Legislation: What's Cooking on the Hill?

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Johnson Controls
This presentation reflects information about pending policy and legislation that is current as of August 4, 2017, when Congress departed for summer recess. The legislation discussed is likely to change when Congress reconvenes in the Fall.
Topics

• State of Play
  – Congressional Calendar
  – Nominations
  – Executive Orders
  – Solar Trade Case

• Tax Legislation

• NDAA FY2018

• Appropriations

• Energy Legislation
State of Play:
115th Congress &
New Administration
Legislative Landscape

115th Congress

Senate Confirmation Hearings and Confirmation Votes

Consideration of Appropriations, President’s Budget Blueprint & Full FY18 Budget

April 7, Senate Confirms Neil Gorsuch to SCOTUS

July 27, House Passes FY18 Minibus Spending Bill

Sept. 30 Federal Funding Expires

December 31, 2017

May 5, Congress Passes FY17 Appropriations

May 11, Cabinet Fully Confirmed

Aug. Recess

May 11, Cabinet Fully Confirmed

Sept. 29 Debt Ceiling Limit

Outlook on Balance of the Year:
Vote to Raise the Debt Ceiling
FY18 Budget Resolution
FY18 Appropriations
FAA Reauthorization
FY18 NDAA
Tax Reform
Senate Energy Bill
Presidential Nominees

Jan. 3 115th Congress Begins

March, President’s Budget Blueprint

House Passes FY18 Minibus Spending Bill

Senate Confirmation Hearings and Confirmation Votes

Energy Exchange: Connect • Collaborate • Conserve
• Federal Energy Regulatory Commission (FERC)
  – Regulates interstate transmission of electricity, natural gas, and oil. Reviews proposals to build LNG terminals and interstate natural gas pipelines, and licenses hydropower projects.
  – Five-member agency lacked a quorum since Commissioner Norman Bay resigned in February.

• In August, the Senate approved two FERC nominees restoring a three-commissioner quorum at FERC:
  – Neil Chatterjee, longtime aide to Senate Majority Leader Mitch McConnell (R-KY) and Robert Powelson, member of the Pennsylvania Public Service Commission
  – President formally nominated two other nominees, Kevin McIntyre, an energy lawyer at the firm Jones Day, and Richard Glick, a Democratic Senate aide.
  – The Senate Energy and Natural Resources Committee is scheduled to have confirmation hearings for McIntyre and Glick on September 7
• This month, the Senate also confirmed:
  – Dan Brouillette to serve as Deputy Secretary for the U.S. DOE
  – Lucian Niemeyer, Assistant Secretary of Defense for Energy, Installations, and Environment
  – Ellen Lord, Defense Undersecretary for Acquisition, Technology and Logistics

• The Senate Energy and Natural Resources Committee also advanced two nominees for DOE out of committee with floor consideration likely in September:
  – Paul Dabbar, to be Under Secretary for Science
  – Mark Menezes, to be Under Secretary of Energy
Directs agencies to review existing regulations that potentially burden the development or use of domestically produced energy resources and appropriately suspend, revise, or rescind those that unduly burden the development of domestic energy resources beyond the degree necessary to protect the public interest or otherwise comply with the law.

- Under this EO, the following Presidential actions are revoked:
  - EO 13653 Preparing the U.S. for the Impacts of Climate Change, Nov 1, 2013
  - Presidential Memorandum June 25, 2013 (Power Sector Carbon Pollution Standards);
  - Presidential Memorandum Nov. 3, 2015 (Mitigating Impacts on Natural Resources from Development and Encouraging Related Private Investment);
  - Presidential Memorandum Sept. 21, 2016 (Climate Change and National Security).

- Under this EO, the following reports are rescinded:
  - Report of the Executive Office of the President June 2013 (Climate Action Plan)

- The EO also disbands The Interagency Working Group on Social Cost of Greenhouse Gases (IWG) and rescinds the documents issued by that group.
**E.O. 13693:** Planning for Federal Sustainability in the Next Decade

- The Executive Order outlines a number of measures to make the Federal Government’s operations more sustainable, including extending the federal energy intensity reduction targets at 2.5% to 2025.
- Aims to cut the Federal Government’s greenhouse gas emissions 40 percent over the next decade from 2008 levels and increase the share of electricity the Federal Government consumes from renewable sources to 30 percent.
- **Still in effect** – the new Administration may revise or revoke at some point.
• Section 201 Petition filed by Suniva to the U.S. International Trade Commission (“U.S. ITC”):
  – Section 201 of the 1974 Trade Act is the United States’ “global safeguard” law. Allows for temporary relief where surging imports are causing “serious injury” to a U.S. industry.
  – On May 23, 2017, the U.S. ITC initiated a Section 201 investigation to determine if imports of crystalline solar photovoltaic cells and modules are causing "serious injury" to U.S. domestic producers.

