on past overseas profits.
- Increasing the Pipeline and Hazardous Materials Safety Agency (PHMSA) budget to \$289 million, \$44 million more than was enacted in 2015.
- A permanent extension of the production tax credit, which is used primarily for wind and solar.

- A new tax credit of as much as \$500 for households where both parents work.
- \$60 billion to provide free community college and \$29 billion to increase Pell Grants.
- \$3.4 billion for the Low Income Home Energy Assistance Program (LIHEAP), the same as 2015.

President's Budget Includes Smart Grid Program Increases

Included in the President's budget request were several provisions related to electric grid infrastructure. The request emphasizes the President's commitment to increasing grid resilience through managing risks and deploying advanced technologies. Specifically, the Department of Energy (DOE) budget includes a 9% increase over last year and covers a very broad range of items, including smart grid R&D, state reliability grants and cyber security. The electric program requesting the greatest increase over 2015 (+133%) is Infrastructure Security and Energy Restoration.

The full DOE budget request can be found [here](#).

Senate Homeland Holds Hearing on Cyber Information Sharing

On January 28, the Senate Homeland Security and Governmental Affairs Committee held a hearing entitled, "Protecting America from Cyber Attacks: The Importance of Information Sharing". American Express and Microsoft were the two private sector business witnesses. The hearing was lightly attended by Senators on both sides of the aisle. In his opening statement, Chairman Ron Johnson (R-WI) said that he hoped to address both cybersecurity information sharing with liability protection and a national data breach notification policy. Ranking Member Tom Carper (D-DE) also indicated his desire to pass a national data security and breach notification standard, along with information sharing legislation.

For full witness testimony, please click [here](#).

Con Edison Participates in House Homeland Meeting

Last week, Con Edison Government Relations staff accepted an invitation to attend an off-the-record meeting with House Homeland Security Committee staff. Meeting participants represented other critical infrastructure industries, including banking, telecom and oil. The Committee called the meeting to start a dialogue on potential cyber security legislation. Government Relations was able to reiterate Con Edison's support for information sharing and corresponding liability protections, in addition to not superseding existing industry relationships and standards. Other topics that came up included: supply chain security; the National Cyber Communications Integration Center (NCCIC) capabilities; the President's latest cyber proposal; and the National Incident Response plan.

House Leadership Releases Agendas

Recently, House Republican and Democratic Leaders shared their visions for the 114th Congress. Both agendas target middle class voters, but take different ideological approaches.

Speaker John Boehner (R-OH) has described Republican's plan to "lay a foundation for mobility and growth" through the elimination of barriers. The five points include: fixing the tax code, solving the spending problem, reforming the legal system, reigning in the regulatory system and improving the education system.

Minority Leader Nancy Pelosi (D-CA) in a speech last week at the Brookings Institute, stated that “once again, there is a need for bold and swift action to reignite the middle class engine of our prosperity” and that the public sector must act to secure the conditions in which the private sector can succeed.” The agenda she highlighted calls for investing in a strong education system, building infrastructure, maintaining the courts, and ensuring public safety. She also identified tax reform as a way to pay for the programs by ensuring that “all Americans pay their fair share.”

House Passes LNG Export Bill

On January 28, the U.S. House passed an LNG export bill on a 277 to 133 vote. H.R. 351 would require the Department of Energy to approve liquefied natural gas export permits within 30 days of the completion of a project environmental review or the bill’s enactment, whichever is later. The process for approving natural gas exports to non-free-trade agreement countries currently is divided between the department and the Federal Energy Regulatory Commission. The Senate Energy and Natural Resources Committee has planned a hearing on similar legislation, S. 33, designed to speed up Energy Department decisions on whether to approve LNG exports.

State

New York State Assembly Elects New Speaker

The New York State Assembly elected its first African American Speaker, Carl Heastie (D-Bronx). Heastie succeeds Sheldon Silver (D-Lower Manhattan) who ran the chamber for 21 years and recently resigned after being arrested on federal public corruption charges.

Heastie was elected to his eighth term in the Assembly last November, and has served as the Bronx Democratic County Committee Chairman for six years.

The new Speaker’s priorities will include ethics reform, raising the minimum wage, improving education, promoting women’s equality, reforming the criminal justice system, and raising legislators’ salaries.

New York State Senate Announces New Energy Committee Chair

The State Senate recently announced the appointment of Senator Joe Griffo (R-Utica) as the new Chair of the Senate Energy Committee. Griffo has served on the committee for several years and touts an immediate repeal of 18-a as one of his priorities.

Griffo succeeds long-time Energy Chair George Maziarz (R-Niagara) who did not seek re-election last November.

