



Government Issues and News of the Week

Federal

- [LNG Export Terminal Wins Approval](#)
- [DOE Announces New Nuclear Loan Guarantees](#)
- [Natural Gas Information Sharing Center Created](#)
- [U.S. Senators Urge Administration to Release LIHEAP Funds](#)
- [EPA Not Planning to Regulate Downstream Natural Gas](#)

State

- [Governor Announces Enhanced Counterterrorism Measures at Mass Transit Sites in Metropolitan Area](#)
- [Cuomo Announces Groundbreaking of Solar Manufacturing Facility in Buffalo](#)
- [EPA Limits Tappan Zee Bridge Replacement Loan](#)
- [Governor Announces First BuildSmart NY Awards](#)
- [New York State to Receive Federal Storm Resiliency Funding](#)
- [MTA Proposes 2015-2019 Capital Program Using Payroll Tax to Fill Funding Gap](#)
- [DiNapoli: Too Many Subway Stations Need Repairs](#)

City

- [New York City Council Passes Commuter Benefit Legislation](#)
-

Federal

LNG Export Terminal Wins Approval

On September 29, the Federal Energy Regulatory Commission (FERC) approved Dominion's Cove Point project in Maryland, a \$3.8 billion plan to export liquefied natural gas (LNG) abroad. As part of FERC's approval, Dominion agreed to 79 conditions, mostly focused on limiting local environmental impacts. Cove Point is expected to start shipping in late 2018 and could export upward of 1 billion cubic feet of LNG per day.

Cove Point is FERC's fourth approval of an LNG export facility. Several environmental groups have vowed to petition FERC for a rehearing and appeal to the Department of Energy, which must grant Cove Point a final version of the conditional LNG export approval it provided in 2011. Opponents of LNG exports argue that the permits do not take into account the full environmental footprint of natural gas, including hydraulic fracking and methane emissions.

Notably missing from the most vocal opponents of Cove Point are the Environmental Defense Fund, the League of Conservation Voters and the Natural Resources Defense Council.

DOE Announces New Nuclear Loan Guarantees

On September 30, the U.S. Department of Energy (DOE) announced up to \$12.6 billion in loan guarantees for advanced nuclear energy projects. The goal of the program is to drive investments in the industry, which hasn't seen a new facility built in over three decades.

The announcement is the first of five in the agency's call for innovative energy projects. DOE could make as much as an additional \$4 billion available in federal loan guarantees for areas such as grid storage and waste-methane usage. DOE will accept initial proposals at four other points through December 2, 2015. Each deadline has a corresponding "Part 2" due date, the first of which is January 14, for those who pass initial vetting. For more information on the advanced nuclear program, click [here](#).

Natural Gas Information Sharing Center Created

On September 9, the American Gas Association (AGA) officially rolled out the Downstream Natural Gas Information Sharing and Analysis Center (DNG ISAC), a platform for sharing cyber and physical threat intelligence which will improve the industry's security profile.

Most industries that own or operate critical systems are part of issue-specific threat information sharing centers. For example, Con Edison has been actively involved in the electric sector center – in fact, participation is required by North American Electric Reliability Corporation rules. Notably absent was a natural gas distribution sector center. The new DNG ISAC will serve as a platform for sharing cyber and physical threat intelligence intended to compliment the electric sector efforts and increase cross-sector coordination between critical infrastructure industries to improve our already strong industry security.

A leading priority of the DNG ISAC is to integrate with the Electric Sector (ES)-ISAC due to the growing interdependency between gas and electric needs. The DNG/ES ISAC initiative has prompted the Edison Electric Institute (EEI) and AGA leadership to pursue a downstream CEO council to ensure coordination between electric and natural gas distribution companies.

AGA's announcement on the DNG ISAC can be read [here](#).

U.S. Senators Urge Administration to Release LIHEAP Funds

A bipartisan group of 46 Senators have called on Health and Human Services Secretary Sylvia Mathews Burwell to release Low Income Energy Assistance Program (LIHEAP) funds prior to the winter heating season. The letter was driven by Senators Jack Reed (D-RI) and Susan Collins (R-ME). In addition to releasing funds in a timely manner, the group is also requesting no less than \$4.7 billion in funding in 2015.

LIHEAP funding proved especially important last winter, when many areas of the country experienced record cold, above-average snowfall, and an extended winter season that produced snowfall events into late March.

Con Edison supported these efforts and continues to work closely with a coalition of LIHEAP supporters.

EPA Not Planning to Regulate Downstream Natural Gas

According to a recent speech by Environmental Protection Agency (EPA) Administrator Gina McCarthy, the agency has no plans to issue rules for natural gas greenhouse emissions beyond its current measures that target leaks from drilling sites.

