



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

Following a busy week for the Obama Administration during which it held several energy and climate events in anticipation of the international climate negotiations at the end of the year in Paris, the Administration now turns its attention on the climate front to behind the scenes negotiations in the final five weeks leading up to the twenty-first Conference of Parties. In the meantime, in the midst of working out leadership issues, retiring Speaker of the House John Boehner (R-OH) reached this week a bipartisan agreement, the [Bipartisan Budget Act of 2015](#), with other House and Senate leaders and the White House on a two-year \$80 billion budget deal that would suspend the federal debt limit until March 2017 and raise spending caps for defense and non-defense programs. To pay for some of the additional spending, the measure would allow the federal government to sell more than 8 percent of the Strategic Petroleum Reserve between 2018 and 2025, and some policy riders factor into the equation as well.

The House passed the measure Wednesday evening, which moved as a substitute amendment to H.R. 1314, which both chambers have already passed, before Thursday's election of a new speaker, Ways and Means Committee Chair Paul Ryan (R-WI), to replace Speaker Boehner. The Senate is expected also to clear the measure, effectively drawing to a close the budget battles of the past several years. In addition to the budget and new leadership, the House has already had an active week; the lower chamber approved October 27 a renewal of the Export-Import Bank after voting to discharge consideration of the bill from the Rules Committee early this week. Also on Tuesday, the House approved by voice vote a three week extension of federal highway, transit, and safety programs, authority for which expires October 29, through November 20. The Senate followed suit on Wednesday, just one day before the current authorization expires, and the White House has indicated that the president will sign the three-week extension.

President Obama used his weekly [radio address](#) this weekend to call on Congress to reauthorize the Land and Water Conservation Fund. Reform of the Toxic Substances Control Act, via the Frank R. Lautenberg Safety for the 21st Century Act (S. 697) is on hold while Senators Richard Burr (R-NC) and Kelly Ayotte (R-NH) urge the fund's reauthorization. The TSCA reform measure has filibuster proof 60 vote support for the measure, so once holds are lifted, a version is likely to make its way quickly to President Obama's desk since the House overwhelmingly passed a related measure in the spring.

Negotiations continue in both chambers on a best path forward for 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. Additionally, 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 following day, the State Department held the [Secretary's Climate and Clean Energy Investment Forum](#) October 20-21, which focused primarily on clean energy financing and investments, and the White House finished off the week with an off-grid energy access and energy efficiency event October 22. During that event, the White House [announced](#) that the Global Lighting and Energy Access Partnerships has eleven developers signed on to participate in the next round of competition intended to encourage participants to improve the efficiency of fans and televisions. The Clean Energy Ministerial launched the program several years ago, with the Department of Energy leading the U.S. effort. In launching a financing project to incentivize the global off-grid appliance market, the White House also announced a \$75 million USAID loan guarantee for off-grid energy development in sub-Saharan Africa and Benin, Bangladesh, and Kenya announced off-grid product improvements.

As the international climate negotiations in Paris loom, nations across the globe continue their preparations, and with the conclusion of last week's domestic events, the Obama Administration is likely to focus heavily on behind the scenes negotiations on the text itself. The final Paris preparatory talks ran 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, and the text grew to [51 pages](#) by the end of the week. Ad Hoc Working Group on the Durban Platform for Enhanced Action negotiating track co-chairs Ahmed Djoghlaif and Dan Reifsnyder unveiled early this month 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 [reinserted](#) a number of those positions. The [October 5 text addressed](#) mitigating emissions, adapting to climate change's impacts, addressing technological development, and making transparent domestic global warming pledges. Some of the biggest areas of disagreement, including how responsibilities for developed and developing nations will be differentiated under the agreement, climate financing, and enforcement, 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 the tension in Bonn should not be cause for concern, as this is a typical part of the final negotiations.

The Obama administration outlined five goals for the talks last week, saying that a final deal should include ambitious post-2020 domestic climate change plans; a long-term framework to increase the ambition of those plans over time; strong transparency and reporting requirements; a climate finance component that includes public and private financing for low-carbon technology development and climate adaptation; and complementary efforts to reduce emissions from sub-national groups and the private sector.

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.

The Environmental Protection Agency published the Clean Power Plan in the [Federal Register](#) October 23, and [states](#), [utilities](#), and [union](#) and [industry](#) groups wasted no time in filing challenges to the rule the same day. Additional lawsuits are expected to challenge the new source performance standards for [new](#) power plants as well. Two days prior, the agency released a [document](#) outlining next steps for the Clean Energy Incentive Program, which encourages states to take early action on renewable energy and energy efficiency measures in low-income communities.

Representative Ed Whitfield (R-KY), chair of the House Energy and Commerce Subcommittee on Energy and Power introduced resolutions under the Congressional Review Act formally disapproving of the power plant rules. Senate Majority Leader Mitch McConnell (R-KY) and Senators Shelley Moore Capito (R-WV), Joe Manchin (D-WV), and Heidi Heitkamp (D-ND) introduced similar resolutions this week. The resolutions are largely symbolic because even if the chambers approved them, they would face certain vetoes from President Obama, and congressional Republicans do not have sufficient votes to override the vetoes.

