



## ML Strategies Update

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## Energy & Environment Update

### ENERGY AND CLIMATE DEBATE

Last week there was the glimmer of progress on the Senate bipartisan energy bill, with a hotline request to approve a number of amendments. This came after a compromise agreement announced by Senator Inhofe (R-OK) and Senator Stabenow (D-MI) on addressing the water crisis in Flint, MI. The Flint legislation (H.R. 4470) would strengthen the Environmental Protection Agency's authority to notify the public when lead levels in drinking water violate federal standards, and provide \$250 million in aid to Flint and other places around the country with contaminated drinking water. A vote on H.R. 4470 would come after work on the energy bill is completed; however a hold on the energy legislation by Senators Lee (R-UT) and Vitter (R-LA) has slowed the process and the Senate Budget Committee has determined that the Flint proposal would increase federal spending and therefore needs to be changed before it can proceed.

Also making progress last week in the Senate was the Pipeline and Hazardous Materials Safety Administration (PHMSA) reauthorization bill, but that stalled and will instead be taken up this week. The Senate reauthorization measure would run through 2019 and includes provisions directing the agency to complete several overdue safety rules.

The House on February 29 held a series of suspension votes – requiring a two-thirds majority for non-controversial legislation – on several bills including legislation to remove archaic terms for minorities from the Department of Energy Organization Act, a bill that exempts lighting-related devices under Department of Energy efficiency standards for external power supplies, a nuclear bill related to computational research and a new DOE facility for nuclear materials testing, and a workforce training measure.

In addition to floor activity, there are a number of hearings this week related to energy and environment.

### CONGRESS

#### Upcoming Hearings

The House Appropriations Committee will hold a hearing March 1 on the Department of Energy Budget.

The House Natural Resources Committee will hold a hearing March 1 on the Department of the Interior Budget.

The House Energy and Commerce Committee will hold a hearing March 1 on Pipeline Safety.

The House Energy and Commerce Committee will hold a hearing March 2 on the Department of Energy Budget.

The House Appropriations Committee will hold a hearing March 2 on the Department of the Interior Budget.

The House Appropriations Committee will hold a hearing March 2 on the Department of Energy Science Budget.

The House Science, Space and Technology Subcommittee on Energy and Subcommittee on Oversight will hold a hearing March 3 on the DOE Loan Guarantee Program.

The Senate Energy and Natural Resources Committee will hold a hearing March 3 on the Department of Energy Budget.

### **Senators Question State Department Budget Request for Climate Aid**

At a February 23 hearing on the [Department of State's FY2017 budget request](#) doubts were cast on the president's request for \$1.3 billion for the Global Climate Change Initiative, including \$750 million for the Green Climate Fund's efforts to assist developing nations in adapting to the impact of climate change. The \$750 million request would help fulfill a pledge the U.S. made in 2014 to provide a total of \$3 billion over four years toward an international Green Climate Fund, in hopes of bringing developing nations to the table for a global climate deal.

### **Trade Organizations Oppose Carbon Tax**

Twenty three free trade organizations sent a [letter](#) February 24 to House Majority Whip Steve Scalise urging Congress not to pursue a carbon tax.

### **New House Bill for Carbon Capture and Sequestration Tax Credit**

[Legislation](#) introduced Feb. 25 by Rep. Mike Conaway (R-Texas) would permanently extend a tax credit meant to boost the nascent carbon capture and sequestration industry, which is seen by many as crucial to address climate change. The bill would permanently extend the tax code provision—Section 45Q (26 U.S.C. §45Q)—and also increase the credit per ton of carbon dioxide stored to \$30 per ton by 2025

### **Bicameral Legislation Introduced on Fuel Economy Tax Credits Fraud**

Democratic members of the House and Senate introduced legislation February 25 that would establish additional penalties for automakers that fraudulently obtain fuel economy tax credits stemming from cheating on emissions control requirements. The bills, introduced by Reps. Pallone (D-NJ) and Rush (D-IL) and Sens. Markey (D-MA) and Blumenthal (D-CT), also would disallow auto manufacturers that circumvent emissions standards from obtaining CAFE credits and establish a fund that would allocate fines collected from automakers that violate the Clean Air Act toward programs to restore and improve air quality.

