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Federal

House Committee Examines Electromagnetic Pulse (EMP)

On May 8 the House Homeland Security Subcommittee on Cybersecurity, Infrastructure Protection and Security Technologies held a hearing on “Electromagnetic Pulse (EMP): Threat to Critical Infrastructure”. Public interest in EMP comes and goes and can often be sensationalized. Of particular interest for Con Edison is that the co-chair of the EMP Caucus is Brooklyn Congresswoman Yvette Clarke (D-NY).

The hearing focused almost exclusively on the vulnerability of the electric grid to natural (i.e. solar flares) and intentional EMP threats (i.e. nuclear bombs), though members of the committee tend to confuse the two.

The hearing was chaired by Subcommittee Vice Chairman Perry (R-PA). Other Members present included Full Committee Chairman McCaul (R-TX), Subcommittee Ranking Member Clarke (D-NY), and Representative Vela (D-TX).

To read witness statements and view the webcast, click [here](#).

Energy and Commerce Passes Two Energy Bills

On April 30, the House Energy and Commerce Committee approved two energy efficiency bills: H.R. 2689, the Energy Savings through Public-Private Partnerships Act; and H.R. 4092, the Streamlining Energy Efficiency for Schools Act.

H.R. 2689, sponsored by Reps. Cory Gardner (R-CO) and Peter Welch (D-VT), facilitates the use of energy savings performance contracts and utility energy service contracts to utilize private sector investment to upgrade the energy and water efficiency of federal facilities without any up-front cost to taxpayers.

H.R. 4092, sponsored by Rep. Matt Cartwright (D-PA), establishes a single online resource within the Department of Energy (DOE) to disseminate information regarding available federal programs and financing mechanisms to develop energy efficiency, distributed generation and energy retrofitting projects for schools. The bill was agreed to by voice vote.

Both bills passed with broad support and a webcast of the hearing can be found [here](#).

House Passes Permanent Extension of the R&D Credit

On May 9, the U.S. House of Representatives overwhelmingly approved a bill to permanently extend the corporate research and development (R&D) tax credit. Despite objections from many Democrats and a veto-threat by the President, the bill passed by a 274 to 131 margin. The President said that he would not support a tax bill that did not include a method to pay for it. A permanent extension of the credit would cost approximately \$155 billion.

The R&D credit is part of a group of tax breaks that expired last year known as extenders. The Senate is taking a different approach, where the Finance Committee approved a two-year extension of all of the expired credits. The Senate may take up its measure as soon as this week.

President Obama Announces Solar and Efficiency Commitment

Last Friday President Obama announced a new commitment to solar energy deployment and energy efficiency. The proposal is intended to increase private and public sector involvement, create jobs and cut carbon. Included in the announcement were more than 300 commercial and public organizations which have pledged to invest in either solar technology or efficiency measures.

To add to the private commitments, the President will be taking new executive actions to:

- Build a skilled solar workforce
- Provide innovative financing for deploying solar
- Drive investment in energy upgrades to federal buildings
- Improve appliance efficiency
- Strengthen building codes

Details on the new commitments can be found [here](#).

State

Legislature Advances Consumer Mitigation Legislation

The New York State Senate will advance legislation this week that would direct utilities to implement a consumer mitigation program whenever supply costs increase by at least 15% in a month's time. Customers would receive a credit on their utility bills and have 12 months for repayment. Utilities would be required to submit an implementation plan to the Public Service Commission which could provide for a shorter repayment period.

This legislation was introduced in response to the high supply costs this winter and is intended to codify a similar program implemented by National Grid. National Grid provided a credit to consumers for one month of the increase and will recover the costs over a six month period, through small increases in future customer bills.

Con Edison opposes this legislation as it does not address the cause of spikes in this winter's utility bills and Con Edison does not control commodity prices. Instead, the Legislature should focus on ways to promote level payment plans which achieve a similar result – spreading costs over an extended period of time - without forcing customers to pay for the interest charges associated with the credit program proposed in this legislation.

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

New York State Assembly Holds Radon Safety Hearing

The New York State Assembly held a hearing to review the health impacts of radon in New York's gas delivery system, as well as radon mitigation protocols as proposed in legislation pending in both Houses of the Legislature.

The legislation at issue would require gas distribution utilities to monitor for levels of radon at delivery points throughout the state, and implement mitigation procedures if levels reach specified thresholds. If utilities do not comply, the Commissioner of the Department of Health is given the authority to shut down the gas supply.

The hearing consisted of testimony from several environmental groups which argued that this legislation is necessary because radon levels in natural gas purchased from the Marcellus Shale are toxic. In contrast, Con Edison submitted written comments arguing that the legislation is unnecessary because the Federal Energy Regulatory Commission (FERC) determined that radon was not an issue that required mitigation or any further action in its Final Environmental Impact Statement for the Spectra Pipeline Project.

A copy of the legislation can be found [here](#). Con Edison's testimony can be found [here](#).

New York State Assembly Advances Net Metering Study Legislation

The New York State Assembly advanced legislation that directs the PSC to conduct a cost-benefit analysis of New York's net metering programs. This legislation 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. These programs have been substantially expanded over the last several years and numerous additional pieces of legislation have been introduced to further expand the programs. The study will provide policymakers with an accurate portrayal of the impacts of net metering on utility customers throughout the State.

The Senate advanced this bill earlier in session. It was also included in the Senate's budget proposal but was not ultimately included in the final budget agreement.

