



**ML**  
STRATEGIES

**David Leiter**

**Sarah Litke**

**Daniel Phillips**

DJLeiter@mlstrategies.com

SLitke@mlstrategies.com

HDPhillips@mlstrategies.com

**ML Strategies, LLC**

701 Pennsylvania Avenue, N.W.

Washington, D.C. 20004 USA

202 434 7300

202 434 7400 fax

www.mlstrategies.com

## **ENERGY AND ENVIRONMENT UPDATE**

**December 4, 2011**

### **Energy and Climate Debate**

Energy issues were highlighted on the domestic and international fronts last week as numerous Congressional letters flew around Capitol Hill and the 17th annual Conference of Parties opened in Durban, South Africa.

The 17th annual Conference of Parties to the U.N. Framework Convention on Climate Change is taking place November 28 through December 9 in Durban, South Africa as climate negotiators consider financing issues for developing countries, the length of a new commitment period after the Kyoto Protocol's term expires at the end of 2012, technology transfer, capacity building, transparency, and forestry management.

The conference began amid reports that Canada would likely withdraw from the Kyoto Protocol by the end of the year. The future of the Kyoto Protocol was placed further in doubt when Russia and Japan reiterated that they would not sign onto a second compliance period unless it was expanded to include binding obligation for developing countries. Japan, the United States, the European Union, and China are backing a measure that would allow countries to continue with voluntary commitments made at the 2010 COP through 2020, when a broader binding treaty would go into effect. Nevertheless, representatives from all of the more than 190 nations are meeting in informal working groups to draft a "road map" that reflects each nation's positions. No consensus on the future of talks has yet emerged, but a European official predicted a deal that called for more ambitious targets ahead of a very broad agreement to be in place before 2020 while developing countries and island nations advocate a deal where developed nations make significant commitments starting in 2013, with a Kyoto replacement in place by 2018.

The Green Climate Fund, which was established in 2009 to provide at least \$100 billion per year starting in 2020 to help poor countries adapt to global warming, has become the principle financial instrument of the U.N. climate change process, as pledged short-term aid has been slow to materialize. The adaptation fund is one of the biggest issues for developing countries, who are the most affected by climate change, but numerous others are opposed to it; Saudi Arabia said last week that it will never contribute to the fund but could seek compensation from it if oil sales are harmed by a growing reliance on cleaner energy sources.

Brazil's environment minister said December 1 that abandoning the Kyoto Protocol's greenhouse gas emissions caps after 2012 would eliminate the need for many renewable energy and other low-carbon projects that are used to offset the emissions of industrialized nations. The country is home to about 38

percent of the CDM projects in Latin America, followed by Mexico with 18 percent and Chile with 9 percent.

U.N. officials announced November 29 that the 2012 climate summit will be held in Doha, Qatar. The November 26-December 7 COP-18 event will be the first major climate change meeting to be held in the Middle East.

On the domestic front, the Joint Select Committee on Deficit Reduction's failure to identify \$1.2 trillion in deficit reduction leaves energy and environmental programs in a similar position to where they were after the August debt-limit deal: a yearlong limbo. The supercommittee's inability to reach an agreement puts domestic discretionary agencies in line for two rounds of automatic cuts, the first of which would come about three months into the 2013 fiscal year, when an estimated \$29 billion of already approved spending would hit all agencies in equal proportions, and a second would take the form of lower budget caps until 2021. Senator Dianne Feinstein (D-CA) said December 1 that a \$31.6 billion energy and water appropriations bill (H.R. 2354) could make a return to the Senate floor within the next week if the number of pending amendments to the legislation can be reduced. Late on December 1, the Senate voted 93-7 to pass the National Defense Authorization Act for Fiscal Year 2012 (S 1867), with the House version (HR 1540) having already passed on May 26 by a 322-96 vote, and both pieces included Buy America provisions for Pentagon solar panel purchases.

