



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

In his final major effort prior to retiring last week, Speaker of the House John Boehner (R-OH) reached 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, or 58 million gallons of oil, between 2018 and 2025, and some policy riders, such as those blocking Environmental Protection Agency ozone and Waters of the US rules, may complicate the measure when it comes time to address funding specifics.

The House passed the measure Wednesday evening, which moved as a substitute amendment to H.R. 1314, which both chambers had 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 also cleared the measure, effectively drawing to a close the budget battles of the past several year, and President Obama signed the legislation during a ceremony in the Oval Office this week. In addition to the budget and new leadership, the House had an otherwise active week; the lower chamber approved October 27 a renewal of the Export-Import Bank and is now taking up the Senate Highway bill, with an amendment changing the transportation related provisions to those drafted in the House. The Ex-Im renewal that was passed earlier by the upper chamber will be a part of the House Highway bill. Also last week, 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 expired, and the president immediately signed the three-week extension.

The House and Senate are both in session this week, and the House is expected to spend much of the time focusing on a multi-year surface transportation bill and the National Defense Authorization Act. Off the floor, Representative Ryan's elevation to the speakership leaves a vacancy at the helm of the Ways and Means Committee, with Representatives Kevin Brady (R-TX) and Pat Tiberi (R-OH) jockeying for the chairmanship. The House will select a new chair this week, and Representatives Brady and Tiberi are considered similar in terms of their policy views and are both well liked by their colleagues. Representative Brady has indicated that he plans to prioritize permanent extensions for select tax provisions if he becomes the committee's next chair, and Representative Tiberi has also said that tax extenders would be his top priority as chair.

The Senate voted November 3 to move ahead with consideration of a joint resolution calling for the disapproval of the Environmental Protection Agency's Clean Water Rule, and the White House has issued a [Statement of Administration Policy](#) threatening to veto the measure.

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 reauthorization of the Land and Water Conservation Fund. 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 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 the same day 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 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 held 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, and the Obama Administration is focusing 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.

President Obama will travel to Paris for the beginning of the summit, and the Obama administration has outlined five goals for the talks, 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 at least 21 [states](#), [utilities](#), and [union](#) and [industry](#) groups have wasted no time in filing challenges to the rule. Additional lawsuits are challenging 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. Nine prominent environmental and public health groups filed a motion with the U.S. Court of Appeals for the District of Columbia Circuit October 27 to defend the rules, and a group of 15 state attorneys general, utilities, cities, and other groups are expected to file soon to intervene on behalf of the administration. After the Department of Justice filed a court schedule with the court October 28 proposing that it accept briefs for a stay on

the Clean Power Plan until December 23, the court is not likely to issue a ruling until 2016. Opponents of the regulations had sought a December 11 deadline. In a turn further complicated by the presidential election, a decision on the merits of the case may not come until late next year or early 2017, and should the case eventually reach the Supreme Court, as many expect, the high court may not rule on the case until 2018.

Representative Ed Whitfield (R-KY), chair of the House Energy and Commerce Subcommittee on Energy and Power introduced resolutions (H.J. Res. 71, H.J. Res. 72) 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 (Sen. Res. 23, Sen. Res. 24), and committees are already considering the measures. The resolutions are largely symbolic because even if the chambers approved them, which is a distinct possibility, they would face certain vetoes from President Obama, and congressional Republicans do not have sufficient votes to override the vetoes.

CONGRESS

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 and Collins 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. Senators Ayotte and Susan Collins (R-ME) said last week that they are not inclined to support congressional Republican resolutions disapproving of the rules.

Republican Environmental Caucus

Senators Kelly Ayotte (R-NH), Lindsey Graham (R-SC), Mark Kirk (R-IL), and Lamar Alexander (R-TN) formed October 29 an informal group to encourage their party to develop a more concrete platform on how to protect the environment, address climate change, and promote clean energy development. The Senate Energy and Environment Working Group will meet occasionally to discuss general energy and environment issues and share ideas about potential legislation, with initial topics to include energy efficiency and the Land and Water Conservation Fund.