• U.S. ITC will hold a public injury hearing on August 15, 2017. By September 22, 2017, the Commission will determine whether imports cause injury
  – If injury is found, a “remedy” phase is initiated, during which the ITC must deliver a report to the President by November 13, 2017 containing any relief recommendations.
  – The President then has until January 12, 2018, to decide whether to impose any trade actions.
Tax/Finance Legislation
• On July 27, Congressional leaders and Administration known as the “Big six on tax reform” released a Joint Statement reaffirming a shared commitment to pursuing tax reform this Congress:

  – “We are confident that a shared vision for tax reform exists…”

  – “Expectation is for this legislation to move through the committees this fall, under regular order, followed by consideration on the House and Senate floors.”

  – “While we have debated the pro-growth benefits of border adjustability, we appreciate that there are many unknowns associated with it and have decided to set this policy aside in order to advance tax reform.”
• December 2015, Congress modified and extended a number of energy tax provisions, including a five-year extension and phase down of the solar and wind energy credits, as well as bonus depreciation
  
  – Congress did not provide a five-year extension of the non-solar Section 48 ITC technologies such as fuel cells, geothermal heat pumps, microturbines and combined heat and power;

• Numerous energy credits and deductions expired on December 31, 2016, including:
  
  • Section 179D, the deduction for energy-efficient commercial buildings
  • Section 25C, which provides a 10% credit for qualified nonbusiness energy property
  • Section 25D, the credit for residential energy property for qualified fuel cell property, small wind energy property, and geothermal heat pump property
  • Section 48 credits for qualified fuel cells, microturbine, geothermal heat pump, small wind energy, and combined heat and power
  • Section 30B, which provides a credit for qualified fuel cell motor vehicles
  • Section 30C, which provides a 30% credit for the cost of alternative (non-hydrogen) fuel vehicle refueling property
  • Section 30D, the 10% credit for plug-in electric motorcycles and two-wheeled vehicles
  • Section 40(b)(6), which provides a credit for each gallon of qualified second-generation biofuel produced
  • Section 40A, the credit for biodiesel and renewable diesel, which includes the biodiesel mixture credit, the biodiesel credit, and the small agri-biodiesel producer credit
  • Section 45(e)(10)(A)(i), the production credit for Indian coal facilities
  • Section 45, the credits for facilities producing energy from certain renewable resources
  • Section 45L, which provides a credit for each qualified new energy-efficient home
  • Secs. 6426(c) and 6427(e), the excise tax credits for alternative fuels
Summary: Business Energy Investment Tax Credit (ITC)

The table below shows the value of the investment tax credit for each technology by year. The expiration date for solar technologies and wind is based on when construction begins. For all other technologies, the expiration date is based on when the system is placed in service (fully installed and being used for its intended purpose).

<table>
<thead>
<tr>
<th>Investment Tax Credit (ITC) Technology</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Future Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>PV, Solar Water Heating, Solar Space Heating/Cooling, Solar Process Heat</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>26%</td>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>Hybrid Solar Lighting, Fuel Cells, Small Wind</td>
<td>30%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Geothermal Heat Pumps, Microtubines, Combine Heat and Power Systems</td>
<td>10%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Geothermal Electric</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Large Wind</td>
<td>30%</td>
<td>24%</td>
<td>18%</td>
<td>12%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

https://energy.gov/savings/business-energy-investment-tax-credit-itc
Summary: Renewable Electricity Production Tax Credit (PTC)

The table shows the value of the PTC for each technology by year. The expiration date is based on when construction begins. The tax credit is phased down for wind facilities and expires for other technologies commencing construction after December 31, 2016. The duration of the credit is generally 10 years after the date the facility is placed in service. *The amount of the PTC for 2017-2019 depends on the inflation-adjustment factor used by the IRS.

<table>
<thead>
<tr>
<th>Production Tax Credit (PTC) Technology</th>
<th>Amount</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Future Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>$0.023/kWh in 2016; $0.024/kWh in 2017*</td>
<td>100%</td>
<td>80%</td>
<td>60%</td>
<td>40%</td>
<td>N/A</td>
</tr>
<tr>
<td>Closed-loop biomass, Geothermal Energy, and Solar Systems that have not claimed the ITC</td>
<td>$0.023/kWh in 2016</td>
<td>100%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Open-loop biomass, Landfill Gas, Municipal Solid Waste, Qualified Hydroelectric, and Marine and Hydrokinetic Energy</td>
<td>$0.012/kWh</td>
<td>100%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

[https://energy.gov/savings/renewable-electricity-production-tax-credit-ptc](https://energy.gov/savings/renewable-electricity-production-tax-credit-ptc)
Energy Tax Legislation

• **H.R. 1551**, To Modify the Nuclear Credit
  – Would extend the nuclear power production tax credit to facilities that are placed-in-service after 2020. Under current law, nuclear projects can only receive the PTC if the projects are placed into service by December 31, 2020. Passed the House in June 2017.