In addition to budgetary items, a number of other energy issues may also remain on the agenda this Congress, including some small tax provisions, a PURPA bill from Senator Ron Wyden (D-OR), Senator Feinstein's feed-in tariff proposal, appropriations for offshore wind pilot projects, and perhaps a clean energy standard.

## **Congress**

### CES Legislation Forthcoming

Following a request from Senate Energy and Natural Resources Chairman Jeff Bingaman (D-NM), the Department of Energy's Energy Information Administration released an analysis of eight Clean Energy Standard models November 30. A CES would require electricity generators to produce a significant portion of power from clean sources such as renewables, nuclear energy, natural gas, hydroelectricity, and carbon capture and storage technologies, and has been supported by President Obama in a State of the Union address as it has faced Republican opposition. Under a base case outlined by Senator Bingaman, all generation from existing and new wind, solar, geothermal, biomass, municipal solid waste, and landfill gas would earn a full credit, as would incremental hydroelectric power and nuclear generation from upgrades at existing and new plants. The base CES, which would set a target of 80 percent clean energy by 2035 and 95 percent by 2050, would give partial credit for natural gas and clean coal, but no credit for existing nuclear or hydroelectric power. According to the analysis, such a standard would cause electricity prices to rise 21 percent by 3025 but would result in a 43 percent drop in electricity sector carbon dioxide emissions during the same time. Despite opposition from Republicans including Senate Energy and Natural Resources Committee ranking member Lisa Murkowski (R-AK), Senator Bingaman said last week that he will introduce legislation to create a CES in early 2012.

### Fuel Standards Investigation Expands

House Oversight and Government Reform Chairman Darrell Issa (R-CA) expanded his investigation into the administration's greenhouse gas and fuel economy standards for cars and trucks last week, requesting that 15 automobile manufacturers detail their negotiations with administration officials about the rules by December 12. In a November 29 letter to the automakers, Congressman Issa asks them to detail the roles played by Environmental Protection Agency, National Highway Traffic Safety Administration, White House, and California officials during discussions leading up to the standards.

### Clean Energy Credits Discussed

Energy Secretary Steven Chu and more than a dozen senators met in the Capitol November 29 to discuss strategy on how to move forward on extending expiring clean energy tax credits and other clean energy initiatives. Of the 15 energy-related bills approved by the Energy and Natural Resources

Committee, only one bill, legislation related to medical isotopes (S. 99) has been approved by the full Senate. Among other things, the group discussed the 1603 Grants in Lieu of Tax Credits, the production tax credit, and the 48C Advanced Energy Manufacturing Tax Credit.

#### RFS Hearing Requested

A coalition of dairy groups, environmental and conservative organizations sent a letter November 30 to the Senate Environment and Public Works Committee asking for a hearing to reevaluate environmental and economic impacts of the Renewable Fuel Standard.

#### Regulations Scientifically Based

Speaking during a hearing of the House Science, Space, and Technology Subcommittee on Energy and Environment November 30, a group of scientists and policy analysts called on the Environmental Protection Agency to improve the transparency of the regulatory process to ensure that policy decisions are based on sound scientific assessments.

#### 1603 Support Letter

A group of House Democrats, led by Representatives Earl Blumenauer (D-OR) and Rush Holt (D-NJ), circulated a letter last week in support of the 1603 grants in lieu of tax credits program, which provides grant funding in place of a tax credit for companies with no tax liability in an effort to accelerate the deployment of clean energy technologies. The program thus far has leveraged more than \$22.8 billion in private sector investment for 22,000 projects across the clean energy industry in all 50 states. Without Congressional involvement, the program will expire at the end of 2011, shrinking the total financing available for renewable energy projects by 52 percent. 764 companies and organizations sent a similar letter November 30 to Senate Majority Leader Harry Reid (D-NV), Senate Minority Leader Mitch McConnell (R-KY), House Majority Leader John Boehner (R-OH), and House Minority Leader Nancy Pelosi (D-CA).

#### Chinese Trade Investigation Urged

A group of 59 representatives and senators sent a letter to President Obama December 2 asking him to take all available measures to quickly investigate allegations of unfair trade practices by China concerning clean energy products and to take swift and appropriate action based on those findings.