### **House Pipeline Safety Reauthorization**

As noted above, the House Energy and Commerce Committee will hold a [hearing](#) March 1 on draft legislation to reauthorize the Pipeline and Hazardous Materials Safety Administration. The draft legislation reauthorizes the agency for an unspecified period of time and also includes language directing the agency to complete overdue rulemakings that have been mandated by Congress.

## **ADMINISTRATION**

### **Morton to Succeed Bodnar at National Security Council**

On February 24, the White House announced a successor to Paul Bodnar, departing senior director for energy and climate change at the National Security Council. He will be replaced by John Morton, who previously served as COO of the Overseas Private Investment Corporation.

### **National Security Advisor Meets with Chinese Counterpart**

Also on February 24, National Security Advisor Susan Rice met Chinese Foreign Minister Wang Yi at the White House where the two discussed, among other topics, the two countries' cooperation in battling climate change. China and the U.S. are the top two emitters of carbon dioxide.

### **DoD called Prime Example of Federal Sustainability**

On February 25 the nation's chief sustainability officer Christina Harada praised the Department of Defense for its efforts to mitigating its impact on the environment, saying that the department is working within the scope of the federal government's operations because of its ability to translate such concerns into "mission language".

### **White House Hosts National Governors Association**

President and Mrs. Obama on February 22 hosted a reception for the National Governors Association at the White House. In his [remarks](#), President Obama discussed national energy policy and climate change.

## DEPARTMENT OF ENERGY

### 53 Gigawatts of Renewable Power Expected from Tax Credits

In a [report](#) released last week by the DOE, incremental RE capacity driven by the tax credit extension is estimated to peak at 53 GW in 2020. Additionally, tax credit extensions are expected to save 540 million metric tons of electric sector CO2 emissions.

### DOE Launches \$40 Million Effort to Improve Materials for Clean Energy Solutions

The DOE last week [announced](#) the launch of its Energy Materials Network (EMN). EMN will focus on tackling one of the major barriers to widespread commercialization of clean energy technologies: the design, testing, and production of advanced materials.

### ARPA-E Energy Innovation Summit

The seventh annual [ARPA-E Energy Innovation Summit](#) is held February 29 – March 2 at the Gaylord National Hotel and Convention Center in suburban Washington, DC. The summit brings together experts from different technical disciplines and professional communities to think about America's energy challenges in new and innovative ways.

## ENVIRONMENTAL PROTECTION AGENCY

### EPA Releases Greenhouse Gas Emissions Report

The Environmental Protection Agency said in a draft [report](#) released February 22 that domestic greenhouse gas emissions rose 0.9 percent from 2013 to 2014, with carbon dioxide accounting for 81 percent of overall greenhouse gas emissions. Overall emissions increased by 7.7 percent from 1990 to 2014, according to the draft Inventory of U.S. Greenhouse Gas Emissions and Sinks.

### EPA Announces Request for Proposal for the Clean Diesel Funding Assistance Program

On February 25, the EPA announced it would begin accepting [RFPs](#) in respect to FY2016 Clean Diesel Funding Assistance Program through the Diesel Emissions Reduction Act. The RFP will remain available until April 26 and total funding sits at \$26 million.

### Without Clean Power Plan, United States to Lose 50 Gigawatts of Wind and Solar Power

Up to 50 gigawatts of wind and solar installations might not happen if courts ultimately overturn the Clean Power Plan, the Rhodium Group said in a [report](#) released on February 25. Total installation of renewables would be much lower without the CPP, which has been put on hold pending judicial review. The report also suggested that without the carbon constraints of the EPA rule, which would reduce how often coal generation can be called on, renewables are more likely to displace natural gas combined cycle generation than coal power.

### Members of Congress File Amicus Brief against Clean Power Plan

On February 24, more than 200 members of Congress filed an [amicus brief](#) under the premise that the EPA and President Obama's Clean Power Plan overstep their established authorities under the Clean Air Act. The Clean Power Plan has come under intense scrutiny by both lawmakers and industry since its introduction last year.

### Obama Administration Plan for Chesapeake Bay Stands

The Supreme Court on February 29 declined to hear an appeal of a decision by a lower court upholding the Environmental Protection Agency's cleanup plan for the Chesapeake Bay. The request came from 22 states and the American Farm Bureau Federation. The court's decision means that the decision by the 3rd U.S. Circuit Court of Appeals will remain in place.

