



## ML Strategies Update

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# Energy & Environment Update

## ENERGY AND CLIMATE DEBATE

Congress returns from the Columbus Day holiday this week to full schedules in both chambers, including several energy and environment hearings of interest. In the meantime, the Obama Administration has a busy week of energy and climate events as it continues its preparations for the international climate negotiations at the end of the year in Paris.

The House will focus heavily on the leadership race to replace retiring Speaker of the House John Boehner (R-OH). With Representative Kevin McCarthy's (R-CA) sudden decision to drop out of the speaker's race, House leadership and legislation as a whole are in limbo, and as Representative Paul Ryan (R-WI) determines whether or not to enter the fray, the consequences range from highway reauthorization expiring October 29; to a threat to the debt limit, which must be addressed by November 3; to Medicare premium increases; to federal government spending, with the current continuing resolution scheduled to expire December 11; to the Positive Train Control reprieve deadline expiring December 31; to a need to renew the Export-Import Bank, whose authorization expired at the end of June, and so on. The House is expected to take up this week its reconciliation package, which would repeal pieces of the 2010 health care law and defund Planned Parenthood for a year, and several committees will hold energy and environment related hearings.

After failing to proceed to the sanctuary cities measure early this week, the Senate will turn to cybersecurity legislation and hopes to address the Frank R. Lautenberg Chemical Safety for the 21<sup>st</sup> Century Act (S. 697), attempting to reform the Toxic Substances Reform Act for the first time in nearly four decades, and senators are working to resolve the issue of the Land and Water Conservation Fund, which held up its consideration in the upper chamber earlier this month, despite the filibuster proof 60 vote support for the measure. When the Senate does pass its TSCA legislation, a version may make its way quickly to President Obama's desk since the House overwhelmingly passed a related measure in April. Additionally, several committees will hold energy and environment related hearings.

Negotiations continue in both chambers on a best path forward for developing a full fiscal year 2016 budget as well as any possible end of the year package, which may include tax extenders, the lifting of the 40-year old crude oil export ban, and more.

The Obama Administration will continue its climate theme through the end of the year as it continues its march toward international climate negotiations in Paris this November and December and seeks an ambitious global climate agreement. The White House held an event October 15 to bring together various government agencies and private sector leaders to address hydrofluorocarbons. For more information, see the Administration section below.

The White House held October 19 an event with 68 companies as they signed on to the [American Business Act on Climate Pledge](#). The second round of signatories, combined with the [initial](#) roll out in late July, commits 81 companies to supporting an ambitious climate change agreement in Paris later this year and reducing their corporate greenhouse gas emissions through various company-specific efforts. The Obama Administration has been working to demonstrate broad domestic corporate support for a global climate accord, and expects more companies to sign the pledge before the Paris summit. President Obama held a roundtable Monday with chief executive officers from a handful of the companies that signed the pledge and the White House hosted the Summit on Climate and the Road through Paris: Business and Science Coming Together, which focused on private sector efforts to reduce emissions and included remarks from Vice President Joe Biden and Energy Secretary Ernest Moniz.

The State Department is holding the Secretary's Climate and Clean Energy Investment Forum October 20-21, which will focus primarily on clean energy financing and investments, and the White House will finish off the week with an off-grid energy access and energy efficiency event October 22.

As the international climate negotiations in Paris loom, nations across the globe continue their preparations. The final Paris preparatory talks run October 19-23 in Bonn, and the negotiations themselves will take place November 30-December 11 in Paris. After conducting 22 meetings with negotiating blocs before this week's five-day climate talks, negotiators spent opening day of the Bonn talks adding "surgical insertions" to the text intended to eventually become a global climate agreement, but many parties fear that the language could again become unwieldy before it is finalized in December. Ad Hoc Working Group on the Durban Platform for Enhanced Action negotiating track co-chairs Ahmed Djoghlaif and Dan Reifsnnyder unveiled October 5 a 20-page draft negotiating text that was significantly more concise than previous versions, cutting out many of the national positions previously included in the extensive Geneva text from February, but delegations are already working to [reinsert](#) those positions. It is important for the Bonn talks to conclude with a mandate for a new draft text no later than October 23, or success at the Paris talks will become increasingly difficult. The [October 5 text addresses](#) mitigating emissions, adapting to climate change's impacts, addressing technological development, and making transparent domestic global warming pledges. Some of the biggest issues of disagreement, including how responsibilities for developed and developing countries will be differentiated under the agreement, are like to remain unresolved until Paris itself. This year's negotiations have been tame, as nations have largely embraced the bottom-up structure that allows them to craft their own [domestic plans](#), and State Department Special Envoy for Climate Change Todd Stern has indicated that any tension in Bonn should not be cause for concern, as this is a typical part of the final negotiations. Other meetings continue as nations march toward the Paris climate negotiations, including the next Group of 20 leaders' summit in Turkey November 15-16, though the focus there will more likely be on economic and global security issues than on the Paris climate negotiations.