• **H.R. 1090**, Technologies for Energy Security Act of 2017
  – Would extend residential and business tax credits for fuel cell, microturbine, combined heat and power system, small wind, and thermal energy property. Has 103 bipartisan House cosponsors.

• **H.R. 3507**, To Modify Section 179D
  – To make permanent and modify the Section 179D energy efficient commercial buildings deduction by expanding to non-profits, tribal governments and S Corps.

• **H.R. (Anticipated) Technology Neutral Energy Credit**
  – Rep. Tom Reed (R-NY) is anticipated to introduce a new technology neutral energy credit

• **S. 1068**, Clean Energy for America Act
  – Introduced by Senator Ron Wyden (D-OR) includes technology-neutral tax credits for domestic production of clean electricity and clean transportation fuel, as well as performance-based tax incentives for energy-efficient homes and office buildings. 23 democratic Senate sponsors.

• **S. 326**, Public Buildings Renewal Act
  – Would permit up to $5 billion in tax-exempt financing of certain government-owned buildings by expanding the definition of "exempt facility bond" to include bonds used for qualified government buildings. 25 bipartisan House cosponsors and 8 Senate cosponsors.
Defense Legislation
FY18 NDAA

- In July, the House passed the **FY18 National Defense Authorization Act (NDAA)** (*H.R. 2810*)
- Senate expected to take up the Senate Armed Services Committee (SASC) approved FY18 NDAA (*S. 1519*) following recess
- The bills and accompanying reports contain a number of energy-related provisions:
  - Energy resiliency
  - Operational energy assurance
  - Use of third-party financing
  - Cyber-secure microgrids
  - Cogeneration
  - ERCIP Funding
  - ESPC
ENERGY PERFORMANCE GOALS AND MASTER PLAN (SEC. 312)
This section would amend section 2911 of title 10, United States Code, to add future energy demand, energy resiliency, and opportunities to leverage third-party financing to the special considerations the Secretary of Defense must consider when developing and implementing the energy performance goals and energy performance master plan.

AUTHORIZED ENERGY RESILIENCY AND CONSERVATION PROJECTS (SEC. 2402)
Authorizes $150 million in funding for energy resiliency and conservation projects under the Energy Resilience and Conservation Investment Program ("ERCIP").
Energy Resiliency for Mission Assurance

More emphasis is required on investments that reduce mission risk by increasing energy resiliency through on-installation energy generation, transmission, distribution, and storage. The committee encourages the Department to take further action, both through ECIP and other energy initiatives pursued through other authorities, to fully integrate energy resiliency with military value into their energy investment programs.

Energy Resilience of Overseas Military Installations

DoD must have the ability to sustain operations during energy supply disruptions, especially in the case of overseas military locations that rely on foreign-sourced energy. The committee believes that a policy of energy reliance through diversification is critical to maintaining a resilient U.S. overseas defense posture and presence.

Enhanced Use Leases

Concerns have been raised on the length of time it can take to initiate, negotiate, and implement an Enhanced Use Lease (EUL), (including those used to generate electricity). The committee encourages the military to seek opportunities to streamline this process. If legislative changes are needed to speed the process, the committee welcomes any recommendations the Secretary of Defense may make.
SPECIAL CONSIDERATIONS FOR ENERGY PERFORMANCE GOALS (SEC. 342)
Would amend section 2911(c) of title 10, United States Code, to include goals to reduce the future demand and the requirements for the use of energy, to enhance energy resilience to ensure the Department has the ability to prepare for and recover from energy disruptions that impact mission assurance on military installations, and leverage third-party financing to address installation energy needs.

AUTHORIZED ENERGY CONSERVATION PROJECTS (SEC. 2402)
Authorizes the Secretary of Defense to carry out projects in the amount of $150.0 million under the Energy Resilience and Conservation Investment Program (ERCIP). The committee recommends an increase of $26.5 million to allow for other various projects.

AUTHORITY TO USE ENERGY COST SAVINGS FOR ENERGY RESILIENCE, MISSION ASSURANCE, AND WEATHER DAMAGE REPAIR AND PREVENTION MEASURES (SEC. 2811)
The committee recommends a provision that would amend section 2912 of title 10, United States Code, to allow energy savings funds to be used for weather damage, mission assurance, and energy resilience.
ANNUAL DEPARTMENT OF DEFENSE ENERGY MANAGEMENT REPORTS (SEC. 2841)
The committee recommends a provision that would amend section 2925 (a) of title 10, United States Code, to ensure the Department of Defense distinguishes between planned and unplanned power outages and establishes critical mission resilience metrics in the installation energy report.

