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ENERGY AND ENVIRONMENT UPDATE **November 20, 2011**

Energy and Climate Debate

Facing down both funding and deficit reduction deadlines as well as the Thanksgiving holiday, the executive and legislative branches of government continued to also address several energy issues last week.

The House and Senate approved a three-bill package of appropriations bills November 18 that also carried a new stopgap funding measure for the federal government, and President Obama signed it the same day. The legislation enacts three regular appropriations bills – Agriculture, Commerce-Science-Justice, and Transportation and Housing and Urban Development – and provides temporary funding for the other nine bills that remain to be finished. The House approved the legislation on a vote of 292-121 and shortly thereafter, the Senate passed the bill, 70-30. The two chambers afforded themselves until December 16 to move forward with the remaining nine bills, and, despite attempts to move a series of minibuses, it is expected that all nine funding measures will be rolled into one near-omnibus spending package that moves before the end of the year.

Despite its reinsertion in the Senate version of H.R. 2112, the House-Senate conference committee eliminated \$161.5 million in funding for a new National Oceanic and Atmospheric Administration climate service last week, but the conference report did retain \$2 billion for carbon capture and storage projects, as included in the Senate version of the bill.

Senate debate on the energy and water bill (H.R. 2354) was scheduled for last week, but is now likely to be delayed until after Thanksgiving. Senators Diane Feinstein (D-CA) and Lamar Alexander (R-TN), cosponsors of the fiscal 2012 energy and water appropriations bill are having difficulty reaching an agreement on the administration's request to fund research on small modular nuclear reactors. Senator Feinstein does not believe that a new government-funded program for nuclear energy research should be created until there is a solution to the nuclear waste issue, but Senator Alexander is a strong supporter of the \$67 million request and the modular concept as a whole. The House bill, which passed July 15, included the administration's request. Amendments to the bill continue to stack up, with plans from Senators John McCain (R-AZ) and Tom Coburn (R-OK) to offer one that would place restrictions on the Department of Energy's loan guarantee program for clean energy technologies, another from Senator Dan Coats (R-IN) that would require a Department of Energy Inspector General to investigate loan commitments made under the advanced technology vehicles manufacturing program. The \$31.6 billion

energy and water bill for fiscal year 2012 is down \$57 million, less than one percent, below last year's enacted levels, and down nearly \$3 billion, or 9.4 percent, below the president's request.

Adding to issues the Senate hopes to address before the end of the year, Senate Majority Leader Harry Reid (D-NV) outlined a heavy agenda last week, adding the Department of Defense authorization bill to an already full to-do list of appropriations bills, tax measures, and deficit reduction. Senator Reid expects his colleagues will have longer work weeks in December than usual.

As the Joint Select Committee on Deficit Reduction nears the November 23 deadline to identify \$1.2 trillion in savings, committee co-leader Jeb Hensarling (R-TX) said November 18 that they will report something as soon as they can, but a mood of pessimism has settled over the supercommittee. Congressman Xavier Becerra (D-CA) and Sen. Patty Murray (D-WA) remain hopeful that the group can reach an agreement in time, and, while also noting the need for harsh cuts across the board, Becerra pointed late last week to renewable energy as a sector worthy of federal support. Should the supercommittee not be able to identify the necessary reductions, and with Democrats rejecting a last ditch Republican effort Friday, that appears increasingly likely, automatic cuts to both military and domestic spending will occur - though not without opposition. Sen. John Kyl (R-AZ) told reporters that in the event no deal is struck, he and fellow Congressional Republicans are hopeful Congress could work to enact the \$1.2 trillion in cuts with defense being spared.

Congress

Climate Science Briefing Held

Saying that Republicans have ignored recent requests for climate science hearings, Representatives Henry Waxman (D-CA) and Ed Markey (D-MA) held a briefing November 14 to highlight a reversal by Berkeley Earth Surface Temperature Project Director Richard Muller, a former climate change skeptic who now argues that global temperatures are rising. Dr. Muller, appearing with Ben Santer, a climate scientist at Lawrence Livermore National Laboratory, and William Chameides, dean of Duke University's Nicholas School of the Environment, said his research confirmed that global temperatures have increased 0.9 degrees Celsius over the last 50 years, about the same temperature increase reported by the U.N. Intergovernmental Panel on Climate Change.

