



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

As Congress returns from recess, the House and Senate continue to unveil more details about their spring agendas.

The Senate's recent action in quickly passing the Child Care Development Block Grant Program signals a renewed interest in moving other bipartisan measures through the chamber in the coming months. Though their first order of business this week will be to resume work on the Ukraine aid bill (S. 2124) and to consider unemployment benefits (S. 2148), we anticipate a swift turn to a new round of bipartisan measures, including energy efficiency (S. 2074) and manufacturing (S. 1468) legislation. Also, pending, of course, is debate on a broader economic agenda, including a bill (S. 1737) to raise the minimum wage, about which there is less bipartisan agreement.

The House may consider its own version of Ukrainian aid legislation (H.R. 4278) this week, and will debate a coal ash disposal bill (H.R. 2824).

Also this week, House and Senate committees will continue their consideration of President Obama's fiscal year 2015 budget request. The Senate Environment and Public Works Committee will hold a hearing March 26 on the president's Environmental Protection Agency budget request. Several House committees will hold budget hearings this week. The House Appropriations Committee's energy and water panel will hold a hearing March 25 on the Department of Energy's applied energy funding. The same day, the House Appropriations' Interior panel will hold a hearing on the Department of Interior fiscal year 2015 budget request. The House energy and water appropriations' panel will hold a hearing on the Department of Energy's science budget. The House Natural Resources water and power subcommittee will hold a hearing on the budgets of the Bureau of Reclamation, the power marketing administrations, and the U.S. Geological Survey's water program. The following day, the House Appropriations' energy and water panel will hold a hearing on the U.S. Army Corps of Engineers budget. The House Science Committee will hold a hearing on science agency budgets. The House Appropriations energy and water subcommittee will hold a hearing on the Bureau of Reclamation budget. On March 27, the House Appropriations' Interior-EPA subcommittee will hold a hearing on the Environmental Protection Agency's budget request.

Meanwhile, White House Council of Economic Advisers Chair Jason Furman said last week that the administration's top seven legislative priorities for the year begin with a budget, transportation reauthorization, and corporate tax reform, and continue through housing and trade agreements, raising the minimum wage, and

addressing immigration reform.

CONGRESS

ENR Staffing Continues

Senate Energy and Natural Resources Chair Mary Landrieu (D-LA) continues to add staff to the committee. New additions from off the Hill are general counsel Herman Gesser III, who was an aide to the senator for ten years before returning to Louisiana in 2007; and Senior Professional Staffer Elizabeth Weiner, a former aide to the senator who is currently at the Environmental Defense Fund's Mississippi River Delta restoration campaign. Senator Landrieu is moving five of her current staffers over to the committee: Renae Black, Luke Theriot, Clayton Allen, Kristen Granier, and Afton Zaunbrecher.

Environmental Goods Talks

U.S. Trade Representative Michael Froman [notified](#) Congress March 21 of plans to negotiate an agreement with China, the European Union, and other countries to eliminate tariffs on a number of environmental goods, including wind turbines, solar panels, and catalytic converters.

PTC and ITC Support

Senators Mark Udall (D-CO) and Chuck Grassley (R-IA) were joined by two dozen colleagues March 21 in sending the Senate Finance Committee a [letter](#) urging the committee to extend the production tax credit and investment tax credit as part of a tax extenders package. The same day, 118 House members led by Representatives Dave Loebsack (D-IA) and Steve King (R-IA) sent a similar [letter](#) to the House Financial Services Committee.

Tax Extenders Forthcoming

The Senate Finance Committee will begin work on a tax extenders package at the beginning of April. The committee is likely to vote during the week of March 31 whether to revive the expired provisions. The panel has not decided whether to extend the tax breaks through the end of this year or 2015, though they are likely to be retroactively applied to the beginning of this year in either case. Finance Committee Chair Ron Wyden (D-OR) may also exclude or refine some of the 55 measures in an effort to produce a bipartisan bill. The House Ways and Means Committee will hold hearings on tax extenders programs in April.

Legislation Introduced

Senator Heidi Heitkamp (D-ND) introduced legislation March 24 increasing funding for carbon capture and storage projects. The measure allocates \$2 billion in Department of Energy loans, and increases tax credits.