In tandem with the EPA's efforts to create rules to reduce carbon emissions from power plants, the agency has been exploring how to address emissions from oil and gas operations, most notably methane. Methane is a very potent, but short-lived, greenhouse gas. According to environmental groups, leaks at connection valves and well pads make up about a third of U.S. methane emissions.

In 2012, the EPA issued a rule that for the first time would cut emissions of highly toxic "volatile organic compounds" at hydraulic fracking operations. For the rest of the oil and gas sector, such as natural gas distribution to the home, the EPA has indicated they want to continue to work on voluntary programs to reduce emissions, rather than create new rules.

To learn more about the White House methane strategy, click [here](#).

State

Governor Announces Enhanced Counterterrorism Measures at Mass Transit Sites in Metropolitan Area

Governor Cuomo recently announced "a coordinated increase in security and law enforcement personnel at mass transit sites in the metropolitan region." While he pointed out that there have not been any credible terrorist threats to the region, he said that the area is taking these steps due to "increase of terrorist activity abroad."

Last month, Governor Cuomo and Governor Christie announced a joint effort between top-level national, state and local law enforcement and homeland security officials to begin mapping out a coordinated anti-terrorism plan. Subsequently, Governors Cuomo and Christie recently signed a memorandum of understanding (MOU) intended to substantially increase security at transportation hubs and critical infrastructure in the area.

Over the next 100 days, a surge in law enforcement and military personnel will join forces to engage in counterterrorism operations by increasing visibility, inspections and surveillance at train stations, airports, landmarks, bridges and tunnels. The Division of Military and Naval Affairs, the State Police, the Metropolitan Transportation Authority (MTA), and the Port Authority of New York and New Jersey have been directed to increase security at mass transit sites, including LaGuardia Airport, John F. Kennedy International Airport, Penn Station, Grand Central Terminal, and stations along the Metro-North and Long Island Rail Roads.

Additionally, in the coming months, New York and New Jersey will participate in a joint emergency exercise, as well as continue to evaluate methods for increased intelligence and emergency coordination. Additional information regarding the MOU can be found [here](#).

Cuomo Announces Groundbreaking of Solar Manufacturing Facility in Buffalo

Governor Cuomo recently announced the groundbreaking of a SolarCity facility that will manufacture solar panels in South Buffalo. The project is expected to create 3,000 jobs in Western New York, and a total of 5,000 jobs throughout the state. According to the Governor, the facility will be the largest of its

kind in the Western Hemisphere, with more than 1 gigawatt of annual solar capacity when it reaches full production.

SolarCity will spend \$5 billion over the next decade in connection with the creation and operation of the facility. New York State will invest a total of \$750 million to establish infrastructure, construct the 1.2 million square foot facility, and purchase required equipment. The factory is expected to be operating by early 2016.

Additional information regarding the announcement can be found [here](#).

EPA Limits Tappan Zee Bridge Replacement Loan

The federal Environmental Protection Agency (EPA) has rejected most of the state's request for a \$511 million loan under the Clean Water Act, finding that the money was to be used for construction purposes, rather than for enhancing the environment.

In June, the state asked for money to pay for 12 projects which they said would enhance the environment and clean the river, such as dredging the river bottom, tearing down the existing Tappan Zee Bridge, and reducing noise during construction to protect fish populations. The funds would have gone through the state's Environmental Facilities Corporation (EFC).

However, the EPA rejected seven of the 12 project funding requests, saying that they fall outside of the purposes of the Clean Water Act, under which money has usually been used for sewage treatment plants and other methods of cleaning polluted waters. The rejected projects totaled \$481.8 million, while the accepted projects totaled just \$29.1 million.

Governor Cuomo said that the state will appeal this decision. A copy of the EPA's letter can be found [here](#).

Governor Announces First BuildSmart NY Awards

Governor Cuomo recently announced the first BuildSmart NY Awards which recognize leadership and excellence in building energy performance and innovative uses of clean energy solutions in public facilities.

Launched in 2012, the goal of BuildSmart NY is to reduce energy consumption by 20 percent in state government facilities by 2020. The Governor established the initiative by way of Executive Order 88, which also designates the New York Power Authority as the program coordinator. In the first year of BuildSmart NY, there was a five percent reduction in energy use at New York State government buildings, and a corresponding decrease in greenhouse gas emissions by more than 130,000 tons a year.

Awards went to the state Office of Mental Health and the Dormitory Authority for achieving the largest margin reduction of energy usage during the first year of BuildSmart NY. The City University of New York, the Metropolitan Transportation Authority, the Port Authority of New York and New Jersey, the State University of New York at Cortland and the University at Albany received awards for Innovation and Excellence in Energy Management. Finally, awards for Outstanding Energy Management and Leadership went to the Director of SUNY's Office of Capital Facilities and the Chief Financial Officer of the Office of General Services.