#### Utility MACT Delay Requested

House Oversight and Government Reform Chairman Darrell Issa (R-CA) and Congressman Jim Jordan (R-OH) sent a letter to Cass Sunstein, administrator of the Office of Management and Budget's Office of Information and Regulatory Affairs December 1 asking him to return a proposed air quality rule to the Environmental Protection Agency for a more complete assessment of its impact on jobs, the economy, and the reliability of electricity. The agency is scheduled to finalize the Utility MACT rule by December 16.

#### House Passes Regulatory Reform

On December 2, the House passed the Regulatory Accountability Act of 2011 (HR 3010) requiring federal agencies, with the Environmental Protection Agency singled out, to assess a host of regulatory options and choose what is determined to be the least burdensome and expensive. The bill was introduced in September by Rep. Lamar Smith (R-TX) and passed on a 253-167 vote with 19 Democrats supporting the measure and no Republicans opposing. The companion Senate bill (S 1606), was introduced in September by Senators Rob Portman (R-OH), Mark Pryor (D-AR), and Susan Collins (R-ME) and is unlikely to pass. President Obama has vowed to veto both of the bills. This week the House will take up the Regulations from the Executive In Need of Scrutiny (REINS) Act (HR 10) introduced by Rep. Geoff Davis (R-KY), which would require Congressional approval for any regulation with an economic impact of more than \$100 million.

#### Legislation Introduced

Senator Dick Lugar (R-IN) led a group of Senate Republicans in introducing legislation (S. 1932) November 30 that would require President Obama to issue a permit no later than 60 days after the bill's enactment to build the Keystone XL crude oil pipeline between Alberta, Canada, and the U.S. Gulf Coast. The North American Energy Security Act would also incorporate a supplemental environmental study by

Nebraska into the permit. Congressman Denny Rehberg (R-MT) introduced companion legislation (H.R. 3537) December 1. Speaker of the House John Boehner (R-OH) said last week that the legislation would be included as part of the unemployment and tax-holiday package.

On December 2, Representative Lee Terry (R-NE) introduced the North American Energy Access Act, (HR 3548) that would give the Federal Energy Regulatory Commission, as opposed to the State Department, authority to approve the proposed Keystone XL oil pipeline from Canada to Texas, and House Speaker John Boehner (R-OH) has promised that the bill will be included in a payroll tax extension package Congress is working on before the December 16 adjournment.

Senators Sherrod Brown (D-OH) and Olympia Snowe (R-ME) introduced legislation (S. 1937) December 1 to extend the nonbusiness energy property credit to include the insulation component of insulated siding.

#### Upcoming Hearings

On December 6, The House Homeland Security Subcommittee on Cybersecurity, Infrastructure Protection, and Security Technologies will discuss possible cybersecurity reform measures.

The Senate Energy and Natural Resources Committee will hold a confirmation hearing for Arunava Majumdar's nomination to be Undersecretary at the Department of Energy.

On December 6, the House Transportation and Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials Transportation will hold a hearing on high speed rail, specifically the administration's High Speed Intercity Passenger Rail Program.

#### **Administration**

##### \$4 Billion for Buildings

President Barack Obama and former President Bill Clinton announced \$4 billion in federal and private green building investments December 2. The latest installment of the Better Building Initiative will benefit both energy efficiency and job growth by way of a \$2 billion commitment through a presidential memorandum to energy upgrades of federal buildings using long-term energy savings to pay for up-front costs and a \$2 billion commitment from 60 chief executive officers, mayors, university presidents, and labor leaders for energy performance upgrades by a minimum of 20 percent by 2020 in 1.6 billion square feet of buildings.

##### EV Standards

The United States, European Union, and Japan agreed to develop common environmental and safety standards for electric vehicles last week. The nations reached their agreement at the 155th session of the U.N. Economic Commission for Europe's World Forum for Harmonization of Vehicle Regulations in Geneva November 15-18.