NYS Senate Questions NYSERDA Spending and the Need for Transmission Upgrades

The New York State Senate is critical of the collection and spending of money that occurs outside the legislative budget process to support renewable energy and energy efficiency programs. In response to the Governor’s budget proposal, the Senate released an analysis of this spending and the state’s energy initiatives.

The analysis expresses concern with the lack of oversight over NYSERDA’s spending of the hundreds of millions of dollars that is collected from utility customers each year. Several Senators are calling for enactment of accountability and transparency measures. NYSERDA President & CEO John Rhodes

recently testified at a state budget hearing defending the authority's practices arguing that its accountability came from being overseen by the PSC.

The analysis further argues that REV will eliminate the need for major new or expanded transmission corridors, such as those proposed in the Energy Highway, by lessening the need for base-load generation or repowering.

Finally, the analysis asserts that REV will overturn the existing generation and transmission/distribution model and utilities will once again be actively involved in the production and distribution of distributed energy resources.

The Senate analysis can be found [here](#) at page 202.

Rockland State Senator Introduces Utility Trade Secret / FOIL Bill

Senator David Carlucci (IDC-Rockland) recently introduced legislation which seeks to limit a utility's ability to claim trade secret exemptions for documents submitted to the PSC in support of a rate hike. The bill establishes a presumption that records submitted by a utility to the PSC in connection with a rate proceeding shall be subject to disclosure pursuant to the Freedom of Information Law (FOIL). A procedure for seeking a trade secret or confidential commercial information exemption is also set forth. The sponsor argues that utilities often submit incomplete and/or heavily redacted records to support a rate increase and customers deserve to know that the rates and charges they pay are fair and reasonable.

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

Governor Pushes for Ethics Reform

In light of several arrests and convictions of elected officials, Governor Cuomo is pushing ethics reform and tying it to enactment of the 2015-2016 budget. Cuomo said he will not sign a budget that does not include these reforms.

Cuomo's five-point plan includes the following elements:

- Campaign disclosures including client lists from outside businesses;
- Constitutional amendment to end public pensions for elected officials convicted of wrongdoing;
- Overhaul of the per diem system;
- Rules prohibiting personal use of political funds; and
- Closing campaign finance loopholes such as the "LLC loophole".

Additional information regarding the Governor's proposal can be found [here](#).

City

Mayor de Blasio Delivers State of the City

Mayor Bill de Blasio delivered his second annual State of the City address today, outlining his agenda for 2015. De Blasio will release his preliminary budget next week.

With Housing as the cornerstone of his agenda, the Mayor called for the construction of thousands of new units with the goal of creating more economically diverse neighborhoods. He said he will also advocate for stronger rent regulations.

To address what he sees as income inequality and also to accommodate the City's growth, de Blasio will advocate for a \$13.00 minimum wage increase. He also will push for a new city-wide ferry service.

The Mayor gave brief mention of the City's "80 by 50" program, which seeks an 80% reduction in greenhouse gases by 2050. To do so, the City has pledged to retrofit all of the City's public buildings by 2025. De Blasio also pledged to ensure all outstanding Superstorm Sandy reimbursements will be delivered to homeowners by the end of the year.

Affordable Housing

New programs will seek to create and preserve 120,000 affordable housing units over the next ten years, and will include "mandatory inclusionary rezoning" requirements that will tie rezoning to affordable housing mandates in East New York (Brooklyn), Long Island City (Queens), Jerome Avenue Corridor (Bronx), Flushing West (Queens), Bay Street Corridor (Staten Island), and East Harlem (Manhattan). Affordable housing investments will also be targeted in the Southwest Bronx and Sunnyside Yards in Queens.

The construction of 160,000 new market-rate apartments was also proposed with the intention that a larger supply of housing will reduce rents more broadly.

Rent Regulations

The Mayor will lobby Albany for stronger rent regulations during this year's state legislative session. The City's rent regulations are governed by State law and are scheduled to expire this year. If Albany fails to act, de Blasio called for state funding of his plan to offer free legal services to tenants seeking protection from predatory landlords in rezoned areas.

Transportation

The City will launch a new Citywide Ferry Service to connect existing East River routes with new landings and services to Astoria, the Rockaways, South Brooklyn, Soundview and the Lower East Side. The service will launch in 2017. Further expansion to Stapleton and Coney Island will constitute a second phase of expansion, pending additional funding. The cost will be pegged to that of a Metrocard. It will be supported by City operating funds and a \$55 million capital commitment.

Thirteen new bus rapid transit routes are also proposed on Woodhaven Boulevard, Utica Avenue, Flushing-to-Jamaica, and 86th Street. This will receive a \$295million commitment from the City.

Minimum Wage

Minimum wage is governed by state law. Governor Cuomo's Executive Budget proposes to increase the state minimum to \$11.50/hour in New York City. The Mayor proposes \$13/hour with indexing, effectively raising it to \$15/hour by 2019.