

**Issue Brief**  
**S. 2012 & H.R. 8 Energy Modernization Act**

We are encouraged by the timely passage of S. 2012, the Energy Policy Modernization Act (S. 2012) and the North American Energy Security and Infrastructure Act (H.R. 8) and we are eager to see the conference committee move ahead to a final agreement.

**Background on S. 2012**

The best features of both S. 2012 and H.R. 8 will further increase our region's competitiveness as they address a number of our policy concerns about electric grid reliability and capacity, energy efficiency, base load and hydro resources development, natural gas distribution, regulatory updates and energy workforce readiness.

S. 2012 contains many provisions important to the economy of the Great Lakes and the competitive stance of its key sectors. Among them are:

- ***Electric Grid Modernization/Reliability Provisions*** – This requires agencies to consider the reliability impacts of a proposed rule before it is adopted, enabling federal regulators to conduct reviews of the nation's interconnected electric grid. This strengthens our electrical grid from potential harmful impacts from uncoordinated federal regulations.
- ***Energy Workforce Pilot Grant Program*** – Instructs the Secretary to set up a job training pilot program for energy workforce.
- ***21st Century Energy Workforce Advisory Board*** – Instructs the Secretary to establish a 21st Century Energy Workforce Advisory Board to develop a strategy for the support and development of a skilled energy workforce.
- ***Liquefied Natural Gas Permitting*** – Requires the Secretary of Energy to make a decision on any LNG export application within 45 days after completion of environmental review.
- ***Ethane Storage Study*** – This provision directs the Secretary of Energy and the Secretary of Commerce, in consultation with other relevant agencies and stakeholders, to conduct a study on the feasibility of establishing an ethane storage and distribution hub in the United States.
- ***Grid Storage*** – Directs the Secretary of Energy to conduct a research, development, and demonstration program for electric grid energy storage to address challenges identified in the 2013 DOE Strategic Plan for Grid Energy Storage and to establish a grant program to carry out eligible projects related to the modernization of the electric grid.

- ***Energy Efficiency*** – Directs the Department of Energy to encourage and support the deployment of energy efficient strategies to manufacturers, state and local governments, and various certification processes.
- ***Hydropower Improvements*** – Ensures federal permitting decisions for new hydropower projects are made in a timely manner to reduce unnecessary delays and costs. The reforms in this provision will help encourage potential hydropower projects in our region.
- ***Energy-Water Nexus*** – Promotes collaboration between the public and private sectors to promote new technologies that increase efficiency and better management of water resources. Because of the Great Lakes’ position as the fresh water capital of the United States, our region stands to benefit from further research into water resources.
- ***Code Maintenance*** – Cleans up the U.S. Code by repealing many of the DOE’s redundant, overlapping, and outdated authorities. This will help federal activities align with our current priorities, not obsolete instructions from decades past.
- ***Carbon Capture & Storage*** – S. 2012 would establish a coal technology program for the purpose of ensuring the continued use of coal through improvements in efficiency, effectiveness, cost, and environmental performance.

Within H.R. 8, the North American Energy Security and Infrastructure Act, there are a number of provisions we believe the conference report should include. Among those critical provisions are:

### **Background on H.R. 8**

- ***Ethane Storage Study*** – This provision directs the Secretary of Energy and the Secretary of Commerce, in consultation with other relevant agencies and stakeholders, to conduct a study on the feasibility of establishing an ethane storage and distribution hub in the United States.
- ***FERC Process Coordination*** – This section reinforces the Federal Energy Regulatory Commission’s (FERC) role as the lead federal agency for siting interstate natural gas pipelines. This section would require FERC to identify all agencies considering an aspect of an application and set the schedule for review, including a deadline for a final decision.
- ***Energy Security Valuation*** – This section directs the Secretary of Energy to establish U.S. energy security valuation methods to ensure that energy-related actions that significantly affect the supply, distribution, or use of energy are evaluated with respect to their potential impact on energy security, including their impact on consumers and the economy; energy supply, diversity and resiliency; well-functioning and competitive energy markets; United States trade balance; and national security objectives.
- ***Resolving Environmental and Grid reliability Conflicts*** – This section resolves a conflict between the Federal Power Act and environmental laws and regulations in order to avoid

forcing electric generators from choosing between complying with an emergency order from the Department of Energy (DOE) and violating an environmental obligation.

**Conclusion**

- We would like to see final passage before the lame duck session of congress with the key provisions above included.