##### US-EU Energy Council

Secretary of State Hillary Clinton and Energy Secretary Steven Chu co-hosted the US-EU Energy Council meeting last week, meeting with top European energy officials as tension continues to escalate between the U.S. and Europe over energy issues. In a joint statement released November 29, participants renewed their commitment to continued cooperation on energy for mutual security and prosperity, the importance of leading-edge energy technologies in creating jobs and fostering economic growth, and facilitating the Trans-Atlantic trade in energy products and services.

#### **Department of Commerce**

##### Chinese Solar Trade Investigation

The six International Trade Commissioners voted unanimously December 2 that the U.S. solar manufacturing industry is being harmed by Chinese subsidies. As a result of the Commission's affirmative determination, the Department of Commerce will continue to conduct its antidumping and countervailing

duty investigations on imports of solar products from China, with a preliminary countervailing duty determination due around January 12, and a preliminary antidumping duty determination due around March 22. Led by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products, fourteen Chinese solar PV companies held a press conference in Beijing November 29 in an attempt to present a united front against the antidumping and countervailing duty investigations. The companies claim that their sales in the U.S. market continue to expand not because of subsidies or dumping of products, but because of competitive market advantages. China launched its own investigation November 25 into whether U.S. policy has harmed China's solar, wind, and hydropower energy industries. China's investigation is scheduled to conclude shortly after the Commerce Department completes the second of two inquiries in May.

#### Sun Edison Files China Comments with International Trade Commission

Sun Edison filed comments with the International Trade Commission arguing that the imposition of duties will see increased input prices for their products and drive down demand for solar in the United States.

### **Department of Energy**

#### \$12 Million for Rooftop Solar

The Department of Energy's SunShot Initiative, Energy Secretary Steven Chu was joined by SunRun president Lynn Jurich and Saint Paul Mayor Chris Coleman December 1 to announce \$12 million in funding for the awardees of the Rooftop Solar Challenge. The Challenge supports 22 regional teams to spur solar power deployment by streamlining and standardizing permitting processes and improving finance options to reduce barriers.

#### FutureGen to Purchase Portions of Plant

The FutureGen Alliance announced November 28 that it is negotiating to buy portions of an Illinois oil-fired power plant targeted for a carbon storage facility. The alliance hopes to purchase portions of the Meredosia Energy Center from Ameren Energy Resources Company, which will back out of the FutureGen 2.0 project at the end of the year. Ameren has a \$1 billion cooperative agreement with the Department of Energy that the FutureGen Alliance is asking to be transferred as part of the sale agreement negotiations, and the Department of Energy is partially funding the project.

#### \$230 for Job Website

The Department of Energy awarded a \$230,000 contract to the Association of Energy Services Professionals December 1 to develop a website on energy efficiency jobs. Though the agency has prohibited the listing of actual position openings, the website will include information on what training and education is needed to get a job as well as a listing of job descriptions.

#### Efficiency Case Studies and Guides

On November 28, the Department of Energy announced new case studies and online resources available to local governments that are designing, expanding, and enabling residential energy efficiency programs across the country. Using real-world results from the agency's Better Buildings Neighborhood Program, the case studies and step-by-step guides outline a framework for successful energy efficiency upgrade programs.

#### US-EU EV Cooperation

Officials from the United States and the European Union outlined November 29 at the conclusion of the annual Transatlantic Economic Council their efforts to advance cooperation on electric vehicles. The objective of the plan is to develop coherent and compatible standards for electric vehicles and smart grids that can be adopted in relevant international forums, including two electric vehicle and smart grid interoperability centers, and the European Commission's Joint Research Center and the Department of Energy initiated an agreement to develop common energy efficiency specifications for office equipment based on the U.S. Energy Star program.

#### Bloomberg Analysis of 1705 Project Viability

Bloomberg Government released a new study analyzing the viability of all of the Department of Energy's 1705 loan guarantees, and found that 87% of the loan guarantees are power generation projects that are unlikely to fail since DOE required long-term sales commitments for the generated electricity before loan guarantees would be issued. The remaining 13% went to manufacturing, fuel production and energy storage projects without long-term sales contracts required by the loan guarantee program.