## CONGRESS

### Senate on Crude Oil Exports

Senator John Hoeven (R-ND) said last week that he is working with his upper chamber colleagues to pair legislation to lift the 40-year-old ban on crude oil exports with language to reauthorize and fully fund the Land and Water Conservation Fund, which expired for the first time in 51 years at the end of September. Efforts remain underway to pair the measure with clean energy tax incentives as well. After the House passed its oil export measure earlier this month, President Obama quickly indicated that he would not support House (H.R. 702) or Senate (S. 1372) crude oil export ban lifting legislation, though he did not entirely rule out allowing exports if some sort of compromise were negotiated.

### CPP and Budget Requests

Senator Shelley Moore Capito (R-WV) and several Congressional Republicans said October 16 that the Obama Administration should not count on the federal budget for help in implementing the Clean Power Plan. The Administration has requested a \$4 billion incentive fund to reward states that exceed their emissions reduction goals under the plan and \$25 million to help states develop their implementation plans.

### Climate Change's Nuclear Reactor Impact

Senator Ed Markey (D-MA) sent a [letter](#) October 19 to the Nuclear Regulatory Commission seeking information on the impact climate change is having on the country's nuclear reactors, particularly related safety and reliability concerns.

### Upcoming Hearings

The Senate Energy and Natural Resources Committee will hold a hearing October 20 to consider the nominations of Cherry Ann Murray to be director of the Energy Department's Office of Science; Victoria Wassmer to be Energy undersecretary; John Kotek to be an assistant Energy secretary for nuclear energy; Mary Kendall to be inspector general of the Interior Department; Suzette Kimball to be director of the U.S. Geological Survey; and Kristen Sarri to

be an assistant Interior secretary for policy, management, and budget.

The Senate Foreign Relations Subcommittee on Multilateral International Development, Multilateral Institutions, and International Economic, Energy, and Environmental Policy will hold a hearing October 20 to consider the economic and environmental impacts of the 2015 Paris international climate negotiations. State Department Special Envoy for Climate Change Todd Stern will testify. Senator James Inhofe (R-OK) was unable to schedule a similar hearing in the Senate Environment and Public Works Committee last week, as the [State Department](#), [Environmental Protection Agency](#), and [White House Council on Environmental Quality](#) declined to provide witnesses. He asked the agencies October 15 to reconsider their refusals.

The Senate Indian Affairs Committee will hold an oversight hearing October 21 to examine a Government Accountability Office report on Indian energy development.

The Senate Environment and Public Works Subcommittee on Superfund, Waste Management, and Regulatory Oversight will hold a hearing October 21 on the oversight of regulatory impact analyses for Environmental Protection Agency regulations.

The House Science Subcommittees on Energy and Research and Technology will hold a joint hearing October 21 on cybersecurity for power systems.

The House Transportation and Infrastructure Subcommittee on Water Resources and Environment will hold a hearing October 21 on abandoned mines in the United States and opportunities for good Samaritan cleanups.

The House Science Committee will hold a hearing October 22 to consider concerns over the science and implementation behind the Environmental Protection Agency's 2015 ozone standard.

The House Energy and Commerce Subcommittee on Energy and Power will hold a hearing October 22 entitled "EPA's CO2 Regulations for New and Existing Power Plants: Legal Perspectives."

## ADMINISTRATION

### Climate Change Threatens Security

Speaking at a Stanford University event October 12, National Security Adviser Susan Rice said that climate change poses a direct threat to American prosperity, safety, defense, national security, public health, and more. She urged global leaders to finalize a strong and comprehensive climate agreement at the end of the year in Paris and suggested that such an accord would be possible. She also called on Congress to fully fund multilateral climate initiatives, such as the Green Climate Fund.

### HFC Phaseout Events

The White House released October 15 a [fact sheet](#) detailing new government and private sector initiatives to reduce hydrofluorocarbons emissions, some of which warm the climate 10,000 times more than comparable amounts of CO2. As part of the initiative, 16 companies announced efforts to reduce HFCs as refrigerants, replacing them with lower impact alternatives. Twenty-two companies made similar commitments in 2014. The Environmental Protection Agency [announced](#) that it would release a rulemaking at the beginning of next year to add low Global Warming Potential HFC alternatives to the Significant New Alternatives Policy program. The Department of Energy released a [study](#) examining the performance of HFC alternatives in air conditioning units and a Request for Proposal for the environmentally responsible disposal of HFCs, chlorofluorocarbons, and hydrochlorofluorocarbons. The Department of Defense announced a series of commitments to reduce HFCs, study alternatives, and strengthen collaboration on reducing emissions.