Offshore Wind Demonstration

Senator Chris Coons (D-DE) sent a Dear Colleague letter last week as he works to release funding for a \$49 million offshore wind demonstration program. For fiscal year 2011, the Department of Energy proposed a new 5 year program geared to help commercialize offshore wind development; about \$49 million in the first year would support a competitive solicitation for a demonstration project. A general provision in last year's continuing resolution that all "new starts" required congressional approval prevented the agency from proceeding. The Senate is blocking a new start for small nuclear reactor demonstrations, and the House is blocking funding for offshore wind demonstrations.

Salazar Defends Energy Policies

Appearing before the House Natural Resources Committee November 16, Interior Secretary Ken Salazar defended the administration's energy policies as robust. The hearing focused on offshore drilling and hydraulic fracturing, and committee Republicans contended that the administration continues to erect more hurdles to increase domestic energy production. Secretary Salazar said that the agency is still working on fracking regulations, and does not yet have a timeline for completion, but will issue a proposed rule when it is ready, and will focus on wellbore integrity, disclosure of chemicals and agents, and water issues.

Solyndra Hearings Continue

During a November 17 House Energy and Commerce Subcommittee on Oversight and Investigations hearing, Energy Secretary Steven Chu denied that there was any political interference in his decision to approve a \$535 million loan guarantee for solar panel manufacturer Solyndra. Secretary Chu also told the subcommittee that the agency has improved its loan monitoring programs to provide more oversight and accountability as a result of the Solyndra bankruptcy. A number of House Republicans, including

Congressman Cliff Stearns (R-FL), chairman of the oversight subcommittee, continue to call on Secretary Chu to resign, but Senator Lisa Murkowski (R-AK) defended him last week.

Report on Energy Efficiency Tax Credits

On November 17, the Congressional Research Service released the report *Residential Energy Tax Credits: Overview and Analysis* detailing how residential energy use rose by 8% between 2000 and 2010, while per capita usage stayed the same. The report found that the role of tax credits, the non-business energy property tax credit (Section 25C of the tax code) and the residential energy efficient property tax credit (Section 25D), in maintaining these efficiency rates is unclear. The report concluded that the potential for residential energy efficiency technology deployment is not being met, with 25C set to expire at the end of 2011 and 25D at the end of 2016. To continue promoting efficiency, the report argues that Congress would need to either allow the credits to expire, extend and modify the credits, or replace with grants and rebates that may do more to spur efficiency upgrades. Grants would allow direct cash payments to consumers and would help low-income consumers with insufficient cash on hand to take advantage of tax credits.

Legislation Introduced

Congressman Doc Hastings (R-WA) introduced legislation (H.R. 3404) November 14 to establish in the Department of Interior an Under Secretary of Energy, Lands, and Minerals, and a Bureau of Ocean Energy, an Ocean Energy Safety Service, and an Office of Natural Resources Revenue.

Representative Doug Lamborn (R-CO) introduced the PIONEERS Act (H.R. 3408) the same day. The Protecting Investment in Oil Shale the Next Generation of Environmental, Energy, and Resource Security Act would direct the Secretary of Interior to issue additional commercial leases and Research, Development, and Demonstration leases and make oil shale regulations permanent, allowing the production of 1.5 trillion barrels of U.S. oil shale.

Congressman Steve Stivers (R-OH) introduced legislation (H.R. 3410) to require the administration to lease offshore areas estimated to contain the most oil and natural gas resources. Speaker of the House John Boehner (R-OH) plans to include the legislation in his American Energy and Infrastructure Jobs Act (H.R. 7) soon.

Senator Bob Menendez (D-NJ) introduced legislation (S. 1863) November 15 to promote natural gas vehicles. The New Alternative Transportation to Give Americans Solutions Act of 2011 would boost domestic production of vehicles that run on natural gas, extending tax credits for natural gas vehicles and building refueling infrastructure, and would be paid for by a temporary user fee on natural gas used as a vehicle fuel.

Representative Rush Holt (D-NJ) introduced legislation (H.R. 3424) to establish a program under which the Environmental Protection Agency Administrator shall provide grants to eligible state consortia to establish and carry out municipal sustainability certification programs.

Congressman Jim Sensenbrenner (R-WI) introduced legislation (H.R. 3431) to amend the Clean Air Act to require that the Environmental Protection Agency certify that all new fuels will not only lead to emissions decreases, but also not reduce fuel efficiency or damage engines.