Upcoming Hearings

The Senate Energy and Natural Resources Committee will hold a hearing March 25 on energy imports, exports, and jobs issues.

The House Foreign Affairs Committee will hold a hearing March 25 on the geopolitical potential of the domestic oil and gas boom.

The same day, the House Energy and Commerce Subcommittee on Energy and Power will hold a hearing on Representative Cory Gardner's (R-CO) LNG export legislation (H.R. 6).

The House Natural Resources Committee will hold a hearing March 26 on the administration's enforcement of wildlife laws and its impact on domestic energy production.

ADMINISTRATION

Green Infrastructure Critical for Resiliency

White House policy adviser on social innovation and finance David Wilkinson said March 18 that green infrastructure will help cities and towns become more sustainable and their infrastructure more resilient as the climate changes. He and Nancy Stoner, Environmental Protection Agency acting assistant administrator for water, emphasized the need to use public-private partnerships to undertake green infrastructure projects even as federal funding remains limited.

Accessible Climate Data

The National Oceanic and Atmospheric Administration, the National Aeronautics and Space Administration, and other federal agencies released data March 19 to [climate.data.gov](#) in an initiative to make federal climate data more

accessible to local businesses and communities preparing for climate change impacts. The first batch of data will focus on coastal flooding and sea level rise. The database is expected to expand over time to include information on climate issues ranging from energy infrastructure, human health, and food supply.

Podesta's Efforts

White House adviser John Podesta said March 19 that the administration is developing its post-2020 climate plan as it prepares for the 2015 international climate change negotiations in Paris. Mr. Podesta, who disclosed that he spends about 50 percent of his time working on climate issues, declined to say whether the administration would have time to pursue greenhouse gas regulations for other sectors, saying that standards for new and existing power plants remain a top priority. He also said that the administration would soon move forward with new energy efficiency measures.

DEPARTMENT OF COMMERCE

Energy Export Financing

The Renewable Energy and Energy Efficiency Advisory Committee announced March 20 that it would hold a meeting April 8 to consider recommendations on financing renewable energy and energy efficiency exports. The committee provides the commerce secretary with private-sector advice on the development and administration of policies and programs to enhance the global competitiveness of the American energy efficiency and renewable energy industries.

DEPARTMENT OF ENERGY

Methanol as Vehicle Fuel

Department of Energy Vehicles Technologies Office Director Patrick Davis told the 2014 Methanol Policy Forum March 18 that methanol shows significant benefits as a transportation fuel but lacks sufficient infrastructure. He said that it could take a decade to sell enough methanol-fueled vehicles to make infrastructure investments economical.

LNG Exports Approved

The Department of Energy conditionally approved March 24 the Jordan Cove liquefied natural gas facility to export the fuel to non-free-trade agreement countries. The facility would be allowed to export up to 0.8 billion cubic feet of natural gas a day for 20 years. Energy Secretary Ernest Moniz said March 21 that natural gas export licenses are approaching the limits of what the United States can be expected to sell in the global market, but cautioned that the Ukrainian crisis could encourage the Obama Administration to rethink its energy export strategy.

DEPARTMENT OF INTERIOR

Staff Transition

Interior Secretary Sally Jewell's chief of staff, Laura Daniel Davis, will leave the department at the end of April. Tommy Beaudreau, who currently leads the office of the assistant secretary for land and minerals management and is the director of the Bureau of Ocean Energy Management, will replace her.

DEPARTMENT OF TREASURY

CFIUS Defends Wind Farm Rejection

The Committee on Foreign Investment in the United States filed a brief March 14 in the U.S. Court of Appeals for the District of Columbia Circuit finding that the court should not interfere with a presidential order directing Chinese-owned Ralls Corp. to divest its interest in several wind farm projects in the interest of national security.

ENVIRONMENTAL PROTECTION AGENCY

2014 RFS Requirement Reduction

KiOR Inc., the operator of the first American commercial scale cellulosic biofuel plant revealed in a March 17 Securities and Exchange Commission filing that it may need to file for bankruptcy after closing a biofuel plant in Mississippi this January. Analysts are predicting that the Environmental Protection Agency may reduce its 2014 cellulosic biofuel requirement after the announcement.

RFS Pathways Review

The Environmental Protection Agency [announced](#) March 19 that it would take six months to review its methods for

approving new renewable fuels pathways to streamline the application process. The agency requests that parties wait to submit new pathway applications until after the review is completed.