## **Department of Interior**

### RE Expedited on Tribal Lands

The Department of Interior issued a proposed regulation November 28 to expedite solar and wind projects on Indian tribal lands. The proposal changes 1955 regulations that govern surface leasing on 56 million acres of Indian land held in trust by the federal government, and make it easier for tribal members to obtain leases for homes and businesses. The proposal calls for the Bureau of Indian Affairs to approve renewable energy projects and business leases within 60 days and review home mortgages in 30 days.

## **Department of State**

### Environmental Groups Urge Clinton to Support Durban Road Map

On November 29, Earthjustice, the Natural Resources Defense Council, the Sierra Club, and thirteen other environmental groups sent a letter to Secretary of State Hilary Clinton urging U.S. flexibility at the upcoming 17th Conference of the Parties (COP-17) to the U.N Framework Convention on Climate Change in Durban on the issue of stalling talks until China commits to significant reductions, calling such a rigid negotiating position extremely problematic. The groups urged Clinton to support a road map requiring an agreement no later than 2015 to be ratified by each nation at the most two years later. However, most people familiar with the talks say that the likelihood of a deal being reached by the time the conference ends on December 9 is very unlikely.

## **Department of Transportation**

### Volt Investigation

The National Highway Traffic Safety Administration announced November 25 that it will open a formal safety defect investigation into fire risks involving General Motor Company's Chevrolet Volt electric vehicles. The inquiry comes after recent testing showed evidence that damage to the car's lithium ion battery during a crash could cause a fire days or weeks afterward. The NHTSA is working with the Departments of Defense and Energy as well as GM to assess the cause of the latest fire, but it is too soon to tell whether the investigation will lead to a recall of any vehicles or parts.

## **Environmental Protection Agency**

### NSP Deadline Negotiations

After an informal deadline for the discussions between the Environmental Protection Agency and states and environmental groups expired November 30, the agency announced that it was still in negotiations to propose a new deadline for greenhouse gas emissions limits on power plants. The agency had agreed to issue new source performance standards for GHG emissions from power plants as part of a court settlement with several states and environmental groups, but missed the original July 26 deadline as well as the extended September 30 deadline. The final rule is due May 26, 2012. The agency sent the proposed rule to the White House Office of Management. The agency will also miss a December 15 court deadline to propose new source performance standards for greenhouse gas emissions from petroleum refineries, but the final rule is due November 15 of next year.

### Climate Change Water Effect Handbook Released

The Environmental Protection Agency, U.S. Army Corps of Engineers, California Department of Water Resources, and Resources Legacy Fund released a publication December 1 to help water resource managers plan for the impact of climate change. The *Climate Change Handbook for Regional Water Planning* outlines a framework for addressing water-related climate impacts, including extreme weather events and temperature changes on water quality and availability.

### Boiler MACT Reconsidered

The Environmental Protection Agency released draft rules December 2 to reduce mercury and other toxic air pollution from industrial boilers and incinerators. The proposed reconsideration of standards, initially released this February in compliance with a court order, reflects extensive analysis, review, and consideration of data and input from states, environmental groups, industry, lawmakers, and the public, and would set emission limits for less than one percent of boilers while increasing the rule's flexibility and addressing compliance concerns. The agency will issue the final standards by spring 2012.

### Reporting Deadline Extended

The Environmental Protection Agency published a final rule November 29 in which it postponed for six months the 2012 deadline for 12 industries to report their greenhouse gas emission so that industries could familiarize themselves with the agency's electronic greenhouse gas reporting tool. The additional time applies to industries required to begin collecting GHG emissions data in 2011, who must now report by September 28, 2012. The final rule takes effect December 29 and also requires industries to report alternate monitoring methods.

### \$1.2 Million for Brownfields

The Environmental Protection Agency published a notice November 29 announcing that it will consider requests of up to \$1.2 million in supplemental funding in fiscal year 2012 for state and tribal response programs to clean up brownfield sites.

