



ML Strategies Update

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OCTOBER 13, 2014

Energy & Environment Update

ENERGY AND CLIMATE DEBATE

With a little over three weeks to go before the elections, and just a bit more than that until the next round of international climate negotiations, the United States is trying to determine how, and how much, to reduce its greenhouse gas emissions over the next decade.

Whether and how Congress addresses climate and energy legislation in the coming two, four, or more years will become slightly clearer three weeks from now, when either Democrats retain control of the Senate, or the balance of power flips in favor of Republican leadership. Though the majority will be slim, the focus issues could be different, particularly if Senator Mitch McConnell's (R-KY) campaign prevails, Republicans take control of the upper chamber, and he becomes Majority Leader. Whether or not he becomes Majority Leader, Senator McConnell has promised to continue his battle against Environmental Protection Agency greenhouse gas regulations. Should Democrats retain control of the Senate, Congress is likely to continue in much the same vein for the next several years: unable to pass comprehensive climate or energy legislation, and facing difficult battles even on much smaller measures.

In light of Congress' inability to act, the Obama Administration is using its preexisting authority to address climate change and encourage an all of the above energy strategy. From the Clean Power Plan to Department of Energy efficiency standards to potential methane regulations, the administration is looking for ways to demonstrate its climate and energy leadership as the world prepares for an international climate agreement in Paris next year. The United Nations Framework Convention on Climate Change will meet December 1-12 in Lima, Peru for the Lima Climate Change Conference, at which the 20th session of the Conference of the Parties and the 10th session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol will attempt to lay out as much of a framework as possible in anticipation of the 2015 global climate agreement. It remains to be seen what role the United States will play in negotiating that agreement, but the next several weeks will offer some insight into the process.

CONGRESS

Indian, Chinese Energy Solutions Complicated

Representative John Dingell (D-MI) told a town hall hosted by The Atlantic in Detroit October 7 that there are no easy solutions for ensuring that China and India enact adequate environmental and energy policies to address GHG emissions. Congressman Dingell said that energy disputes will continue to create conflict around the world.

RFS Reductions Increase CO2

Senate Environment and Public Works Committee Chair Barbara Boxer (D-CA) and Senator Ed Markey (D-MA)

sent a letter to President Obama October 8 saying that the Environmental Protection Agency's proposal to reduce volume requirements in the renewable fuel standards would increase CO2 pollution. The rule is under review at the White House Office of Management and Budget.

ADMINISTRATION

Houston Climate Resilience

Council on Environmental Quality Chair Mike Boots and Houston Mayor Anise Parker (D) toured the city's Buffalo Bayou project and the Bayou Greenways 2020 project October 6. Chairman Boots said that preparing communities for the impacts of climate change is a key part of President Obama's climate change plan. President Obama established the Climate Resilience and Preparedness Task Force last November, and the task force will provide recommendations to the White House this fall on actions the federal government can undertake to foster resilience investments across the country.

Climate Efforts Unveiled

The White House Council on Environmental Quality released October 8 the [Climate and Natural Resources Priority Agenda](#), a list of federal and private sector plans intended to reduce CO2 emissions and prepare communities for climate change impacts.

VP Energy Revolution

Speaking at the swearing-in ceremony for Energy Deputy Secretary Elizabeth Sherwood-Randall October 10, Vice President Joe Biden said the United States is experiencing an energy revolution, giving the country room to invest more in alternative energy.

Solar Challenge Scheduled

The General Services Administration has confirmed November 13 for the Industry Day for the Solar Challenge.

DEPARTMENT OF COMMERCE

Solar Trade Scope Expansion Proposed

The Department of Commerce floated a proposal October 3 to expand the scope of solar product dumping and subsidy cases. Interested parties may submit comments in their case briefs on the proposed scope clarifications, and the agency will finalize its determinations around December 15.

Trade Mission Announced

The Department of Commerce announced last week that Stefan Selig will lead his first trade policy mission as the under secretary of international trade when he goes to Lima, Peru, with a delegation of representatives from 15 American companies and associations November 4-5. The mission will focus on renewable energy and energy efficiency.

DEPARTMENT OF DEFENSE

New Arctic Resources Present Issues

After meeting with Chilean Defense Minister Jorge Burgos in Santiago October 11, Defense Secretary Chuck Hagel said that climate change is a threat to national security, particularly as it relates to competition for access to emerging resources in the Arctic.