AGGREGATION OF ENERGY EFFICIENCY AND ENERGY RESILIENCE PROJECTS IN LIFE CYCLE COSTS (SEC. 2842)
The Secretary of Defense or the Secretary of a military department, when conducting life cycle cost analyses with respect to investments designed to lower costs and reduce energy and water consumption, shall aggregate energy efficiency projects and energy resilience improvements as appropriate.

ENERGY RESILIENCE (SEC. 2845)
The committee recommends a provision that would: (1) Ensure the readiness of the armed forces for their military missions by making energy security and resilience the focus of the Department’s energy policy; (2) Require energy security and resilience in the cost-benefit analysis for the procurement of energy; and (3) Pursue projects that provide power directly to a military facility or installation in the event of an outage.
CONSIDERATION OF ENERGY SECURITY AND ENERGY RESILIENCE IN AWARDING ENERGY AND FUEL CONTRACTS FOR MILITARY INSTALLATIONS (SEC. 2846)
The committee recommends a provision that would amend section 2922a of title 10, United States Code, to ensure the Secretary concerned prioritizes energy security and resilience when considering energy or fuel contracts for military installations.

REQUIREMENT TO ADDRESS ENERGY RESILIENCE IN EXERCISING UTILITY SYSTEM CONVEYANCE AUTHORITY (SEC. 2847)
The committee recommends a provision that would amend section 2688(g) of title 10, United States Code, that would require that utility systems be managed and operated in a manner consistent with energy resilience requirements and metrics.

IN-KIND LEASE PAYMENTS; PRIORITIZATION OF UTILITY SERVICES THAT PROMOTE ENERGY RESILIENCE (SEC. 2848)
The committee recommends a provision that would amend section 2667(c) of the title 10, United States Code, to prioritize energy resilience as in-kind consideration.
Energy assurance on military installations

In order to assess statutory authorities and their appropriateness and flexibility to support energy resilience on military installations, the Secretary of Defense is directed to report to the defense committees the following: (1) authorities used in award of energy resilience projects during fiscal years 2015–2017 and (2) challenges experienced during fiscal years 2015–2017 in the execution of energy resilience projects due to limitations in existing statutory authorities.

DoD and DoE collaboration to improve energy resilience

The committee strongly encourages the DoD and the DoE to continue to exercise the existing 2010 MOU to enhance DOD’s energy resilience. The partnership has successfully driven the research and development of technologies that have improved DOD’s energy resilience posture at military installations, such as the Consolidated Utility Base Energy (CUBE) system which is an integrated power distribution platform that delivers power for a solar-battery-diesel hybrid system to reduce the use of diesel-fueled generators at forward operating bases.
Cyber-secure microgrids and energy resilience for installations

The Committee remains concerned regarding vulnerabilities of cyber-attacks, physical attacks, and severe weather, which threaten DOD’s ability to recover from multi-day utility disruptions on its installations. Improving energy resilience helps decrease utility disruptions and grid outages that negatively impact operations and compromise readiness. The committee believes DoD could better utilize and integrate existing authorities such as military construction, facilities sustainment restoration and modernization accounts, ESPCs, PPAs, UESCs to ensure installations have resilient, reliable, and continuous power during disruptions to the electrical supply though deployment of cyber-secure technologies like microgrids.

In assessing a microgrid’s cost effectiveness, DoD should view the life cycle costs of stand-alone backup generators that could produce equivalent energy resilience and assurance as an avoided cost and thus available for financing third party investments through ESPCs, PPAs, or UESCs. The committee notes that DOD continues to experience multiple utility grid outages every year. The committee strongly urges the SecDef to consider the appropriate use of DoD’s existing exemption from Title 40 Section 591 to address frequent utility outages and negative impacts to readiness, especially as it relates to the use of cyber-secure microgrids and advanced infrastructure controls.
Energy savings performance contracts and combined heat and power
The committee notes the importance for DOD to enhance installation readiness and resilience through energy infrastructure improvements, and recognizes efforts by DOD to use third-party financing, such as ESPCs, to provide cost-effective efficiency improvements to military installations. The committee is strongly supportive of these efforts by DOD and strongly encourages the use of these contracts and other third party financing methods to improve energy infrastructure, resilience, and facilities important to the mission on military installations.