## DEPARTMENT OF COMMERCE

### Climate Impact Planning

Speaking at the Society of Environmental Journalists annual conference October 9, National Ocean and Atmospheric Administration Administrator Kathryn Sullivan said that increasing temperatures, rising sea levels, and more frequent extreme weather events are not passing events. She urged leaders to plan for the ongoing environmental, human health, and economic impacts of climate change.

## DEPARTMENT OF ENERGY

### \$30 Million for Windows

The Advanced Research Projects Agency-Energy [announced](#) October 7 up to \$30 million for the Single-pane Highly Insulating Efficient Lucid Designs [program](#) to reduce heat-loss for improved building efficiency by developing

innovative materials that are transparent and insulating to retrofit existing single-pane windows.

### **Better Plants Challenge**

The Department of Energy recognized General Mills October 13 for its leadership in pursuing energy savings through innovation technologies at its Cedar Rapids, Iowa plant. The company committed, through the agency's [Better Plants Challenge](#), to 20 percent energy savings over 10 years in 25 manufacturing plants across the country, and the Iowa plant is expected to save the company \$4 million a year in energy costs, reducing its energy bill by more than a third.

## **DEPARTMENT OF INTERIOR**

### **Arctic Plans Scrapped**

The Interior Department cancelled plans October 16 to sell new oil and gas drilling rights in the Arctic waters, following Shell's costly failure last month to find crude oil in the environmentally sensitive region. Interior Secretary Sally Jewell announced that the agency had decided to abandon Arctic oil and gas leasing sales planned for 2016 and 2017 in the Beaufort and Chukchi seas, citing a lack of interest, and that it would deny requests by [Shell](#) and [Statoil](#) to extend their current Arctic lease terms past the 10-year mark.

## **ENVIRONMENTAL PROTECTION AGENCY**

### **Ethanol Emissions**

The Environmental Protection Agency inspector general released a [letter](#) October 15 saying that it will determine whether the agency has properly assessed the life cycle greenhouse gas emissions from ethanol and advanced biofuels. The office will also examine whether the agency complied with the reporting requirements of the laws that authorized the Renewable Fuel Standard. The agency is required to finalize the blending requirements of the Renewable Fuel Standard for 2014, 2015, and 2016 by November 30.

## **FEDERAL ENERGY REGULATORY COMMISSION**

### **Order 745**

During oral arguments October 14, Supreme Court justices questioned whether the Federal Energy Regulatory Commission has the authority to compensate demand response in the wholesale energy markets. The court will rule on the case by the end of the year or in early 2016, though the court may rule on the case as early as this week.

### **Nazarian State Power Case**

The Supreme Court decided October 19 to take a case involving state laws that two lower courts said infringed upon the Federal Energy Regulatory Commission's authority to oversee wholesale energy markets. Two consolidated cases involved similar laws in Maryland and New Jersey intended to incentivize new power generation and the Third and Fourth Circuit appeals courts agreed that both programs conflicted with the Federal Power Act because they impacted PJM's wholesale power market.

### **Market Manipulation**

The Federal Energy Regulatory Commission will hold a technical conference October 20 on complaints regarding market manipulation and other potential violations of Commission orders, rules, and regulations before or during the MISO auction in April 2015.

## **INTERNATIONAL**

### **Paris Draft Text**

The United Nations released October 5 a significantly abbreviated [draft negotiating text](#) of what may become the world's first global climate agreement at the end of the year negotiations in Paris. The 20-page document, produced by Ad Hoc Working Group on the Durban Platform for Enhanced Action co-chairmen Ahmed Djoghlaif and Daniel Reifsnyder, includes a commitment to try to retain the rise in global temperatures to no more than 2 degrees Celsius. It includes a goal to establish a peak global greenhouse gas emissions level and a specific peak date and calls for reviews every five years after the agreement enters into force in 2020. The text will serve as the basis for negotiations at the October 19-23 preparatory talks in Bonn and the November 30-December 11 Paris summit.

### **2030 Emissions**

The International Energy Agency announced October 14 that global emissions could peak before 2030 if carbon-intensive developing nations are able to switch to cleaner fuels at no added cost. Technologies such as solar photovoltaics and onshore wind turbines have reduced their costs by about 60 and 30 percent respectively in the past five years, but developing countries do not have the same ease of financing those technologies that Europe

and North America have. Programs such as the Green Climate Fund provide efficient vehicles to make significant changes in this direction.