Senators Sheldon Whitehouse (D-RI) and Max Baucus (D-MT) introduced climate change adaptation legislation (S. 1881) November 16. The Safeguarding America's Future and Environment Act would require federal natural resource agencies to plan for their projected long-term effects of climate change, and encourage states to prepare natural resources adaptation plans; it would also create a science advisory board to ensure that the planning uses the best available science.

Representatives Ed Markey (D-MA) and Rush Holt (D-NJ) were joined by several of their House Natural Resource Committee colleagues in introducing the Fair Payment for Energy and Mineral Production on Public Lands Act (H.R. 3446). The bill also would recover \$19 billion from oil, gas, and mining companies for deficit reduction or transportation infrastructure spending by ensuring that they are paying a fair price

to use public resources. The bill would require payments for unused leases and fees to cover the cost of mandatory government inspections.

Congressman Chuck Fleischmann (R-TN) introduced the Stop Green Initiative Abuse Act of 2011 (H.R. 3441). The legislation would eliminate the Department of Energy's Weatherization Assistance Program, saving \$2.1 billion over the next ten years.

Representative Don Young (D-AK) introduced the Fine Act of 2011 (H.R. 3450). The legislation would require the Environmental Protection Agency to use the money it collects from fines on government entities or private industry for community grant programs to aid communities in funding projects to comply with EPA regulations. The legislation would also prohibit any agency funds from being used to fund programs or activities outside the country.

Senator Tom Udall (D-NM) introduced Buy American legislation November 17 with the support of Senators Chuck Schumer (D-NY) and Bernie Sanders (I-VT). On a related note, Senator Schumer is soon to add an amendment to the Defense Authorization Act on Buy American for solar photovoltaics.

Administration

APEC Commitments

During the 19th annual Asia-Pacific Economic Cooperation Economic Leaders Meeting last week, 21 Asian and Pacific economies agreed to reduce their energy intensity 45 percent by 2035 as part of the Honolulu Declaration. The Declaration includes pledges to phase out inefficient fossil fuel subsidies, cap tariffs on sustainable goods, foster low emissions grid development, and improve the energy efficiency of transportation, buildings, and power grids. The November 13 pledge also includes creating a voluntary reporting system to measure their progress, which will be reviewed annually.

Department of Defense

Installation Demonstrations Announced

The Department of Defense's Environmental Security Technology Certification Program announced 27 projects November 18 to demonstrate emerging energy technologies on military installations through its Installation Energy Test Bed initiative. The projects, competitively selected from 575 submitted proposals, were awarded in five areas: smart microgrids and energy storage to increase the energy security of the agency's installations; advanced component technologies to improve building energy efficiency; advanced building energy management and control technologies; tools and processes for design, assessment, and decision-making associated with energy use and management; and technologies for renewable energy generation on installations.

Department of Energy

\$7 Million for Solar

As part of the Department of Energy's SunShot Initiative, Secretary Steven Chu announced November 15 up to \$7 million to reduce the non-hardware costs of residential and commercial solar energy installations. The funding will support the development of tools and approaches that reduce soft costs such as installation, permitting, interconnection, and inspection.

Streamlining

To meet government-wide goals for streamlining computing operations, the Department of Energy is turning to federal energy savings performance contracts, a novel procurement tool to whittle down its 89 data centers.

Green Power Awards

The Department of Energy recognized four leading organizations November 16 for expanding the market for electricity produced from renewable energy sources during the annual Green Power Leadership Awards. The originations' green power programs, including 3Degrees, Washington Gas Energy Sources,

Detroit Edison, and The Clean Energy Collective, provide consumers with the opportunity to purchase clean energy from environmentally-preferred sources.

Innovation Summit Scheduled

The Department of Energy's Advanced Research Projects Agency--Energy (ARPA-E) announced November 17 that it will hold its third annual Energy Innovation Summit from February 27-29, 2012 at the Gaylord Convention Center. Bill Gates, founder and chairman of Microsoft; Susan Hockfield, president and professor of neuroscience at MIT; Lee Scott, former CEO of Wal-Mart; and others will join Energy Secretary Steven Chu and ARPA-E Director Arun Majumdar as distinguished keynote speakers.