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

AARP Continues to Push for Office of Utility Consumer Advocate

The American Association Retired Persons (AARP), an influential lobbying group in Albany and Washington, DC, continues to advocate for legislation that would create a new Office of the Utility Consumer Advocate to represent residential utility consumer interests in proceedings before entities such as the PSC and FERC. AARP has been very aggressive in its pursuit of this legislation, actively lobbying legislators in Albany and re-launching a media campaign.

AARP has been pursuing this legislation since last year and stepped up its efforts during the 2014-2015 State Budget negotiations. The Assembly included language in its budget proposal to create the office using money from the state's General Fund. However, numerous entities, including the Executive and Senate, opposed the creation of a new office arguing that it would essentially have the same powers as several existing state-funded entities such as the Utility Intervention Unit. Other proposals, such as creating an intervenor process for utility rate case proceedings, were touted as an alternative. Ultimately, none of the proposals made it into the final budget agreement.

The bill which is currently making its way through the Legislature does not specify a funding source. Earlier versions of the legislation sought to fund the office using 18-a money.

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

City

New York City Council Announces Rules Reform

The New York City Council announced a rules reform package aimed at overhauling the way the Council operates. For years, many council members criticized how funding was allocated. Many complained about an allegedly punitive process, where lawmakers who angered the sitting speaker could be punished by having their allocations slashed or eliminated outright.

To combat this perception, newly elected Speaker Melissa Mark-Viverito charged the Committee on Rules, Privileges & Elections to develop a proposal to address the matter. The Committee came back with reform package that will impact many core council operations, most significantly, the way that so-called discretionary funding is distributed to members. Under the existing rules, the allocations, which fund local services like parks and senior centers, were largely at the discretion of the Speaker. The reform plan allows for both equal funding for all members and also funding by a "data-driven" formula that would account for economic differences between districts. The districts would start off with the same-sized pot, with any extra money going to districts with the highest levels of poverty.

Highlights of the reform package include:

- Member item reform
- Fair consideration of legislation
- More council transparency and public engagement
- Enhanced empowerment of committees and committee chairs
- Creation of a dedicated legislative drafting unit
- Creation of commission to examine stipends and compensation

The full resolution can be viewed [here](#).

De Blasio Presents Executive Budget

Last week, Mayor Bill de Blasio presented his \$73.9 billion executive budget for fiscal year 2015. The full text of the Executive Budget can be viewed here: [City of New York Executive Budget for Fiscal Year 2015](#).

The Mayor's budget includes large spending increases for housing, education and social programs but no increases in taxes or new revenue streams. Additionally, the Mayor emphasized that his deal reached recently with the United Federation of Teachers (UFT) removes a significant hurdle for the overall financial plan and will be paid for with existing reserve funds. The contract with the UFT will provide a 10 percent increase over a seven-year period and forms the basis for the budgeted labor reserve. That contract is currently in the ratification process.

There are also still many unsettled municipal collective bargaining agreements that the budget acknowledges could contribute to fiscal uncertainty. While emphasizing that the budgets for FY 2014 and FY 2015 remain balanced, the Mayor conceded that the city faces deficits of \$2.2 billion for FY 2016, \$2 billion for FY 2017 and \$3.2 billion for FY 2018.

Other key parts of the budget and financial plan are as follows:

Investing in New York City's Children and Education

- High-Quality, Universal, Full-Day Pre-Kindergarten
Major expansion of full-day universal pre-K, including \$300 million for 53,000 seats in FY 2015 and \$340 million for 73,000 seats in FY 2016.
- Middle School After-School Programs
\$145 million in FY 2015 to fund 34,000 new seats to serve nearly 100,000 middle school children. It also expands summer programs to serve 33,000 children in FY 2015.
- Preparing More Young People for STEM Careers
Investment of \$20 million in FY 2015, growing to \$50 million in the outer years to help CUNY community college students earn their STEM degrees with additional tuition support, counseling, and even tutoring where needed. These initiatives will impact nearly 5,000 students in Year One.

Creating More Economic Opportunity

- Mayor's Pledge to Reduce Arbitrary and Overly Punitive Fines
Total revenues from fines are projected to decline from \$859 million in FY 2012 to \$789 million in FY 2015, an 8 percent decrease. This includes a reduction of 44 percent in Department Of Health fines and 21 percent in Department of Consumer Affairs' fines from FY 2012 to FY 2015.
- Sandy Recovery
The City will invest \$100 million in the Build It Back program, to expedite relief, while engaging communities and creating local jobs. The City will also provide financial relief to Sandy victims through water bill, property tax, and building fee relief, as well as expanded rental assistance eligibility.
- Expanding Affordable Housing
The City will expand affordable housing with \$41 billion in capital investment over 10 years to build or preserve 200,000 units of affordable housing. This will also create approximately 194,000 construction jobs and 7,100 permanent jobs.

- Redirecting Resources into NYCHA Maintenance and Security
The City will provide an additional \$70 million in relief to NYCHA to address the backlog of repairs and enhance security, in addition to the \$52.5 million in relief outlined in the Preliminary Budget.

Making New York City Safer

- Vision Zero
The City seeks to eliminate the traffic fatalities by allocating \$28.8 million for DOT initiatives, such as the installation of 50 speed bumps near schools; the development of neighborhood slow zones; the installation of speed cameras, and intersection redesigns; \$13 million for NYPD traffic enforcement; and \$1.1 million for TLC's safety squad ad campaign.
- Prioritizing Infrastructure Repairs
The City will increase its road resurfacing investment by \$49 million, to a total of \$226 million FY 2015 to resurface 1,000 lane miles, while prioritizing investment in bridges by allocating an additional \$346 million for maintenance.

Executive Capital Plan

- Even as the City continues to move towards its goals ahead of the Ten Year Capital Plan its debt service will remain under 15 percent of tax revenues.