The committee is also strongly supportive of the Army’s goal to double the amount of energy production from combined heat and power (CHP) facilities on its installations in the next two years to 200 MW, and to triple it by the end of 2020 to 300 MW. The committee looks forward to the forthcoming development and release of the Army’s overarching CHP deployment strategy that appropriately considers CHP and other ESPC methods as a key element of the Army’s energy and sustainability strategy. Similarly, the committee strongly encourages the Department of the Navy to exceed its current inventory of nine CHP projects at roughly 90 MW and for the Air Force to exceed its roughly 15–20 MW of CHP.
**Energy savings performance contracts assessment**

*Directs the Secretary of Defense to provide an assessment to the congressional defense committees. The assessment shall include but not be limited to: (1) recommendations on the use of energy savings performance contracts (ESPCs) for savings achieved through training improvements; (2) identification of potential savings that could be achieved through improvements to training; (3) pros and cons of using those savings as part of a long term ESPC; (4) any new authorities that would be needed if a decision was made to use savings as part of additional ESPC; and (5) any other recommendations deemed appropriate.*

**Third-party financed energy projects**

*The committee continues to be strongly supportive of DoD’s efforts to use third party financing mechanisms for energy projects that improve installation resilience, increase the readiness and ability of the military services to deploy, and balance the stewardship of taxpayer funding since third-party financed projects have little upfront cost. The committee continues to strongly encourage DOD to prioritize resilience in its pursuit of projects and to leverage payment in kind options for black start capability in the event of grid outages whether through technologies like cyber-secure microgrids, additional feeder lines, islanded operations, or other assets.*
Energy efficient military shelters
The committee further encourages the Department of the Air Force to leverage currently available energy-saving supplemental insulation technologies that will lead to reduced environmental control units in a deployed environment, further leading to cost savings with respect to total cost of ownership of billeting and shelters in the Basic Expeditionary Airfield Resources (BEAR) Base program.

Defense threat assessment and master plan for climate
The committee notes that a series of climate-related events have cost DOD significant resources, measured in funding and negative impacts on readiness. The Secretary of Defense shall submit to the congressional defense committees a comprehensive threat assessment and implementation master plan no later than March 1, 2018 on the risks and vulnerabilities to DOD missions and infrastructure associated with climate-related events.
Appropriations
Appropriations Overview

- House passed the **Make America Secure Appropriations Act**, a “minibus” of 4 spending bills for Defense, Energy, Veterans Affairs, as well as the legislative branch.
- House Minibus faces political challenges in the Senate.
- House also has challenge that it sets topline figures that exceed the spending caps set in the Budget Control Act of 2011. (The House version of the 2018 NDAA, which the chamber cleared last month, also exceeds budget caps.)
- The Senate has moved a bills in committee, but has not advanced individual spending bills to the floor.
- At this point, some sort of CR/Omnibus seems likely.

Chart Source: Capstone National Partners
<table>
<thead>
<tr>
<th>U.S. DOE</th>
<th>FY17 enacted</th>
<th>Trump FY18 proposed</th>
<th>% change</th>
<th>House FY18</th>
<th>% change</th>
<th>Senate* FY18 proposed</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of EERE</td>
<td>2073</td>
<td>636</td>
<td>-69%</td>
<td>1103</td>
<td>-47%</td>
<td>1937</td>
<td>-7%</td>
</tr>
<tr>
<td>Advanced Manufacturing Office</td>
<td>258</td>
<td>82</td>
<td>-68%</td>
<td>102</td>
<td>-60%</td>
<td>252</td>
<td>-2%</td>
</tr>
<tr>
<td>Federal Energy Management Program</td>
<td>27</td>
<td>10</td>
<td>-63%</td>
<td>10</td>
<td>-63%</td>
<td>25</td>
<td>-7%</td>
</tr>
<tr>
<td>Building Technologies</td>
<td>199</td>
<td>67</td>
<td>-66%</td>
<td>91</td>
<td>-54%</td>
<td>195</td>
<td>-2%</td>
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<tr>
<td>Weatherization Program</td>
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<td>-100%</td>
<td>225</td>
<td>0%</td>
<td>215</td>
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<tr>
<td>State Energy Program</td>
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<td>-100%</td>
<td>50</td>
<td>0%</td>
<td>50</td>
<td>0%</td>
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<tr>
<td>Solar</td>
<td>208</td>
<td>70</td>
<td>-66%</td>
<td>90**</td>
<td>-57%</td>
<td>167.5</td>
<td>-19%</td>
</tr>
<tr>
<td>Wind</td>
<td>90</td>
<td>32</td>
<td>-64%</td>
<td>30**</td>
<td>-67%</td>
<td>72.2</td>
<td>-20%</td>
</tr>
<tr>
<td>Water</td>
<td>84</td>
<td>20</td>
<td>-76%</td>
<td>29**</td>
<td>-65%</td>
<td>82</td>
<td>-2%</td>
</tr>
<tr>
<td>Geothermal</td>
<td>70</td>
<td>12</td>
<td>-83%</td>
<td>?</td>
<td></td>
<td>67.5</td>
<td>-4%</td>
</tr>
<tr>
<td>Office of Science</td>
<td>5,392</td>
<td>4472</td>
<td>-17%</td>
<td>5392</td>
<td>0%</td>
<td>5550</td>
<td>3%</td>
</tr>
<tr>
<td>Office of Electricity</td>
<td>230</td>
<td>120</td>
<td>-48%</td>
<td>218</td>
<td>-5%</td>
<td>213</td>
<td>-7%</td>
</tr>
<tr>
<td>Office of Fossil Energy</td>
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<td>280</td>
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<td>634</td>
<td>-4%</td>
<td>573</td>
<td>-13%</td>
</tr>
<tr>
<td>Office of Nuclear Energy</td>
<td>1016</td>
<td>703</td>
<td>-31%</td>
<td>969</td>
<td>-5%</td>
<td>917</td>
<td>-10%</td>
</tr>
<tr>
<td>ARPA-E</td>
<td>300</td>
<td>0</td>
<td>-100%</td>
<td>0</td>
<td>-100%</td>
<td>330</td>
<td>10%</td>
</tr>
</tbody>
</table>