Management Challenges Identified

The Department of Energy's Office of Inspector General released a report November 15 that concluded that the agency needs to focus on how budget cuts may impact the national laboratories as well as the need to safely store nuclear waste now that the Yucca Mountain project has been cancelled. The *Special Report: Management Challenges at the Department of Energy: Fiscal Year 2012* identified other management challenges, including contract and financial assistance award management, cybersecurity, energy supply, environmental cleanup, human capital management, and stewardship of the country's nuclear weapons stockpile, and added the loan guarantee program to its watch list.

Department of State

Rerouting Possible

TransCanada announced November 14 that it would work with Nebraska to reroute the Keystone XL crude oil pipeline to bypass a fragile prairie ecosystem in the state. The company said last week that it would support state legislation (L.B. 4) that would establish an application and certification process for oil pipeline routing in Nebraska.

Mayors Oppose Pipeline

One hundred mayors sent a letter to President Obama November 16 opposing the 1,700 mile Keystone XL crude oil pipeline. The mayors cited climate change, safety concerns, and local efforts to reduce dependence on oil as their reasons for opposition, and asked the President to deny a permit for the pipeline. One week prior, the State Department postponed the TransCanada pipeline project so that the company could identify an alternate route through Nebraska.

Environmental Protection Agency

Fuel Economy Guide

The Department of Energy and the Environmental Protection Agency released *the 2012 Fuel Economy Guide* November 16. The Guide provides consumers with information that can help them choose fuel efficient vehicles. Some 2012 models will display new a new fuel economy and environment label that provides consumers with more comprehensive fuel economy information, including five-year fuel costs or savings compared to the average vehicle, as well as new greenhouse gas and smog ratings. The labels will be required in model year 2013.

CAFE Standards Proposed

The Environmental Protection Agency and Department of Transportation's National Highway Traffic Safety Administration formally proposed corporate average fuel economy standards for model years 2017-2025 November 16. The rule requires passenger car and light-duty trucks to achieve an average fleet fuel economy of 54.5 miles per gallon by 2025. The standards would reduce oil consumption by 4 billion barrels and prevent emissions of 2 billion MT CO₂ over the vehicles' lifetime. The EPA asked representatives of the freight industry November 17 to collaborate with the agency on the next set of fuel economy standards for heavy-duty vehicles. The EPA and NHTSA set the first fuel economy standards for medium- and heavy-duty trucks for model years 2014-2018 in August, but have not yet proposed the next phase to cover model years after 2018. California will propose its own clean car rule package December 7 that will include GHG standards, a zero-emission vehicle program, and a low-emission

vehicle program. The California standard would be more stringent than those proposed by the EPA, but manufacturers that meet the national standards would be considered compliant with the state rule.

Power Plant Rule Compliance Period

Representatives from the Utility workers Union of America, AFL-CIO, International Brotherhood of Electrical Workers, and International Brotherhood of Boilermakers met with White House officials recently, contenting that utilities need at least five years to comply with a forthcoming Environmental Protection Agency rule to reduce emissions of hazardous air pollutants from fossil fuel-fired power plants. At the same time, several health groups, including the American Lung Association and the American Academy of Pediatrics, told Office of Management and Budget officials that EPA's "appropriate and necessary" finding is proper, and is urging the Administration to move quickly to release the rule. The EPA is scheduled to sign the final rule by December 16.

Plant Permitted with GHG Limits

The Environmental Protection Agency issued a permit for construction of an electric power plant in Palmdale, California November 16 that includes a limit on greenhouse gas emissions written into the permit. The Palmdale Hybrid Power Project is a 570 MW natural gas-fired power plant that will have a capacity for 50 MW of solar energy generation; commercial operation is planned for summer 2013. The announcement comes a week after the agency issued another permit limiting GHG emissions for a combined-cycle, natural gas-fired power plant in Texas.

Fracking Settlement Talks

After being granted a postponement of oral arguments scheduled for November 14 in the U.S. Court of Appeals for the District of Columbia Circuit, the oil and gas industry and the Environmental Protection Agency are in settlement talks to resolve a lawsuit over a requirement that oil and gas companies obtain drinking water permits if they use diesel oil in hydraulic fracturing. The parties have until January 9 to file a motion to dismiss or provide a status report on negotiations. Paul Anastas, assistant EPA administrator for research and development, told the House Science, Space, and Technology Subcommittee on Energy and Environment November 17 that an agency study of the potential impacts of fracking on drinking water and groundwater is necessary to address public concerns, even though there is currently no evidence of contamination.