## INTERNAL REVENUE SERVICE

### IRS Seeks Comment on Plug-In Electric Vehicle Credit

The IRS is seeking comments on [Notice 2009-58](#), which provides procedures for a vehicle manufacturer to certify that a vehicle meets tax code Section 30 requirements for the credit, and to certify the amount of the credit available with respect to the vehicle.

## INTERNATIONAL

### Environmental Groups Call for "Climate Test" for Energy Products

Current modeling from the Energy Information Administration and other analytical organizations that is used to assess new projects does not take into account the most recent projections based on the Paris climate commitments, according to a joint briefing [note](#) published by the Sierra Club, the Natural Resources Defense Council, 350.org, Environmental Defense, and other groups. The groups argue that the U.S. and Canada should

agree to a new “climate test” ahead of the Canadian prime minister’s U.S. visit next month.

### **Mexican President Announces Transmission Line for Renewable Power**

Mexican president Enrique Nieto announced that in the second quarter of 2016 the Mexican Federal Electricity Commission will put the first high-voltage, direct-current power line for clean energy to tender, with private participation, under the nation’s energy reform program.

### **Canada Allocates \$123 million to Green Climate Fund**

On February 19 Canada allocated \$123 million USD to the United Nation’s Green Climate Fund to help developing countries prepare for and deal with the effects of climate change.

### **Argentina Touts Opportunities for Energy Investment**

Argentina’s Secretary of Trade Miguel Braun gave remarks at the Atlantic Council in Washington, DC February 23, stating that his country needs as much as \$230 billion in energy sector investment over the next decade, and noting that the capacity for solar and wind in Argentina is significant.

### **List of Nation’s at Risk from Climate Change Poised to Grow**

The number of the world’s nations that are the most susceptible to risk from global climate change, the Vulnerable 20 (V-20), could more than double when the group meets April 15-17 during International Monetary Fund and World Bank meetings in Washington, DC. Current V-20 nations are Afghanistan, Bangladesh, Barbados, Bhutan, Costa Rica, Ethiopia, Ghana, Kenya, Kiribati, Madagascar, Maldives, Nepal, Philippines, Rwanda, Saint Lucia, Tanzania, Timor-Leste, Tuvalu, Vanuatu, and Vietnam. 23 other nations have asked to join the group.

## **STATES**

### **Nevada’s Crescent Dunes Solar Energy Project Achieves 24-hour Operational Status**

The Crescent Dunes Solar Energy project has completed its first tests and has shown capability of delivering a full load of 110 megawatts, or enough to provide electricity to about 75,000 homes. The molten salt receiver can generate dispatchable solar electricity 24 hours a day.

### **Maine Considers Rooftop Solar Net Metering Legislation**

The Maine legislature is being encouraged by utilities and solar advocates to approve legislation that would end rooftop solar net metering in the state, replacing it with a mandate for the state to procure as much as 248 MW of new residential, community, and large-scale solar generation via long-term contracts over a five-year period.

### **States Ask SCOTUS for Stay on Mercury Ruling**

On February 23 a coalition of 20 states led by Michigan asked the U.S. Supreme Court to stay implementation of a multibillion-dollar rule to limit mercury emissions from power plants, a development that attorneys said will test the high court’s willingness to provide petitioners with administrative relief from environmental regulation.

### **New York City to Explore Use of Solar Panels**

Also on February 25, the New York City Council passed a unanimous [bill](#) requiring the city to examine its buildings for potential use of solar panels. If the city finds that it has the ability to put solar on a building, it will be required to do so by law.

### **Arizona Net Metering for Rooftop Solar**

Arizona utility company UNS Electric is before the Arizona Corporation Commission March 1 to argue for lower net metering rates. The company, a subsidiary of Unisource Energy Services, is expected to argue for reduced payments to rooftop solar customers who have overproduced power as well as for the authority to impose an increased monthly fee.

## **MISCELLANEOUS**

### **NAS Report on Coastal City Flooding**

On February 22 a [study](#) published in the Proceedings of the National Academy of Sciences and research conducted by Climate Central indicated that the increasing frequency of U.S. coastal city flooding could be attributed in part to manmade climate change.

### **Growth Expected in Utility-Scale Solar**

GTM Research released a [report](#) March 1 titled “The Next Wave of U.S. Utility Solar: Procurement Beyond the RPS” projecting a significant increase in total U.S. utility-scale solar capacity in 2016 as a result of reduced project costs and federal tax incentives.

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