Diverse Approaches to Meeting GHG Standard Expected

National Association of Regulatory Utility Commissioners Director of Grants and Research Miles Keogh told an ICF International briefing March 20 that states have begun preparing a range of approaches for complying with Environmental Protection Agency greenhouse gas standards for existing power plants, and urged people to keep open minds about unconventional methods of meeting the standards. The agency is scheduled to release the regulation this June.

EPA Upholds LA Permit

The Environmental Protection Agency published an [order](#) March 21 upholding Louisiana's decision to issue greenhouse gas emissions limits in the operating permit for Nucor Corp's iron and steel mill, concluding that limited data were available when the state issued the permit. The Sierra Club and the Louisiana Environmental Action Network had contested the permit in part because it lacked documentation about why reducing natural gas emissions is the best way to reduce greenhouse gas emissions.

Coal Ash Hazards Added

The Environmental Protection Agency added 18 coal ash wet ponds and impoundments to a list March 21 indicating that they pose high or significant hazards to human health or the environment if they fail. The new additions bring the total number of units classified as high or significant hazards to 63.

FEDERAL ENERGY REGULATORY COMMISSION

Order 1000 Defended

The Federal Energy Regulatory Commission argued before the U.S. Court of Appeals for the District of Columbia Circuit March 20 that Order 1000 is the next step for renewable and alternative energy technologies. A ruling, which could come by summer, would determine how far the commission could go to encourage high voltage, long distance transmission lines to accommodate renewable generation.

FEDERAL TRADE COMMISSION

Dynamic Pricing Comment

The Federal Trade Commission's Office of the General Counsel, Office of Policy Planning, and Bureau of Economics [commented](#) March 18 in response to a request from the Commonwealth of Massachusetts Department of Public Utilities that as the state considers a dynamic pricing proposal for residential electricity customers, it must take care to note the nuances of a system in which rates vary over time and are based on wholesale electricity prices and transmission congestion conditions.

NUCLEAR REGULATORY COMMISSION

Magwood to Depart

Nuclear Regulatory Commission member Bill Magwood announced March 19 that he would leave the commission to become director general of the Organization for Economic Cooperation and Development's nuclear oversight program in Paris. The job begins in September.

INTERNATIONAL

Japanese GHG Reduction Plan

Japan's Ministry of Land, Infrastructure, and Transport unveiled a comprehensive environmental action program March 17 identifying steps the country should undertake by 2020 to reduce GHG emissions. The plan is part of the country's new national policy of reducing emissions by 3.8 percent in 2020 compared with 2005 levels, down from its 2009 pledge of a 25 reduction in 2020 compared a 1990 benchmark.

EU-China Solar Deal

German polysilicon producer Wacker Chemie AG [agreed](#) March 18 to not sell its products in China below a minimum price in order to avoid Chinese anti-dumping and countervailing duties. China set final anti-dumping and countervailing duties on imports of the same material from the United States in January.

EU Aviation Emissions

The European Parliament Environment Committee [rejected](#) March 19 a provisional agreement with European Union member states to extend through 2016 an Emissions Trading System exemption for intercontinental flights. The full Parliament will vote on the issue April 3, and is expected to reverse the committee's decision.

RE Financing for the Philippines

The U.S. Export-Import Bank released a [statement](#) March 21 saying that a memorandum of understanding between the bank and the Philippines' Department of Energy would finance United States' exports and services to support the Philippines' renewable energy and liquefied natural gas sectors. The two parties signed the \$1 billion memorandum March 19 in Manila.

EU Seeks Energy Security

In the wake of the Ukrainian crisis, European Union leaders agreed March 21 on the need to enhance energy security and reduce dependence on Russian gas supplies. Russia supplies 30 percent of the bloc's oil and gas supplies. President Obama will visit the region March 26, and the participants in the EU-U.S. summit will consider a range of necessary measures, including natural gas imports via the proposed Transatlantic Trade and Investment Partnership.