### Court Rules on Texas, EPA Lawsuits

On December 1, the U.S. Court of Appeals for the District of Columbia Circuit issued an order allowing lawsuits challenging the Environmental Protection Agency's takeover of Texas greenhouse gas permitting can go ahead without waiting for resolutions in separate cases challenging the EPA's GHG endangerment finding, car and truck emissions standards, and a rule limiting greenhouse gas permitting to the largest industrial sources. The court also set a January 27 deadline for parties in the Texas lawsuits to submit proposals for briefing the case. In a separate order on the same day, the court set a briefing schedule and consolidating separate Texas lawsuits challenging a rule from the EPA requiring states to include greenhouse gas permitting requirements in their implementation plans.

### EPA Proposes Boiler Rule Changes

On December 2, after a review of industry data, the Environmental Protection Agency proposed replacing numeric emissions limits for dioxins with work practice standards changes as part of the agency's air toxics standards for boilers and incinerators. EPA also released proposed changes to its March final rules provide area source boilers and solid waste incinerators more compliance flexibility, and reiterated that the regulations would only cover less than 1% of the nation's 1.5 million boilers. EPA is planning on finalizing the rules by the spring of 2012.

## **Federal Energy Regulatory Commission**

### Reliability Considered

At a two day Federal Energy Regulatory Commission conference November 29-30, industry officials said that the North American electric industry will change dramatically over the next 10 years as it integrates more generation from natural gas and renewable energy while reducing reliance on coal. The conference began a day after the North American Electric Reliability Corporation released its annual update on electric reliability and just before the Environmental Protection Agency is expected to finalize new clean air and water rules affecting power plants. The first day of the conference focused on the compliance and enforcement of reliability standards for the bulk power grid, and the second focused on the impact of proposed EPA regulations. According to a November report prepared for the Clean Energy Group's Clean Air Policy Initiative, the Clean Air Act provides sufficient ways to ensure the reliability of the electricity system when Environmental Protection Agency air toxic and Cross-State Air Pollution rules go into effect. The report, *Ensuring a Clean, Modern Electric Generating Fleet while Maintaining Electric System Reliability*, is in part response to the significant criticisms of the two rules, including one released by the North American Electric Reliability Corporation that charges that the rules could result in lost electric

generation. The Department of Energy issued a report December 1 affirming that the Utility MACT and Cross-State Air Pollution rules would not jeopardize electric reliability.

### **Government Accountability Office**

#### GAO Efficiency Study Critical of Agencies

On December 2, The Government Accountability Office released "Green Building: Federal Initiatives for the Nonfederal Sector Could Benefit from More Interagency Collaboration" detailing how only one-third of eleven existing initiatives within the federal agencies aimed at fostering "green building" in the nonfederal sector have performance measures. The report recommends greater collaboration on identifying performance data so that the government can determine what the initiatives are accomplishing. GAO recommended the heads of the EPA, Department of Energy, and the Department of Housing and Urban Development take the lead in pulling in developing performance measurements. Senators Tom Carper (D-DE) and Scott Brown (R-MA), the chairman and ranking member, respectively, of the Senate Homeland Security and Governmental Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security requested the report.

### **Personnel**

President Obama nominated Arun Majumdar, director of the Department of Energy's Advanced Research Projects Agency-Energy, for Undersecretary of Energy November 29. The Senate Energy and Natural Resources Committee will consider his nomination December 8.

### **Miscellaneous**

#### 2011 10th Warmest Year

The World Meteorological Organization released a provisional statement November 29 that found that 2011 is set to become the 10th warmest year on record. The Statement on the Status of the Global Climate concluded that despite a strong cooling influence of the La Niña effect in the eastern tropical Pacific, combined sea surface and land surface air temperature between January and October 2011 averaged 0.41 degrees Celsius above the 1961-1990 annual average of 14°C.