### **EU Approves COP21 Report**

The European Parliament voted October 14 to approve a [report](#) urging countries at the end of the year global climate summit in Paris to reach an agreement that extends emissions limits to transportation sectors such as aviation and shipping. The discussion also addressed issues such as climate-influenced migration, ways member countries can increase climate finance contributions, whether the agricultural sector should be subject to emissions regulations, and more. The parliament also approved a [nonbinding resolution](#) concluding that the initial emissions reduction pledges that countries submitted ahead of the summit have left the world far behind on keeping global warming to a 2 degree Celsius increase.

### **Efficiency Gains**

The International Energy Agency released its [Energy Efficiency Market Report 2015](#) October 14, finding that energy efficiency is improving in developed countries but not as much in the developing world. The report concluded that increasing efficiency has been the primary contributor to the flattening and declining of energy consumption in developed countries over the last 25 years.

### **EU Car Labeling**

The European Commission called for comments October 19 on the effectiveness of the 1999 Car Labeling Directive law requiring information about fuel economy and CO2 emissions to be included in sales material for new vehicles. Comments will be accepted through January 15.

### **Canadian Election**

Canadians elected October 19 Liberal Party leader Justin Trudeau when his party won enough seats to form a majority government to replace Prime Minister Stephen Harper. Energy and environmental issues played a large role in the campaign, and Mr. Trudeau's government is expected to be friendlier to climate policies aimed at limiting greenhouse gas emissions than Prime Minister Harper's Conservative Administration has been for the past nine years, though he is also pro-Keystone. His tenure has been marked by notable friction with the United States over the Obama Administration's slow decision making on the Keystone XL pipeline. If President Obama quickly rejects the pipeline, it could give the new Canadian Liberal government time to pivot away from the project toward a new chapter in international relations.

## **STATES**

### **RGGI-CA Markets**

New York Governor Andrew Cuomo (D) [announced](#) last week his plan to link the Regional Greenhouse Gas Initiative with California's carbon market, as well as potentially Quebec and Ontario.

### **CPP and Southern States**

Fitch Ratings released October 14 the [Carbon Effect 2.0](#), a report on the impact the Clean Power Plan may have on the 47 states that have electric cooperatives. Measuring the size and cost of emissions reductions, electricity rates, and electricity affordability, the report concluded that southern states will face the largest compliance challenges.

### **State RES Review Sought**

The Energy and Environment Legal Institute [asked](#) the Supreme Court October 15 to reverse a July 10<sup>th</sup> Circuit Court of Appeals decision finding that Colorado's Renewable Energy Standard does not violate the dormant Commerce Clause of the constitution. The request marks the first time a challenger has asked the Supreme Court to overturn a state RES. Twenty-nine states and the District of Columbia [have](#) renewable portfolio standards, and another eight have non-binding renewable portfolio goals.

## **MISCELLANEOUS**

### **Low-Carbon Policies Sought**

CEOs from electricity companies of the 11-member Global Sustainable Electricity Partnership signed a [letter](#) October 11 petitioning governments to include long-term policies encouraging a shift to low-carbon energy in international climate negotiations at the end of the year in Paris. The partnership also released a report on new low-carbon energy technologies, including floating offshore wind turbines and carbon capture and sequestration.

### **Toyota Emissions Goals**

Toyota announced October 14 that it is targeting a 90 percent reduction in emissions from its new vehicles by 2050. Building on its success with hybrid vehicles, the company plans to deliver more than 30,000 fuel cell vehicles annually by about 2020 and has set a goal to reach more than 15 million cumulative hybrid deliveries in the same

time span.

### **C2ES Climate Statement**

The Center for Climate and Energy Solutions released a [statement](#) October 14 signed by 14 corporations from carbon emitting industries supporting an international climate agreement in Paris at the end of the year.

### **NextGen Renewable Campaign**

Tom Steyer's NextGen Climate announced October 15 a [national](#) ad [campaign](#) intended to encourage politicians to establish a goal of producing 50 percent of domestic power from renewable sources by 2030.

### **Climate Change Denial Waning**

The University of Michigan released the [results](#) of a survey October 16 finding that for the first time since 2008, at least 7 out of 10 Americans indicate that they believe there is solid evidence of global warming over the past four decades. Reporting the results from the National Surveys on Energy and Environment, the study concluded that only 16 percent of Americans believe that there is not sufficient evidence to prove that global climate change is real.

### **Costly Hurricanes**

*Nature Geoscience* published an [article](#) October 19 finding that climate change has increased the cost of hurricane strikes by billions of dollars in the United States. The study concludes that rising costs are not simply due to more buildings, towns, and businesses being in the path of hurricanes, but that stronger and more frequent storms have accounted for as much as \$14 billion in hurricane damage in 2005, for example, and the cost, as much as 12 percent of total domestic damage that year, is over and above what can be explained by coastal development alone.

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