Senators Consider Paris Attendance

Five senators, including Senators James Inhofe (R-OK), Ben Cardin (D-MD), Sheldon Whitehouse (D-RI), Ed Markey (D-MA), and Brian Schatz (D-HI), are considering whether to attend the international climate negotiations in Paris November 30-December 11. A packed Senate agenda is making travel plans difficult, but they and some of their other colleagues may make the trip for a portion of the talks.

Federal Coal Program Reform

Senate Energy and Natural Resources Committee Ranking Member Maria Cantwell (D-WA) and Senators Al Franken (D-MN), Martin Heinrich (D-NM), Ed Markey (D-MA), Jeff Merkley (D-OR), Patty Murray (D-WA), Elizabeth Warren (D-MA), and Sheldon Whitehouse (D-RI) sent a letter November 2 to Interior Secretary Sally Jewell urging her to use existing authority to reform the federal coal program.

Legislation Introduced

Representative Jody Hice (R-GA) introduced legislation (H.R. 3844) October 28 to establish the Energy and Minerals Reclamation Foundation to encourage, obtain, and use gifts, devices, and bequests for projects to reclaim abandoned mine lands and orphan oil and gas well sites.

Representatives Brian Higgins (D-NY) and Richard Hanna (R-NY) introduced legislation (H.R. 3852) October 28 tasking the Department of Energy with conducting a study on solar net metering.

Upcoming Hearings

The House Energy and Commerce Subcommittee on Energy and Power marked up November 3 Representative

Ed Whitfield's (R-KY) resolutions (H.J. Res. 71, H.J. Res. 72) under the Congressional Review Act formally disapproving of the Environmental Protection Agency's power plant rules. The committee approved the measures, and final floor votes are expected in the House and Senate either just before or during the global climate negotiations in Paris November 30-December 11. Despite the fact that the resolutions are expected to win approval from both chambers once they clear the committees, Congress will not have enough votes to override a Presidential veto.

The House Science Oversight and Environment Subcommittees held a joint hearing November 3 to consider a ten-year review of the costs and benefits of the Environmental Protection Agency's renewable fuel standard.

The House Natural Resources Committee will hold a hearing November 4 on the Energy and Minerals Reclamation Foundation Establishment Act of 2015 (H.R. 3844) and the Locatable Minerals Claim Location and Maintenance Fees Act of 2015 (H.R. 3843).

The Senate Homeland Security and Governmental Affairs Subcommittee on Regulatory Affairs and Federal Management will hold a hearing November 5 to assess agency progress in retrospective review of existing regulations.

The House Science Committee will hold a hearing November 5 to discuss the Environmental Protection Agency's block of the Pebble Mine.

The House Energy and Commerce Subcommittee on Energy and Power will hold an energy security roundtable November 5.

ADMINISTRATION

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. The two nations will [partner](#) to promote the development of clean energy technologies and policies, reduce energy sector GHG emissions and improve Indonesian energy access, including via a \$332.5 million Millennium Challenge Corp. Green Prosperity Program investment in renewable energy and land based greenhouse gas emission reductions, an \$18 million U.S. Agency for International Development clean energy development and CO2 reduction effort, and a \$1.2 million three year Department of Energy Sustainable Energy for Remote Indonesian Grids initiative.

RFS to OMB

The Office of Management and Budget received from the Environmental Protection Agency October 30 the final Renewable Fuel Standards for 2014 to 2018, and the office will begin reviewing the rules this week. The agency must release the standards by November 30.

DEPARTMENT OF AGRICULTURE

Agriculture's Climate Commitment

The Department of Agriculture announced October 26 funding for more than 1,100 rural renewable energy projects through a combination of \$71 million in grants and more than \$100 million in loans to reduce greenhouse gas emissions. Agriculture Secretary Tom Vilsack said that the projects include financing for 17 new anaerobic treatment plants. During the White House event, the secretary honored 12 champions of change for sustainable and climate-smart agriculture.