Climate's National Security Risks

The Department of Defense released a report October 13 finding that climate change poses immediate risks to national security. The report outlines the Pentagon's strategy for adapting to climate change impacts and focuses on three goals: identifying how climate will impact the department; integrating climate considerations throughout the agency; and working with organizations inside and outside of the department to address the risks. The report concludes that rising sea levels, increasing temperatures, changing precipitation, and more intense storms are the most likely climate impacts to affect department operations.

DEPARTMENT OF ENERGY

13th QER Workshop

During a public [workshop](#) to gather input for the Quadrennial Energy Review October 6, Energy Secretary Ernest Moniz said that the Department of Energy has almost \$40 billion left to spend on federal loan guarantees to help energy projects through public-private partnerships. The agency aims to spend most of that money over the next two years. Financial analysis at the workshop expressed support for expanding Master Limited Partnerships to

include renewable energy. The first QER, to be released in January, will focus on how government can promote the [financing](#) of energy transmission, storage, and distribution infrastructure in cooperation with the private sector.

Non-Hydro RE Growth

The Energy Information Administration predicted October 7 that non-hydropower renewable power generation would surpass hydropower on an annual basis in 2014 for the first time. The [short-term energy outlook](#) projected that conventional hydropower generation would fall by 4.2 percent, while non-hydropower renewables would increase by 5.6 percent this year.

Advanced Vehicle Loans Forthcoming

Department of Energy Loan Program Office Executive Director Peter Davidson said October 7 that the agency plans to make its first vehicular retooling loans since 2011 before the end of the year. The Advanced Technology Vehicle Manufacturing Program has awarded \$8.4 billion in loans since Congress created it in 2007; it has \$16 billion in unused funding.

Efficiency Standards on Schedule

Secretary of Energy Ernest Moniz told the South by Southwest Eco conference October 9 that the agency is on track to finalize a record number of energy efficiency standards for household products and appliances. The agency plans to finalize ten efficiency standards this year.

Building Fossil Fuel Phaseout

The Department of Energy released a [supplemental proposal](#) October 10 to require new and renovated federal buildings to phase out the use of fossil fuels by 2030. The rule, mandated by the Energy Independence and Security Act of 2007, would require new federal buildings and those undergoing renovations that cost more than \$2.5 million to phase out the use of fossil fuel sources by 2030, with 80 percent less fossil fuel-sourced energy compared to 2003 by 2020. The rule will be [published](#) in the Federal Register October 14.

Energy Imports Down

The Energy Information Administration released a [report](#) October 10 finding that U.S. energy imports continue falling as a percentage of total energy consumption. The 10.9 percent decline for the first six months of 2014, the lowest level in 29 years, reflects dramatic production growth from the domestic shale oil and gas boom.

Green Building Certifications

The Department of Energy will [publish](#) its green building certification systems for federal building rule in the Federal Register October 14.

DEPARTMENT OF STATE

Clean Energy Policy Necessary

During October 9 remarks with United Kingdom Foreign Secretary Philip Hammond at a wind technology testing center in Boston, Secretary of State John Kerry said that clean energy policy is the solution to the threat of climate change. He said that taking action now is imperative.

ENVIRONMENTAL PROTECTION AGENCY

NE Suit Dismissed

The U.S. District Court for the District of Nebraska dismissed October 6 a Nebraska lawsuit seeking to block the Environmental Protection Agency's proposed CO2 standards for new power plants. The judge ruled that the suit is premature because the agency has not yet taken any final action. Nebraska Attorney General Jon Bruning is reviewing the order and exploring options for appeal.

Biofuels Manufacturers May Depart

Cellulosic biofuel producers said October 6 that they would be forced to take their business overseas if the Environmental Protection Agency follows through on a proposal to reduce required volume obligations in the renewable fuel standard. The agency's proposed three billion gallon cut for 2014 is currently under review at the White House Office of Management.

E15 Labeling Rule Standing Challenged

The U.S. Court of Appeals for the District of Columbia Circuit questioned October 6 the standing of industry groups challenging an Environmental Protection Agency rule requiring pumps selling E15 to be labeled.