CONGRESS

Paris Climate Agreement Nature

State Department Assistant Secretary of Legislative Affairs Julia Frifield responded October 19 to a letter from Senator Bob Corker (R-TN) that the administration is not seeking legally binding emissions targets as part of the Paris global climate change agreement. She noted that this approach would best promote both ambition and broad participation in an international agreement, and it remains unclear which, if any, of the accord's agreements would contain legal obligations.

Paul on Paris Agreement

Senator Rand Paul (R-KY) introduced a resolution (S. Res. 290) October 20 declaring that any global climate agreement reached in Paris at the international climate negotiations at the end of the year should be required to receive Senate ratification.

EPA Regulatory Analysis

The Senate Environment and Public Works Subcommittee on Superfund, Waste Management, and Regulatory Oversight held a hearing October 21 at which committee Republicans accused the Environmental Protection Agency of using flawed regulatory impact analyses to justify regulations and pledged to continue strict oversight of the agency.

Ozone Rule Disapproval

House Republicans led by Representative Jackie Walorski (R-IN) introduced October 23 a joint resolution ([H.J. Res. 70](#)) of disapproval that would effectively block the Environmental Protection Agency decision to revise national ozone standards from 75 parts per billion to 70 ppb. The effort is the first step in a Congressional Review Act challenge to the rule. The Act has only been successfully used to block a regulation once, when Congress acted during the Clinton Administration to stop a Labor Department rule on ergonomic standards. The House Science Committee held a hearing October 22 to consider concerns over the science and implementation behind the Environmental Protection Agency's 2015 ozone standard.

Ayotte on CPP

Facing a [tough](#) re-election campaign against Governor Maggie Hassan (D-NH), Senator Kelly Ayotte (R-NH) became the first Senate Republican October 25 to voice support for the Environmental Protection Agency's Clean Power Plan. She said that the state is well on its way to achieving its state target under the rule, and that she will work to ensure that the plan includes sufficient flexibility to allow the state to achieve its target. Senate Majority Leader Mitch McConnell (R-KY) has urged governors to oppose the plan's implementation.

Legislation Introduced

Senators Susan Collins (R-ME) and Dick Durbin (D-IL) introduced legislation (S. 2194) October 22 to promote the use of clean cookstoves and fuels to save lives, improve livelihoods, empower women, and protect the environment by creating a thriving global market for clean and efficient household cooking solutions.

Representative Keith Rothfus (R-PA) introduced legislation (H.R. 3797) October 22 to require the Environmental Protection Agency Administration to issue, implement, and enforce certain emission limitations and allocations for existing electric utility steam generating units that convert coal refuse into energy.

Upcoming Hearings

The Senate Energy and Natural Resources Committee will hold a hearing October 27 on the development and potential implement of the Office of Surface mining, Reclamation, and Enforcement's proposed Stream Protection Rule.

The Senate Appropriations Subcommittee on Energy and Water Development will hold a hearing October 28 on realizing the potential of the Department of Energy National Laboratories.

The House Natural Resources Subcommittee on Federal Lands will hold a hearing October 28 to consider the Federal Lands Recreation Enhancement Modernization Act of 2015.

The House Energy and Commerce Subcommittee on Environment and the Economy will hold a hearing October 28 to consider an update on low-level radioactive waste disposal issues.

ADMINISTRATION

MATS Fix to OMB

The Environmental Protection Agency sent October 22 its proposed Mercury Rule fix to the White House Office of Management and Budget for review. The Supreme Court ruled in June that the agency should have considered costs when it initially found that it was "appropriate and necessary" to craft the Mercury and Air Toxics Standards

regulating mercury emissions from power plants. The court did not strike down the rule, and it remains in place. The agency plans to issue a new finding as close to April 15 as possible, and hopes that the U.S. Court of Appeals for the District of Columbia Circuit will allow it to use the already collected data on the rule's compliance costs to issue a new finding that essentially allows the rule to remain in place.

Bipartisan Foreign Policy Leaders Urge Climate Action

A bipartisan group of forty-eight Republican and Democratic national security and foreign policy leaders released a [statement](#) October 22 stating that climate change is creating an “unstable, resource-constrained, violent, and disaster-prone” world. The group called on international leaders to address climate change through deploying financially sound and effective approaches using public and private sector expertise, funding, and coordination.

US-Indonesia Talks

President Obama hosted Indonesian President Joko Widodo October 26 at the White House to begin a new phase of the U.S.-Indonesian partnership discussing plans to expand existing areas of bilateral cooperation, including in defense, trade and investment, climate, and energy, as well as ways to pursue new growth areas for the partnership.

US-India Trade Forum

U.S. Trade Representative Michael Froman and Indian Minister of Commerce and Industry Nirmala Sitharaman will co-chair the ninth U.S.-India Trade Policy Forum in Washington October 29. They will discuss intellectual property and opening investment in manufacturing, agriculture, and services.