DEPARTMENT OF INTERIOR

NY Wind Energy

Bureau of Ocean Energy Management Director Abigail Ross Hopper told the annual Alliance for Clean Energy New York conference October 29 that New York is the agency's first priority for wind power currently because the state has enough potential wind energy, at 16,000 MW, to power hundreds of thousands of homes and has significant potential, about 4,000 MW, for offshore wind farms. The federal government is exploring the possibility of leasing an area off Long Island for the development of offshore wind.

DEPARTMENT OF STATE

HFC Reductions

Financial Times published an op-ed from Secretary of State John Kerry October 30 discussing a [meeting](#) of the

Montreal Protocol signatories scheduled for this week in Dubai to take action on hydrofluorocarbons. The 1987 accord succeeded in reducing ozone-harming chemicals, but many companies replaced them with HFCs, which have between 140 and 11,7000 times the global warming potential of CO₂, and removing them from use could the reduce global temperature rise by 0.5 degrees Celsius. Environmental Protection Agency Administrator Gina McCarthy will lead the U.S. delegation at the November 1-5 [meetings](#).

ENVIRONMENTAL PROTECTION AGENCY

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, Arizona, Arkansas, North Dakota, Oklahoma, and the New Mexico Environmental Department immediately sued over the standard; other lawsuits may be filed for the next 60 days.

Kopocis to Retire

The Environmental Protection Agency announced October 26 that Deputy Assistant Administrator for Water Ken Kopocis will retire in early November. He was first nominated to lead the division in June 11 and congressional Republicans repeatedly stalled his nomination because of their broad opposition to the office's work, including the Clean Water Rule. Associate Administrator for Policy Joel Beauvais will become Acting Deputy Assistant Administrator for Water and Associate Administrator for Congressional and Intergovernmental Regulations Laura Vaught will assume the policy position. Her current position will be filled by her Deputy Associate Administrator Nichole Distafano.

FEDERAL ENERGY REGULATORY COMMISSION

Nuclear Markets

Nuclear Energy Institute President and Chief Operating Officer Marvin Fertel said October 26 that the Federal Energy Regulatory Commission needs to play a bigger role to keep nuclear energy viable in competitive markets.

INTERNATIONAL

EU TTIP Sustainability Standards

During the Transatlantic Trade and Investment Partnership negotiating round in Miami October 19-23, European negotiators offered a sustainable development proposal that the bloc says is in line with its commitment to uphold European Union environmental and labor standards. The next negotiating round will take place in February.

Japanese Climate Plan

Japan released October 23 its first climate change plan to include both adaptation and mitigation recommendations, saying that the nation needs to take steps to protect its future food supply in a climate constrained world and to prepare for violent storms in coastal and mountainous regions as well as climate related episodes impacting energy, industrial manufacturing industries, banking, insurance and other financial services, and health-care industries. The country plans to update the policy every four to five years to reflect quickly developing and changing extreme weather conditions.

Insurers Unprepared for Climate Change

United Nations Framework Convention on Climate Change Executive Secretary Christiana Figueres told the Association of British Insurers October 27 that insurers are unprepared for the costs of climate change. She said that an international climate agreement worked out in Paris this year will not solve all of the problems of climate change because of the greenhouse gases already in the atmosphere, meaning that businesses, including insurers, should expect the globe to continue to warm, impacting global commerce.

Asia Pacific Adaptation

The United Nations Economic and Social Commission for Asia and the Pacific released a [report](#) October 27 outlining the state of disaster resilience in the Asia Pacific region, the most disaster-prone region in the world, and finding disaster risk reduction as the main goal for sustainable development initiatives in the area. The region has experienced 40 percent of all global natural disasters in the past decade, resulting in \$523 billion in economic damages and about 500,000 lives lost.

Climate Finance

The Climate Markets and Investment Association published a [report](#) October 28 indicating that governments are expected to receive \$22 billion in revenue from policies like carbon taxes and emissions trading this year, around three quarters of that in the European Union alone. Carbon pricing policies raised \$15 billion last year, and the

association projects that the revenue will continue to grow.