Particulates Regulation Requested

Ten states, the American Lung Association, the Environmental Defense Fund, and the National Parks Conservation Association asked the U.S. Court of Appeals for the District of Columbia Circuit November 16 to set a schedule for the Environmental Protection Agency to issue air quality standards for fine particulate matter. The agency has not acted on a 2009 court decision that remanded to it portions of standards that were set in 2006.

Jobs Campaign

The Institute for Clean Air Companies, a coalition of companies that supply pollution control products, initiated an ad campaign November 17 in D.C. publications that touts the 1.5 million jobs it estimates the Environmental Protection Agency's new clean air regulations will create. The campaign follows a recent announcement from American Electric Power that it anticipates job creation in the pollution control sector as a result of the rules.

Advisory Committee Endorses Multipollutant Approach

The Clean Air Act Advisory Committee to the Environmental Protection Agency endorsed a report November 17 that concludes that the complex regulatory landscape makes it appropriate for the agency to advance a multipollutant, sector-based approach to emissions reduction. The committee report also instructed the agency to expand its efforts on multipollutant strategies if they provide health, environmental, and cost benefits. The multipollutant approach targets all pollution emitted by an industrial sector, and could target criteria pollutants, hazardous air pollutants, and greenhouse gases.

Federal Energy Regulatory Commission

Grid Impact of EPA Rules

The Federal Energy Regulatory Commission will use a November 29-30 technical conference on electric reliability issues to examine whether regulations proposed by the Environmental Protection Agency could threaten generation capacity and reduce stability on the bulk power system. The conference will solicit stakeholder input as the grid undergoes significant changes in the generation mix, including the early retirement of coal fired generation, increased reliance on natural gas, and large-scale integration of renewable generation.

Government Accountability Office

Loan Guarantee Report

The Government Accountability Office unveiled last week that it is scheduled to publish another report reviewing the Energy Department's loan guarantee program in January or February. In compliance with the 2005 energy law that created the program, the GAO has already released three reports, in April 2007, July 2008, and July 2010, and the next report will focus on the due diligence process.

Federal Trade Commission

Heating and Cooling Labeling Revisions

On November 18, the Federal Trade Commission published a notice in the Federal Register revising the Appliance Labeling Rule for home heating and cooling equipment and solicited public comments. At the Department of Energy's request, the FTC is seeking more useful information for consumers and businesses when purchasing furnaces, central air conditioners, and heat pumps for residential use. The standards are required by the Energy Policy and Conservation Act, as amended by the Energy Independence and Security Act of 2007. The labels mandated by these standards outline a product's efficiency rating relative to its most, and least, energy efficient competitors.

Personnel

On November 14, Interior Secretary Ken Salazar named U.S. Coast Guard Rear Admiral James Watson IV as permanent director of the Bureau of Safety and Environmental Enforcement, the bureau that oversees environmental and safety aspects of offshore energy development, including oil and gas drilling. Rear Admiral Watson will succeed Michael Bromwich, who will leave the department at the end of the year.

Miscellaneous

Shipping Emissions Reduced

The International Maritime Organization released a study November 14 that found that the world's shipping industry could reduce its greenhouse gas emissions by almost a quarter by 2030, compared with 2010 levels, by employing energy efficiency measures introduced this July for ships weighing 400 MT or more. The regulations are expected to take effect January 1, 2013, and the Organization will report on the findings of its study, *Assessment of IMO Mandated Energy Efficiency Measures for International Shipping*, at the annual Conference of Parties.

Geoengineering Protocol Requested

During a November 7-9 Problems of Adaptation to Climate Change in Moscow, scientists and policymakers called for the U.N. Framework Convention on Climate Change to develop a protocol on geoengineering. The group cited increasing attention to the possibility of using global scale manipulation of the climate to prevent catastrophic impacts from warming. A conference statement calling for the protocol will be presented at the Intergovernmental Panel on Climate Change plenary November 18-19 and the annual Conference of Parties November 28-December 9. The IPCC is expected to include the first comprehensive review of the risks and benefits of geoengineering in its 2014 Fifth Assessment Report, and is working in conjunction with Rutgers University on a comparison project.