DEPARTMENT OF COMMERCE

Warmest September on Record

The National Centers for Environmental Information [stated](#) October 21 that last month was the world's warmest September on record, at 1.62 degrees Fahrenheit above the 20th century average, and the globe marked its hottest first nine months for any year dating back to 1880.

ENVIRONMENTAL PROTECTION AGENCY

CPP Extensions

Environmental Protection Agency Acting Assistant Administrator for Air and Radiation Janet McCabe told the Environmental Council of States October 21 that the agency intentionally made it easy for states to apply for and receive a two-year extension to submit Clean Power Plan compliance plans.

Ozone Standard

The Environmental Protection Agency published its ozone rule in the [Federal Register](#) October 26. The new 70 parts per billion standard is stricter than the 2008 75 ppb standard, but higher than the 60-65 ppb standard environmental and public health groups favored. Murray Energy immediately sued over the standard; other lawsuits may be filed for the next 60 days.

FEDERAL ENERGY REGULATORY COMMISSION

Market Manipulation

The Federal Energy Regulatory Commission held 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.

Joint FERC/NRC Meeting

During a joint technical conference October 20-21, the Federal Energy Regulatory Commission and the Nuclear Regulatory Commission emphasized the importance of nuclear power as a carbon-free, baseload solution. Plant closures resulting from economic challenges could cause problems for states as they look for clean energy resources to meet state targets under the Clean Power Plan, and states may turn to natural gas fired power plants to serve as baseload power under the plan. The Nuclear Regulatory Commission also announced at the conference that it will offer the last week of October an early look at its proposed [decommissioning rule](#), with a final draft rule expected in 2019.

NUCLEAR REGULATORY COMMISSION

TVA Nuclear License

The Nuclear Regulatory Commission issued an operating license to the Tennessee Valley Authority October 22 for its Watts Bar Unit 2 nuclear reactor. It was the first license of its kind to be issued by the agency since 1996, since

the commission authorized the Watts Bar Unit 1. The new reactor will begin operating early next year.

INTERNATIONAL

Decoupling Emissions and Electricity Demand

The International Energy Agency [said](#) October 21 that if countries implement their pre-Paris climate pledges, power sector CO2 emissions would decouple from increasing global electricity demand by 2030. More than 150 countries representing 90 percent of global economic activity and almost 90 percent of energy-related CO2 emissions have submitted Intended Nationally Determined Contributions to the United Nations. The pledges are intended the form the basis for the global climate agreement negotiated at the end of the year in Paris.

WHO Policy Suggestions

The World Health Organization released a [report](#) October 22 in collaboration with the Climate and Clean Air Coalition to Reduce Short-Lived Climate Pollutants finding that stronger vehicle emissions standards, public transit investments, providing cleaner and more efficient stove and fuel alternatives, and encouraging the adoption of plant-based diets, are important measures for reducing short-lived climate pollutant emissions. The report ranked available and affordable ways to mitigate the pollutants according to their potential to improve health, reduce emissions, and prevent climate change.

Inexpensive UK Wind

Bloomberg New Energy Finance released findings October 22 showing that the United Kingdom could have six times the power generation capacity for the same cost by investing in wind turbines instead of the \$37.9 billion Hinkley Point nuclear reactor. Prime Minister David Cameron prioritized supply reliability and rural landscapes in choosing Electricite de France SA's Chinese-backed plant over less expensive wind energy.

Catholic Leaders Strong on Climate

Catholic cardinals met at the Vatican October 26 to urge the world to phase out fossil fuel use by mid-century and encourage global leaders to reach an ambitious legally binding climate agreement in Paris at the end of the year that restricts global warming to as little as 1.5 degrees Celsius. They also called for "affordable, reliable, and safe" access to renewable energy for all.

STATES

NJ RE Campaign

The New Jersey Conservation Foundation, Pinelands Preservation Alliance, and the Stony Brook-Millstone Watershed Association launched with former Governor Jim Florio and a bipartisan group of state policymakers at the Statehouse October 22 a renewable energy campaign. ReThink Energy NJ aims to educate the public about the need to reduce consumer reliance on fossil fuels and pipelines that threaten preserved lands, water, and the environment.

MISCELLANEOUS

Climate's Economic Impacts

Nature published a [study](#) October 21 from Stanford University and the University of California, Berkeley finding that climate change could cause ten times as much damage to the global economy than previous estimated, reducing output by as much as 23 percent by the end of the century.

Wind Projects Triple

The American Wind Energy Association released a report October 22 finding that the United States added 3,596 MW of wind power capacity in the first nine months of 2015, nearly triple the amount from the previous year, at 1,254 MW, as businesses and local governments worked to increase their electricity supplies. The growth was driven in part by new organizations, such as Amazon.com, Hewlett-Packard, Washington, D.C., Microsoft, and Wal-Mart, joining utilities that have historically been wind developers' largest customers in increasing demand for wind energy. Total domestic installed capacity has reached 69,471 MW, up from 65,877 MW at the end of last year, with another 13,250 MW under construction and 4,100 MW more in advanced development stages. Wind costs have fallen by more than half over the past five years.

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