Navajo Station Plan Challenged

The U.S. Court of Appeals for the Ninth Circuit received October 7 [three petitions seeking](#) review of the Environmental Protection Agency's source-specific federal implementation plan to reduce NOx emissions from the Navajo Generating Station, a 2,250 MW plant located on tribal lands near the Grand Canyon. The plan sets a long-term cap on the facility's emissions as part of an effort to reduce regional haze at 11 national parks and wilderness areas.

Vehicle Fuel Economy Increasing

The Environmental Protection Agency released a [report](#) October 8 finding that model year 2013 light duty vehicles demonstrate gains in fuel economy and reductions in GHG emission rates. The 2013 fuel economy of light duty vehicles averaged 24.1 miles per gallon, a 0.5 mpg increase from the previous model year, and the agency forecasts a 0.1 mpg increase for the 2014 model year.

Air Rules Force Retirement

The Institute for Energy Research [found](#) October 9 that almost 73 GW of electricity generating capacity have been or will be retired due to a suite of Environmental Protection Agency regulations including the Mercury and Air Toxics Standards, Cross-State Air Pollution Rule, and proposed CO2 regulations for existing power plants.

Compliance Spurs Innovation, Markets

Environmental Protection Agency Administrator Gina McCarthy told the American Bar Association Section of Environment, Energy and Resources fall conference October 9 that the goal of the agency's Next Generation Compliance initiative is to make compliance the "path of least resistance." Administrator McCarthy said that environmental regulation compliance keeps markets competitive and drives technological innovation.

Job Impacts of Clean Air Rules Clarification

The Environmental Protection Agency [asked](#) the U.S. District Court for the Northern District of West Virginia October 9 for a clarification of why it [ruled](#) that it had jurisdiction to preside over Murray Energy Corporation's claim that the agency must fulfill a mandate to assess the employment impacts of Clean Air Act regulations.

Methane Standards Urged

A coalition of investors with more than \$300 billion in assets asked the Environmental Protection Agency October 9 to develop robust methane standards for the oil and gas industry. The coalition said that voluntary reduction measures are helpful but insufficient. The agency will release its national strategy for addressing methane emissions sometime this fall.

Methane Standards Urged

The BlueGreen Alliance [called](#) on the Environmental Protection Agency October 10 to develop national regulations on methane emissions from the oil and gas sector as soon as possible. The agency will release its national strategy for addressing methane emissions sometime this fall.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Largest Hotspot on Record

The National Aeronautics and Space Administration and the University of Michigan [found](#) October 9 a hotspot in the Southwest United States that is releasing the largest concentration of methane ever recorded in United States air. The spot, located at the intersection of Arizona, Colorado, New Mexico, and Utah, is 2,500 square miles as is likely due to fugitive methane emissions from natural gas operation leaks.

NUCLEAR REGULATORY COMMISSION

Baran to Be Sworn In

Jeff Baran will be sworn in as Nuclear Regulatory Commissioner October 14. The Senate confirmed Mr. Baran, a former aid to Representative Henry Waxman (D-CA), just before recessing last month.

INTERNATIONAL

Canadian GHG Plan Progress Criticized

Canadian Commissioner of the Environment and Sustainable Development Julie Gelfand submitted October 6 a [report](#) to the Canadian Parliament criticizing the government's efforts to reduce GHG emissions and meet its international climate change commitments under the 2009 Copenhagen Accord. The government has failed to publish plans for regulations to reduce GHG emissions, especially for the oil and gas sector; assess the success of

current regulatory measures; and coordinate emissions reductions with provincial and territorial governments.

EU Climate, Energy Strategy

European Union energy and environment ministers met in Milan October 6 to prepare for a compromise at an October 23-24 summit, where the bloc's leaders are expected to decide on energy policies for 2030. Governments face a challenge to reconcile the need for inexpensive and safe energy while accelerating the pace of emissions reductions.

Lima Climate Deal Draft

Former United Nations Framework Convention on Climate Change Executive Secretary Yvo de Boer said October 7 that in order for the 2015 Paris climate negotiations to succeed, the Lima climate negotiations this December must conclude with a manageable draft text that focuses world leaders on four key issues still dividing developed and developing countries. Those issues include actions countries would take to reduce GHG emissions; the need for domestic legislation to ensure that commitments are kept; financial aid to climate vulnerable developing nations; and a path for countries to strengthen the agreement if it fails to slow the rise in global temperatures.

