

NAESCO Newsletter
Advocacy Digest
July 2021

NAESCO Regional Meetings

NAESCO held the members-only meetings for Western states on July 16, and will hold the meeting for Southeastern states on September 22. Meeting details and minutes of past Regional Meetings can be found [here](#).

NAESCO FEDERAL ADVOCACY

Federal Stimulus Proposal

NAESCO worked with about 70 organizations to formulate a proposal to have the federal government invest around \$20 billion in a program we are calling ***Mission Critical Facilities Renewal***. The federal investment would be leveraged 4:1 with private investment through ESPC contracts to make federal, state and local government facilities safe, secure, efficient, resilient and flexible. The proposal was introduced as the *Open Back Better* bill by Minnesota Senator Smith and Delaware Representative Blunt-Rochester and was subsequently passed as part of the House Infrastructure bill, HR-2 Moving Forward, on July 1. NAESCO has retained Cascade Associates, an experienced lobbying firm that also manages the Federal Performance Contracting Coalition, to help advocate for the bill. The original proposal, copies of the legislation and related documents can be found [here](#).

Performance Contracting National Resource Center

NAESCO successfully advocated for funding for the PCNRC, which will provide technical assistance to state and local government performance contracting programs. NAESCO is working with other organizations to help the PCNRC develop programs, such as Owner's Rep Training and Certification, which we think will accelerate the ESPC market.

Federal Budget

It seems likely that the federal FY 2021 will start with a Continuing Resolution for the budget, which means essentially level funding for the programs important to ESCOs. The House is marking up and passing the 12 appropriations bills, while the Senate has yet to start markups of any bills on its side. The appropriations bills that have been passed by House Committees include a Supplemental Appropriation bill with substantial increases for the State Energy Program, Weatherization Assistance, Energy Efficiency and Conservation Block Grant programs. Observers consider the Supplemental Appropriations bill to be a "messaging" bill, which outlines the Democratic budget priorities in the event that they win the 2020 election. The Senate Republicans and the White House have said it is a non-starter from their perspective.

The House and Senate are negotiating the content of the next COVID-19 relief bill, based on House legislation passed in May (HEROES Act, HR 6800) and a Senate proposal introduced this on July 29. The two sides are beginning negotiations to bridge the gap between the \$35 trillion House bill and the approximately \$1 trillion Senate proposal, as well as contentious issues like

the extension of unemployment benefits, federal funds for school re-opening, federal funds to make up for state and local government budget shortfalls, and liability protections for employers who reopen their facilities.

FERC Rulings

FERC has issued two rulings with potential implications for ESCO projects. FERC unanimously rejected the petition of the New England Ratepayers Association to disallow state net metering regulations and changed the PURPA rules to allow utilities to pay variable market rates, rather than long-term fixed rates, for power delivered by Qualifying Facilities larger than 5 MW.

NAESCO STATE ADVOCACY HIGHLIGHTS

Illinois

NAESCO is leading a group of ESCOs in the multi-year fight against legislation that would curtail ESPC projects in schools. NAESCO is also working to include robust ESPC programs in the Governor's Capital Bond program and the pending major state energy policy bill. These market development activities have been temporarily put on hold due to the bribery scandal involving ComEd and calls for the resignation of House Speaker Madigan.

Ohio

In 2019, the Ohio legislature passed HB-6, which provides more than \$1 Billion of subsidies to nuclear and coal plants owned by a spinoff of First Energy that cannot clear the PJM capacity auctions and reduced the state's long-term EERS and RES goals. Governor DeWine has now called for the repeal HB-6 in light of the indictment of the Speaker of the House and his close associates on charges of money laundering and racketeering in connection with its passage and the effort to get a citizens' referendum on the ballot. Repeal would mean the resumption of aggressive utility EE and RE programs.

California

NAESCO, a member of the California Efficiency and Demand Management Council (CEDMC) , is working with other members to streamline the rules for large Custom Projects, to advocate for legislation to immediately use the approximately \$540 million of allocated and unspent EE funds to help stimulate the state economy, and to model pending state legislation to help public facilities safely re-open after the federal Open Back Better bill (see above).