** Loan Program Office                      | Eliminated in all proposals |

* Senate has passed bills out of committee, but has not finalized any appropriations measures.
** Estimated. Program levels not specified in House Minibus.
Energy Exchange: Connect • Collaborate • Conserve

Environmental Protection Agency

• Proposed budget: Cuts EPA funding from $8.1 billion to $5.7 billion, a 31.4% reduction, the largest reduction for any cabinet-level agency.
  • Eliminates funding for Energy Star and several other voluntary partnership programs.
  • Discontinues funding for the Clean Power Plan, international climate-change programs, climate change research and partnership programs, and related efforts.
  • Cuts funding for the Superfund cleanup program and the Office of Enforcement and Compliance.
  • Prioritize critical drinking water and wastewater infrastructure projects.

• House: Interior Bill* would fund the EPA at $7.5 billion, a reduction of $528 million below the fiscal year 2017 enacted level and $1.9 billion above the Administration’s request. Program levels were not specified.

• Senate: Interior*, Environment, and Related Agencies Subcommittee has not yet released its version of an Interior bill.

• ENERGYSTAR: Several potential outcomes
  • Eliminate program
  • Move program to DOE
  • Privatize Program (e.g. move it outside government)
  • Continue program at EPA at reduced funding levels.

*EPA is funded through the Department of Interior Appropriations Bill.
Energy Legislation
CBO Scoring: Federal ESPC Legislation

- **Since 2002, the Congressional Budget Office (CBO) has scored ESPC-related legislation**
  - Longstanding priority for industry to resolve CBO scoring to conform with OMB scoring of ESPCs which is budget neutral
  - Any congressional efforts to ensure energy efficiency in the Federal government that would allow the use of ESPCs triggers a score

- **Senate and House Budget Resolutions**
  - In the FY16 Senate Budget Resolution, which was adopted by the full Senate, new scoring procedures were provided to CBO to score ESPC legislation on a net present value basis (budget neutral)
  - The FY18 House Budget Resolution contains same language for ESPC-related legislation; the Budget Resolution has not yet passed House
  - The resolutions offer significant progress on this important issue and allow for ESPC language in various energy bills
ENERGY AND NATURAL RESOURCES ACT OF 2017 (S.1460)

An updated version of last year's bipartisan energy bill has been introduced in the Senate by Senator Energy Committee Leaders Senator Murkowski (R-AK) and Senator Cantwell (D-WA).

Senate Leader Mitch McConnell (R-KY) has fast-tracked this legislation – it will bypass committee and go straight to the Floor for a vote. The Senate anticipates taking up the energy legislation this fall. There is no House counterpart to date.

- Energy Efficiency
- Energy Resources
- DOE Research
- Critical Minerals
- Natural Resources

Bill Text
Section-by-Section
### Energy Efficiency

- Building codes
- Energy and water conservation demonstration at HUD
- Coordination of energy retrofitting assistance for schools
- Non profit Energy efficiency grants program
- Extending contract term-length for UESCs
- Update of ESPC Statute
- Building training and assessment centers
- Career skills training
- Agency implementation of information technologies
- Energy efficient data centers
- Reauthorization of Weatherization Assistance Program
- Reauthorization of State Energy Program
- Smart buildings
- Repeal of fossil phase-out
- Federal building energy efficiency performance standards
- Federal building energy intensity improvement
- Certification for green buildings
- Evaluation of duplicative green building programs
- Study and report of operational energy efficiency
- Use of Federal disaster relief for EE improvements
- WaterSense
- Extended product system rebate program
- Energy efficient transformer rebate program
- Third-party certification under Energy Star program
- External power supply Standards
- Clarification to effective date for regional standards
- Modifying product definitions
- Clarifying rulemaking procedures
- Manufacturing energy efficiency
- IACs and Labs to assist small and medium manufacturers
- Authorizing DOE Vehicles Programs
- Enhanced energy efficiency underwriting HUD
- Interagency Coordination Committee on Energy and Water
- Smart energy and water efficiency pilot program
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DOE Research
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• Early stage technology demonstration
• Sense of Congress on accelerating energy innovation
• Research grants database
• Technology transfer and transitions assessment
• Commercializing technology pilot program
• Short-term cost-share pilot program
• Quadrennial energy review
• Energy Innovation Hubs
• Reauthorization of ARPA-E
• Basic energy sciences
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Critical Minerals
• Rights to helium
• Critical minerals: Designations, Resource Assessment, Permitting, Recycling, Workforce
• Establishment of coal technology program
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Natural Resources
• National Park Service Maintenance Fund
• Land and Water Conservation Fund
• Historic Preservation Fund
• Landowner education program
• Land Conveyances
• Federal Land Management
• Special Resource Studies
• National Park Service Management
• Sportsmen’s Access to Federal Land
• Water Infrastructure
• Indian Energy
• Landslides
ESPC/UESC Clarifications