Coastal Ecosystems CCS

Following research that has found that vegetated coastal habitats trap up to five times more CO₂ than terrestrial habitats, the Global Environment Facility announced November 9 that it would launch a project under the U.N. Environment Program to develop a global standard for carbon accounting and ecosystem. Coastal ecosystems are not currently included in carbon accounting and ecosystem valuation schemes like REDD+. The Blue Carbon Initiative plans to release a document at the annual Conference of Parties that examines how blue carbon can be integrated into existing accounting mechanisms.

WCI Nonprofit Launched

The Western Climate Initiative created a nonprofit corporation November 10 that will provide administrative and technical services to support the implementation of GHG emissions trading programs covering seven U.S. states and four Canadian provinces. WCI Inc. will develop a compliance tracking system for allowances and offset certificates, administer allowance auctions, and conduct market monitoring of allowance auctions and allowance and offset certificate trading.

Recycling Benefits

The Tellus Institute released a report November 14 that concluded that increasing the nationwide recycling rate to 75 percent for municipal solid waste and construction and demolition debris would create nearly 1.5 million jobs and reduce CO₂ emissions by 276 MMT by 2030. The current national recycling rate is 34 percent.

Sustainable Communities Strategy

The Southern California Association of Governments announced last week that it will present to local elected officials December 1 a regional transportation plan that includes a sustainable communities strategy for the first time. The strategy will be a key element of the proposed transportation plan for meeting the regional vehicle-related GHG emissions reduction targets the state set in 2010. The first similar plan was adopted October 28 by the San Diego Association of Governments.

RGGI Saves Money, Grows Jobs

The Regional Greenhouse Gas Initiative released a study November 15 that finds that the emissions trading scheme has saved money and created jobs. Released at the National Association of Regulatory Utility Commissioners, the study shows that RGGI has added \$1.6 billion in economic value in the 10 participating states over the past three years, and forecasts that customers will save \$1.3 billion on their electric, natural gas, and heating oil bills over the next 10 years as a result of energy efficiency measures funded by RGGI. The study also predicted that 16,000 jobs will be created over ten years as a result of the program.

EU Seeks Peak Year

The European Parliament approved a resolution November 16 that climate negotiators at the upcoming 17th annual Conference of Parties should agree on a peak year after which global greenhouse gas emissions will not be permitted to rise. The resolution, similar to text adopted before COP-16, has no binding force, but must be taken into account by EU negotiators when setting out their position at the conference. Meanwhile, owing to the financial crisis, the European Trading System for carbon credits is seeing carbon prices at their lowest in twenty months.

CES Report Released

The Center for Climate and Energy Solutions released a study November 17 that found that a federal clean energy standard offers a flexible way to meet clean energy goals. The report, *Clean Energy Standards: State and Federal Policy Options and Implications*, also said that without new policies to promote clean energy, the nation's renewable power capacity will remain largely the same for at least the next 25 years. Currently 31 states and the District of Columbia have renewable or alternative energy portfolio standards, and another eight have voluntary clean energy goals.

\$600 Million for Indonesia

The Millennium Challenge Corporation, a federal foreign aid program aimed at boosting international development, signed a \$600 million compact with Indonesia November 19 to reduce poverty by stimulating economic activity. A majority of the compact will finance the Green Prosperity Project, which

will develop renewable energy projects in the country and reform agriculture and forestry to reduce GHG emissions and improve resource efficiency. Secretary of State Hillary Clinton signed the compact with the country's ministers of finance and national development planning, U.S. Ambassador to Indonesia Scott Marciel, and the CEO of MCC, Daniel Yohannes.

Cable Efficiency

Cable companies agreed November 18 to a plan to develop more energy efficient cable boxes. The eight largest cable companies announced last Friday a plan to add light-sleep technology in 2012 and develop deep-sleep capabilities, which would reduce power consumption by 90 percent when not in use, by 2014.

Canadian Mobile Emissions

Environment Canada announced November 16 that it is seeking comments to guide the development of regulations to limit greenhouse gas emissions from cars and light-duty trucks in the 2017 model year and beyond as part of an ongoing effort with the United States to establish shared vehicle emissions standards. The document seeks early input on key elements of the proposed regulations following an alignment of standards for the 2011-2016 model years.

Renewables Status Report

The Renewable Energy Policy Network for the 21st Century released the *Renewables 2011 Global Status Report* November 15. The report points out that in 2010 renewable fuels made up 10.9% of domestically produced energy, and nuclear power accounted for about 11.3%. China and German invested \$50 billion and \$41 billion in renewable energy, respectively, while the U.S. invested \$30 billion.