Additional information about BuildSmart NY can be found [here](#).

New York State to Receive Federal Storm Resiliency Funding

Governor Cuomo recently announced that the state expects to receive \$1.9 billion in federal storm resiliency funding from the Federal Transit Administration. Of the \$1.9 billion in funding, approximately \$1.6 billion will support projects managed by the Metropolitan Transportation Authority and approximately \$212 million will support projects managed by the Port Authority of New York and New Jersey. The New York City Department of Transportation is also expected to receive approximately \$200 million.

Projects that will receive funding include the following:

- Rail Yard Flood Mitigation
- Protection of Street-Level Openings
- Emergency Communications Enhancements
- Protection of Tunnel Portals and Internal Tunnel Sealing
- Hardening of Substations
- Pumping Capacity
- Right-of-Way Equipment Hardening
- Internal Station Hardening
- Flood Resiliency for Critical Bus Depots
- Metro North Power and Signals Resiliency
- Flood Resiliency for NYC Transit Critical Support Facilities
- World Trade Center Flood Mitigation and Resiliency Program
- Protecting Critical Life Safety and Electrical Equipment at Penn-Moynihan Station Complex

Additional information about the awards and the projects can be found [here](#).

MTA Proposes 2015-2019 Capital Program Using Payroll Tax to Fill Funding Gap

The Metropolitan Transportation Authority (MTA) released its proposed 2015-2019 Capital Plan. The estimated cost of maintaining and improving the region's mass transportation system is \$32 billion.

The plan includes \$22 billion to purchase new subway cars and buses, and to make improvements to tracks and signals in the system. \$4.3 billion would be used to pay for new technology such as countdown clocks and a new fare payment system. \$5.5 billion would be used for system expansions, including the second phase of the Second Avenue subway; the East Side Access project; and the construction of four new train stations in the Bronx.

The plan indicates that the MTA has the ability to pay for just over half of its capital needs, leaving a \$15.2 billion financing gap. To fill the gap, the plan proposes to use \$1.2 billion annually from a payroll tax imposed on large businesses in the New York City area.

The tax was first implemented by the Legislature and then-Governor David Paterson in 2009 to help the MTA stay solvent. At the urging of local lawmakers, much of the tax was repealed in 2011, but it still remains for large employers.

To date, the tax has mostly been covering the MTA's operating expenses, including some debt payment. However, critics warn that the proposal would essentially make the remaining payroll tax permanent because it would be used to back bonds, likely for 30 years.

Last week, the five-member Capital Program Review Board formally rejected the plan, although officials say the move was aimed only at buying more time to review the plan. State Department of Transportation Department Commissioner Joan McDonald commented that the board vetoed the plan "so that we had sufficient time to evaluate the capital plan proposal, the various proposals that may be part of the plan and may require legislative approval, and to do the proper due diligence." An MTA spokesman confirmed that the veto was expected, as it gives the board more time to review the plan.

Under state law, the board must respond to the plan within 90 days. But it often continues debating it well into the following year. The last MTA Capital Plan -- submitted to the board in September of 2009 -- was not approved until June 2010.

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

DiNapoli: Too Many Subway Stations Need Repairs

According to a [report](#) issued last week by New York State Comptroller Thomas DiNapoli, too many New York City subway stations are in disrepair and New York City Transit's (NYCT) repair program is progressing too slowly. Only 51 of the city's 468 stations were free of defects, and just 1-in-4 had most or all of their station components in good repair.

Every five years, NYCT examines the structural and architectural condition of all of the City's subway stations. The survey, which takes more than a year to complete, rates components on a scale of 1.0 to 5.0. Those rated less than 3.0 are considered by NYCT to be free of defects and in a "state of good repair." Components rated 3.0 or higher are worn or damaged. The 2012 survey represents NYCT's latest data on subway station conditions. Using NYCT's standards, the survey found that only 51 subway stations (11 percent) were free of both structural and architectural defects, and only 67 more had most (at least 90 percent) of their components in good repair.

City

New York City Council Passes Commuter Benefit Legislation

The City Council this week passed legislation requiring employers to offer pre-tax commuter benefits.

Federal law allows employers to offer employees the option of setting aside a portion of their pre-tax wages for commuting expenses. City Council bill 295-A, sponsored by Manhattan Member Garodnick, is intended to save New Yorkers money on their daily commute expenses by requiring businesses with 20 or more full-time employees in the City of New York to offer such a benefit for mass transit commuting. The bill would take effect on January 1, 2016, however, penalties would not be assessed until July 1, 2016, giving employers a six month grace period.

The Riders Alliance and the Straphangers Campaign supported the bill. Text can be found [here](#).