Efficiency Improvements Critical

The International Energy Agency released a [report](#) October 8 finding that efficiency improvements were critical to reducing energy consumption in wealthy nations between 2001-2011, but that improvements must hasten for the world to be able to reach its climate goals this century. The agency said that efficiency improvements would have to account for at least 40 percent of CO2 emissions reductions under its scenario for holding global warming to safe levels; stronger market policies to generate private financing are necessary to accomplish this goal.

EU Climate, Environment Commissioners

The European Parliament's two largest political groups combined October 8 to provisionally back center-right former Spanish agriculture minister Miguel Arias Canete to lead the European Union's climate policy through 2019. Lawmakers also provisionally backed former Maltese tourism minister Karmenu Vella to become European Union Commissioner for Environment, Maritime Affairs, and Fisheries. The European Parliament will vote to confirm the nominations October 22.

Peru's Climate Pledge

Peru announced October 9 that its contribution to the 2015 global climate change agreement in Paris will include a target to bolster renewable energy production, more restrictions on deforestation, and a new focus on reducing landfill methane emissions. Peru is the host of the next round of high-level United Nations climate talks, to be held December 1-12.

STATES

MD Fracking Report

Maryland's Department of Natural Resources and Department of the Environment released a draft [report](#) October 3 finding that fracking's environmental risks to the state would be mostly low if companies abide by the law and use best management practices. The draft is open for public comment until November 3.

Venting, Flaring Rule Supported

Benenson Strategy Group for the Western Values Project released [results of a poll](#) last week finding that more than two-thirds of likely midterm voters in Colorado, New Mexico, North Dakota, and Utah would support a rule that would "require oil companies to significantly reduce the amount of natural gas they release or burn off into the air when they extract oil from public lands."

AEP OH Suit

The Sierra Club announced October 7 that it intends to file a citizen lawsuit against American Electric Power for alleged Clean Air Act violations at the utility's largest coal-fired power plant in Ohio. The intent to sue letter claims that emissions from the plant violate a public nuisance prohibition and that the plant is violating an Environmental Protection Agency one-hour national ambient air quality standard for SO2.

CA Ratepayer Case

The California Public Utilities Commission [proposed](#) approving a settlement October 9 under which Southern California Edison and San Diego Gas & Electric Company customers would receive about \$1.3 billion in refunds and credits due to the premature retirement of the San Onofre Nuclear Generating Station. The commission will vote on the decision November 20.

State Adaptation Progress Tool

A Georgetown Climate Center [tool](#) finds that California and New York lead states in making plans to adapt to

climate change impacts. The center launched the tool October 9, providing for the first time a quantitative account of how much progress states and localities are making on their climate adaptation goals.

\$280 Million for IA Wind

Warren Buffett's Berkshire Hathaway Inc. energy business, which has already committed about \$15 billion to renewable energy, announced plans last week to invest an additional \$280 million in Iowa wind farms. The MidAmerican Energy Company unit will develop a site in Adams County and expand another in O'Brien County next year. The company will have developed 3.5 GW of wind power capacity in the state by 2015.

MISCELLANEOUS

.eco Applicant Prevails

A community applicant backed by a coalition of international environmental organizations was awarded the .eco top-level domain October 7. The Canadian B corporation Big Room Inc. and nonprofit organization Dot ECO Global Community Organization application received a 14 out of 16 score on the community application in its Internet Corporation for Assigned Names and Numbers community priority evaluation report.

Low-Carbon Economy Financial Savings

The Climate Policy Initiative released a paper October 9 finding that a global transition to low-carbon electricity would "increase the capacity of the global financial system" up to \$1.8 trillion between 2015 and 2035, while moving from oil to a low carbon transportation system might save as much as \$3.5 trillion.

Tidal Flooding to Increase

A Union of Concerned Scientists [report](#) found October 8 that flooding at high tide is expected to occur more frequently, in more locations, and cause more disruptions for coastal communities over the next 30 years. The report projects that by 2030, 30 of the 52 assessed eastern and Gulf coast communities will experience tidal flooding an average of at least 180 times per year, with nine communities experiencing flooding an average of 240 times or more per year.

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