Arizona Formally Leaves Western Climate Initiative

On November 16, the Arizona Department of Environmental Quality announced that Arizona will participate in the North America 2050 as opposed to the Western Climate Initiative, after Arizona Gov. Jan Brewer (R) formally withdrew the state citing the high cost of compliance. North America 2050, is far more voluntary and selective in the participation asked of member states, and is open to U.S. states, Canadian provinces, and Mexican states.

Possible Negative Effects of Carbon Sequestration

On November 17, the European Environment Agency (EEA) released *Air Pollution Impacts From Carbon Capture And Storage* finding that widespread deployment of carbon sequestration can increase the emissions of some harmful pollutants like ammonia because it requires more coal to be mined, transported and burnt, and is less environmentally friendly than switching to gas fired generation. The report concluded that ammonia emissions could conceivably increase by up to three times.

Climate Talks End in Impasse

On November 18, environmental officials from the Major Economies Forum on Energy and Climate - informal climate negotiations initiated by President George W. Bush - ended two days of negotiations at an impasse over how to extend the Kyoto Protocols ahead of November 28 climate negotiations in Durban, South Africa. U.S. Special Envoy for Climate Change Todd Stern said that as of now Japan, Russia, and Canada are unwilling to commit to any substantive extensions, while the EU seems willing to move forward. Stern remained optimistic some kind of deal would be reached, and pointed out that developed nations will account for only 30-35% of greenhouse gas emissions by 2030, with the bulk coming from China, India, and other developing nations.

Report Cautions New York on Climate Change

On November 17, the New York State Energy Research and Development Authority released the Integrated Assessment for Effective Climate Change Adaptation Strategies (ClimAID) arguing that state and local governments in New York urgently need to prepare for the effects of climate change. The 460-page report cautioned that heat waves, flooding, and heavy rainfall would have immense and costly effects, and touched on other important issues like the effects on energy, public health, transportation, etc.

New Polish Environmental Minister

On November 18, Marcin Korolec replaced Andrzej Kraszewski as Poland's environment minister. Poland holds the rotating presidency of the European Union, and Korolec will be the vice chair of the EU at the rapidly approaching Durban, South Africa climate talks. The former being an economics expert and the latter an environmentalist, the environmental community, led by Greenpeace, has expressed concern.

IPCC Recommendations

On November 18, in Kampala, Uganda the Intergovernmental Panel on Climate Change released the *Special Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation* arguing that governments should adopt climate change mitigation policies and prepare for extreme weather events. The report highlights that the majority of deaths from climate change induced weather take place in the developing world while the majority of economic damage is in the developed world, and urges the use of sustainable ecosystem management, early warning systems, better sanitation, and improved drainage systems.

Water Issues Concern Business and Industry

On November 16, the Carbon Disclosure Project Water Disclosure issued a report detailing how a growing number of companies are implementing water conservation plans in light of population growth and increased demand, even though climate change remains the top environmental concern for business and industry. The report is based on responses to questionnaires sent to 315 companies on operating in water-stressed locations or industry sectors.

Fracking Disclosure in New Mexico

On November 17, the New Mexico Oil Conservation Commission approved a proposal requiring the details on fracturing fluid contents be filed with the Oil Conservation Division within 45 days of a hydraulic fracturing operation's completion. The disclosure rules would cover every well in the state, and all of the records would be open to the public. However, proprietary chemical mixtures would be exempt from disclosure as a trade secret.

Wisconsin Biomass Rules Finalized

The Wisconsin Department of Commerce issued final rules for administering the woody biomass tax credit, which allows a taxpayer to claim an amount equal to 10 percent of the amount paid that year for biomass harvesting or processing equipment. The final rules, taking effect on December 1, clarify the process for applying for certification before being eligible to receive the credit. Once the Department determines eligibility, it determines the amount allowed for each credit.

OECD Publishes Comments on Carbon Trading Profit Taxation Rule

On November 16, the Organization for Economic Cooperation and Development's Committee on Fiscal Affairs released comments from three professional organizations representing business and tax professionals on the draft Tax Treaty Issues Related to the Trading of Emissions Permits rule. The comments largely call for clarity and certainty on how profits from carbon trading should be taxed, and reiterate business' position that the profits should not be treated as royalties. The OECD said a special committee on tax conventions will examine the comments in February 2012.