Climate's Economic Risks

Verisk Maplecroft released a [report](#) October 28 finding that Southeast Asia could lose 16 percent of its current labor capacity by 2045 as a result of an increase in days with unsafe heat stress. The report concluded that out of the 50 cities at highest risk of productivity loss, 45 were in Southeast Asia, potentially negatively impacting some of the world's fastest growing economies. Two days prior, *Nature* published a Loyola Marymount University and MIT [study](#) finding that summertime temperatures and humidity extremes in Southwest Asia will exceed levels that most healthy people can survive outside between 2071 and 2100.

Buddhist Leaders on Climate Negotiations

15 global Buddhist leaders, including the Dalai Lama, issued a [letter](#) October 29 urging climate negotiators in Paris to come to an international climate agreement that would keep global warming below 1.5 degrees Celsius. The group encourages a shift to 100 percent renewable energy and blames fossil fuel use, unsustainable consumption, and a lack of concern and awareness for our current situation.

INDC Analysis

The United Nations Framework Convention on Climate Change released a [report](#) October 30 [analyzing](#) the contents of 147 nations' Intended Nationally Determined Contributions to reduce emissions and address climate change in preparation for the international climate negotiations at the end of the year in Paris. The [study](#) concluded that implementation of the plans would not meet the internationally agreed upon target of limiting global warming to less than two degrees Celsius but that the processes countries created to prepare the plans will help them take enhanced action in the future to limit warming to below two degrees Celsius.

China on Five-Year Revisions

During a press conference with French President Francois Hollande in Beijing November 2, Chinese President Xi Jinping endorsed a global climate agreement that requires countries to assess their climate action progress every five years and gradually increase ambitions, which the EU has supported. The two presidents also unveiled a list of 21 issues they want to address at the end of the year international climate agreement in Paris, highlighting the need for more transparency and financial aid and investment in green and low carbon technologies.

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STATES

EV Guide

The Conservation Law Foundation, the Sierra Club, and the Acadia Center issued a report October 28 finding that Massachusetts and Maryland are leading the way when it comes to promoting the expanded use of electric vehicles in the Northeast and mid-Atlantic regions but that more effort from governments, utilities, automakers, and auto dealers is needed to meet air pollution goals.

Water Utilities Energy Production

D.C. Water General Counsel Randy Hayman told an Environmental Law Institute forum October 28 that wastewater utilities serving the country's cities will need to generate energy from their operations to remain fiscally sound in the coming decades. D.C. Water will start using a new technology that allows it to supply a third of its energy demand by generating electricity from the combustion of methane produced in the treatment process.

TX Solar

Austin Energy signed contracts October 29 to buy as much as \$675 million of solar energy from two power plants that First Solar and Hanwha Q Cells Co. plan to build in West Texas. The projects will add 288 MW of solar power to the state's grid, and combined with two earlier contracts for 180 MW, will more than triple the 200 MW of existing capacity in the area operated by the Electric Reliability Council of Texas. The Austin City Council authorized the utility October 15 to purchase as much as 450 MW of solar power, and Mayor Steve Adler (D) has indicated that declining solar prices will help decrease residents' electric bills.

MD GHG Reductions

A bipartisan Maryland state commission unanimously called October 29 for the state to increase its greenhouse gas emissions reductions target from a 25 percent reduction by 2020 to a 40 percent cut by 2030. The commission

suggested the increase since the state is well on its way to meeting its current goal, and the recommendation must now be introduced as a bill in the Maryland General Assembly to become a state law.

SUSTAINABILITY

Corporate Sustainability Involvement

Ceres released an [analysis](#) October 28 finding that most corporate boards are not involved in sustainability issues but that they should become involved by talking more about how sustainability fits into long term business plans, recruiting candidates with sustainability experience, and creating stronger ties between executive compensation and sustainability goals. The report concluded that only about a third of the largest 600 publicly traded domestic companies incorporate environmental, social, and governance considerations at the board level, and even when they do, they do not always produce tangible results.

MISCELLANEOUS

Green Chemistry Portal

Green Chemistry and Commerce Council board member John Frazier said October 26 that the council and the American Chemical Society's Green Chemistry Institute are unveiling a green chemistry innovation Web [portal](#) that connects companies that want sustainable chemicals with researchers that can help them find what they need. The council has also developed [training](#) to help companies educate their employees and supply chains in green chemistry.

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