- **ESPC Statute:** Provides several authority changes
  - Reconciles the Definition of Federal Building
  - Modifies promotion of contracts regarding recognition of O&M savings
  - Clarifies plug load measures (energy consuming devices) as ECM
  - Expands definition of energy savings to includes RECs, rebates and incentives, and allows the sale or transfer of incentives to fund an ESPC
  - Specifies the term “federal building” does not include a dam, reservoir, or hydropower facility owned or operated by a Federal agency.

- **Utility Energy Savings Contracts (UESC)**
  - Extends the accepted contract period for federal agencies to use UESCs to a maximum of 25 years
  - Clarifies that UESCs are subject to EM&V requirements and must have either a guarantee or assurance of savings
• **Energy Intensity Reduction Targets**
  – Directs the head of each Federal agency to reduce their building energy intensity by 2.5 percent per year for fiscal years 2018 through 2027, with a FY17 baseline.
  – Removes the requirement for Federal buildings to reduce fossil fuel use by 100% by 2030 (EISA Section 433).

• **Federal building energy efficiency performance standards**
  – Require the Secretary of Energy to establish revised Federal building energy efficiency performance standards meeting or exceeding the most recent model codes. Provides for the update of designs for unconstructed federal buildings to meet applicable Federal building energy efficiency standards.

• **Major Renovations**
  – Expands scope of existing energy standards for new federal buildings to be 30% better than code for major renovations. Significant alterations and additions to federal buildings to meet minimum efficiency levels unless demonstrated not to be life-cycle cost-effective. Requires commissioning of large federal buildings to ensure that their systems are operating as designed.
• **Changes “may” to “shall”** for implementation of identified energy and water efficiency measures with 10 year payback or less identified during energy and water evaluations (42 U.S.C. 8253(f)(4))

• **Evaluation and Consolidation of Duplicative Green Building Programs**
  – Would require DOE to submit a report that analyzes all green building programs under its control and identify which programs, if any, should be consolidated or eliminated.

• **Green Building Certification**
  – Directs DOE to determine which certification systems for high performance green buildings are the most likely to encourage a comprehensive and environmentally sound approach to the certification of green buildings (Expands the evaluation beyond LEED certification).

• **Smart Building Pilot Program**
  – Requires DOE to conduct a study of private and federal smart buildings. Also establishes a smart building pilot program under the jurisdiction of several key Federal agencies (DOD, DOE, GSA, VA).
Federal Building Improvements

• **Federal purchase requirement**
  – Expands the definition of “renewable energy” to include thermal energy and qualified waste heat resources and modifies the term “municipal solid waste” by excluding certain commonly recycled paper.

• **Operational Efficiency**
  – Study and Report on Energy Savings benefits of operational efficiency programs and services

• **Energy efficient data centers/Information technology**
  – Requires the development of a metric for data center energy efficiency, and establishes a data center energy practitioner program and open data initiative for Federal data center energy usage.
  – Requires that each federal agency develop an implementation strategy – that includes best practices and measurement and verification techniques – for the maintenance, purchase, and use of energy-efficient information technologies
Non-Federal Building Improvements

• **Non-profit Energy Efficiency Retrofit Pilot Program**
  – Establishes a pilot program to award grants for retrofitting non-profit buildings with energy efficiency improvements.

• **Weatherization & State Energy Program**
  – Reauthorizes the Weatherization Assistance Program (WAP) and the State Energy Program (SEP) from 2016-2020.

• **E-prize Competition Pilot Program**
  – Establishes an e-prize competition to implement sustainable community and regional energy solutions that seek to reduce energy costs through increased efficiency, conservation, or technology innovation in high-cost regions.
Non-Federal Building Improvements

- **Energy Efficiency for Schools**
  - Creates a program within DOE to promote energy efficiency, distributed generation, and energy retrofitting projects in schools.