#### China's GHG Reductions

The Institute of Global Low-Carbon Economy, the University of International Business and Economics, and the Social Sciences Academic Press published a report November 28 that concluded that China reduced its greenhouse gas emissions by 1.5 billion tons between 2006 and 2010, the most of any country over the four-year period. Researchers found that China reduced its energy intensity by 9.1 percent last year from a 2005 baseline by closing inefficient thermal power plants and industrial projects like steel factories and cement plants and increasing renewable energy usage.

#### Indian Wind Laws

The Madras High Court of the state of Tamil Nadu ruled November 17 that windmills fit the definition of factory in the state's local government law and may only be installed after developers obtain permission from the relevant local governments. The state is the nation's largest producer of wind power, and producers and project developers are now required to seek permission from local village governments before they install windmills.

#### Canadian Air Regulations

Canada's Environment Minister Peter Kent said November 28 that the Canadian government will renew its Clean Air Regulatory Agenda and provide \$583 million over the next five years to support efforts to promote harmonization of emissions standards with those in the United States and reduce greenhouse gas emissions. The funding will also strengthen commitments under the Canada-U.S. Air Quality Agreement, finalize a national air quality management system, improve indoor air quality, and implement a nationwide Air Quality Health Index. Canada also introduced draft regulations on emissions from coal-fired electricity generation to help eliminate mercury and other airborne toxins.



#### Canada Polar Bear Listing Challenged

The Center for Biological Diversity filed a petition with the North American Commission for Environmental Cooperation alleging failure by Canada to effectively enforce biodiversity legislation by not adequately protecting polar bear populations. The petition contends that Canada failed to properly enforce its Species at Risk Act by listing polar bears as a species of special concern, which provides no substantive protection.

#### 2 Percent Cause Half the Damage

The European Environmental Agency released a report November 24 finding that half of the health and environmental harm caused by air pollution in the European Union is caused by less than 2 percent of roughly 10,000 large power stations and industrial facilities that reported data for releases to the air. 191 facilities are responsible for as much as \$114 billion in costs out of a total of up to \$227 billion.

#### CA RPS Adopted

The California Public Utilities Commission adopted requirements December 1 for utilities to purchase certain amounts of renewable energy to meet a 2020 goal to generate a third of the state's electricity from solar, wind, geothermal, and other renewable sources. The commission adopted renewable portfolio standard requirements for all retail sellers in 2011-2013 (20 percent), 2014-2016 (25 percent), and 2017-2020 (33 percent) rather than setting annual targets.

#### Additional \$200 Million for Solar Financing

The California Public Utilities Commission approved augmenting the budget for the California Solar Initiative program by \$200 million to guarantee financing for nonresidential solar installations. As enacted in 2007, the initiative established a \$3.35 billion program, funded by ratepayers, to encourage solar installations on homes and businesses over 10 years, but Senate Bill 585, signed in September, made an additional \$200 available through the initiative after Pacific Gas and Electric Company and San Diego Gas and Electric Company exhausted available funds.

#### Proposed Canadian Diesel Sulfur Standard Changes

On December 2, Environment Canada said that proposed amendments to the regulations under the Canadian Environmental Protection Act would strengthen Canada's Sulfur in Diesel Fuel Regulations by requiring significant reductions in the sulfur emissions from vessels operating in Canada's territorial waters and harmonize Canadian standards with the United States. The sulfur limit for fuel used in locomotives, smaller ships, and stationary diesel engines would also be reduced, but most importantly the proposed amendments would require ships weighing more than 400 gross metric tons to burn diesel fuel with a maximum sulfur content of 1,000 milligrams per kilogram (mg/kg), as opposed to the 25,000 mg/kg in currently available heavy fuels. Diesel locomotives and smaller ships sulfur levels would be reduced to 15 mg/kg from 500 mg/kg, effective June 1, 2014, and small and large stationary engines would be reduced to 15 mg/kg and 1,000 mg/kg, respectively, effective June 1, 2012, and June 1, 2014, respectively. All of the proposed changes would harmonize US and Canadian standards.