- **Building Energy Codes**
  - Requires that the Secretary of Energy encourage and support the adoption of building energy codes by states, local governments, or Indian tribes that meet or exceed voluntary building energy codes.
  - Establishes a code certification process and a concrete standard for full compliance achievement.
  - Does not include language to support the development of stretch codes and advanced standards (language is in S. 365).
  - Requires DOE to account for the modernizing energy infrastructure in buildings such as efficiency gains enabled by appliance standards, renewables, or SmartGrid technologies when developing code targets.
  - Requires that code targets must be “consensus-based” and must be at a level that is technologically feasible and economically justified, not life-cycle cost-effective.
  - Defines “economically justified”, and specifies what factors must be considered by DOE during the analysis of a proposed or updated voluntary building energy code.
  - [Detailed summary](#) and comparison to House bill on Alliance to Save Energy website.
• **ENERGY STAR Program Changes**
  – **Voluntary Verification** - Requires the DOE to recognize voluntary verification programs to demonstrate compliance with DOE Energy Efficiency Standards and the ENERGYSTAR program.
  – **Third-party certification under Energy Star program** - Revises the certification requirements for program partners that have complied with all program requirements for at least 18 months.
  – **Class Action** - Preempts class action lawsuits that could undermine participation in the program.

• **DOE Standards process changes**
  – Clarifies that a regional standard shall not apply to any product that is manufactured before the effective date of the standard and is installed not later than one year after the effective date of the standard.
  – Allows DOE to modify statutory product definitions through consensus agreement
  – Requires that any proposed rule to establish a new conservation standard for a product shall be based on the final test procedure for that product.

• **External power supply standard modifications**
  – Excludes fire and life safety systems from off-mode requirements.
  – Excludes power supply circuits, drivers, and devices designed to be connected to and power, certain light-emitting diodes and ceiling fans from energy conservation standards.
• **The Nexus of Energy and Water**
  – Establishes an interagency coordination committee with the leadership of DOE and DOI that is focused on the nexus between energy and water production, use and efficiency.

• **Smart Energy and Water**
  – Directs DOE to create a pilot program that would award grants to entities to further develop technologies that will improve the efficiency of the energy-water nexus

• **WaterSense**
  – Codifies the voluntary WaterSense program at EPA and clarifies the distinction of authorities between the WaterSense and Energy Star programs should any product be eligible under both programs.
Grid Modernization & Energy Storage

- **Grid Modernization**
  - Establishes a research program for electric grid energy storage.
  - Requires DOE to develop a model grid architecture and a set of future scenarios for the electric system.
  - Directs an investigation of the need for additional standards for interoperability.

- **Micro-grid systems**
  - Establishes a program to promote micro-grid systems for isolated communities to increase resiliency.
  - Requires Transmission Organizations to submit a report to FERC identifying barriers to the deployment of distributed energy systems and micro-grid systems.

- **Changes to Federal Power Act (FPA)**
  - Resolves a conflict between the FPA and environmental laws to avoid forcing electric generators from choosing between complying with an emergency order from DOE or violating an environmental obligation.

- **Market Analysis**
  - Establishes a Financial Market Analysis Office within EIA.
  - Requires EIA and the Commodity Futures Trade Commission (CFTC) to collect data on physical oil inventories, and establishes a DOE Energy Markets Working Group.
• **H.R. 2883, Promoting Cross-Border Energy Infrastructure Act**
  – Replace the Presidential Permitting approval needed before constructing an oil and gas pipeline or electric transmission line that crosses a border.
  – H.R. 2883 passed the House by a vote of 254-175.

• **H.R. 2910, Promoting Interagency Coordination for Review of Natural Gas Pipelines Act**
  – Strengthen FERC’s lead agency role and bring greater certainty, accountability, and transparency to the siting process for interstate natural gas pipelines.
  – H.R. 2910 passed the House by a vote of 248-179.

• **H.R. 806, Ozone Standards Implementation Act of 2017**
  – Provide states the flexibility needed to implement the National Ambient Air Quality Standards for ground-level ozone on an efficient and realistic timeline.
  – H.R. 806 passed the House by a vote of 229-199.
• **H.R. 2786, to amend the Federal Power Act with respect to the criteria and process to qualify as a qualifying conduit hydropower facility**
  − Promote the development of small conduit hydropower facilities, an emerging new source of renewable energy that can be added to existing infrastructure.
  − H.R. 2786 passed the House by a vote of 420-2.

• **H.R. 2828, to extend the deadline for commencement of construction of a hydroelectric project**
  − Extend the license for construction for the Enloe hydroelectric project, creating jobs and providing affordable, reliable electricity to the respective community.
  − H.R. 2828 passed the House by voice vote.

• **H.R. 3050, Enhancing State Energy Security Planning and Emergency Preparedness Act**
  − Enhance the energy emergency planning requirements of the Energy Policy and Conservation Act to strengthen the capability of states to secure the energy infrastructure of the United States against physical and cybersecurity threats and vulnerabilities; and mitigate risk of energy supply disruptions.
  − H.R. 3050 passed the House by voice vote.
Questions?