EU GHG Reduction Commitments Forthcoming

On March 21, European Union leaders deferred until October any decision on a 2030 greenhouse gas emissions reduction target for the bloc, instead pledging that reductions by that date would be in line with the 80-95 percent reduction target by developed countries by 2050. Discussions on the specific target will continue between member states and the European Commission until then. The commission proposed in January that member states agree to a binding 40 percent reduction from 1990 levels by 2030 target for the bloc, with a renewable energy goal of 27 percent by 2030.

Energy-Water Policy Coordination Necessary

The United Nations World Water Assessment Programme released a report March 21 finding that there is an urgent need to coordinate water and energy management policies. Energy production currently accounts for nearly 15 percent of water withdrawal, and it is expected to rise to 20 percent by 2035.

EU Renewable Energy Assistance

According to draft state-aid guidelines for 2014-2020, the European Union is considering allowing state aid to 62 energy intensive industries to help with the cost of increasing renewable energy. The European Commission will approve April 9 environmental tax reductions if the beneficiaries cover at least 20 percent of the additional costs.

STATES

LA Hydropower Case

The Sabine River Authority, Louisiana, and Entergy Corp. submitted a brief in opposition March 11 to the U.S. Supreme Court arguing that the court should reject a petition by Louisiana landowners seeking review of a U.S. Court of Appeals for the Fifth Circuit ruling that the Federal Power Act preempts property damage claims when hydropower project operators comply with their federal licenses. The group urges the court to deny the petition because there is no circuit split, the decision lacks exceptional importance, and the court applied well-established legal principles to the facts of the case.

CA Climate Law Paves Path Forward

California Air Resources Board Chair Mary Nichols told the Navigating Climate Regulation on Dual Tracks conference March 14 that the state's climate change actions are reducing emissions and offering a guide for federal standards. California is on track to achieve the 80 percent emissions reductions by 2050 called for under its climate law (A.B. 32).

MA Food Disposal Ban

Massachusetts' Executive Office of Energy and Environmental Affairs [announced](#) March 17 that commercial food providers in the state that throw away a ton or more food a week will be required to divert the waste to energy producing or compost facilities beginning this October. Governor Duvall Patrick (D) has begun issuing up to \$1 million in grants to farms and wastewater treatment plants to build composting and anaerobic digestion facilities to process the food waste.

RGGI Adjusts Cap

The Regional Greenhouse Gas Initiative announced March 17 an adjustment to its regional CO2 emissions cap to

account for allowances that have been banked for the past several years. The 2014 cap will be lowered from 91 million tons CO₂ to 82.8 million tons, and reduced again by roughly 22 million tons/year between 2015 and 2020. Reductions are made from each year's baseline cap, not the previous year's adjusted cap.

MI Oil and Gas Taxes

Michigan's legislature approved March 19 a package of bills (H.B. 4885, H.B. 5254, H.B. 5255, and H.B. 5274) lowering taxes on oil and gas that is produced using carbon dioxide for enhanced recovery.

Review of CA Fuel Standard Sought

The Renewable Fuels Association and Growth Energy filed a petition for writ of certiorari March 20 in the U.S. Supreme Court challenging a 2013 U.S. Court of Appeals for the Ninth Circuit decision that reversed a district court's finding that California's low carbon fuel standard discriminates against out of state commerce and is an extraterritorial regulation.

MISCELLANEOUS

Global Warming Poll

A March 6-9 Gallup [poll](#) found that 42 percent of respondents believe that the news media exaggerates the seriousness of global warming, while 33 percent say it is underestimated and 23 percent think that it is generally correct.

Fewer Rainy Days Possible

The Scripps Institution of Oceanography released a [study](#) March 13 finding that the Mediterranean Sea region, parts of Central and South America, and Indonesia may experience 30 more dry days per year by the end of the century because of climate change.

Science Association Expresses Concern over Skepticism

The American Association for the Advancement of Science released a [report](#) March 18 expressing concern about public skepticism over the causes and risks of climate change. The association, which launched a "What We Know" campaign the same day, will call directly for U.S. greenhouse gas emission reductions.

Nuclear Campaign Launched

Former Senators Evan Bayh (D-IN) and Judd Gregg (R-NH) launched a 'Nuclear Matters' [campaign](#) March 19 to build public awareness and support for nuclear energy in the coming years. The nuclear industry wants to preserve and extend the life of the existing nuclear fleet.

Utility Scale Solar Shrinking

First Solar CEO Jim Hughes said March 19 that the company is increasing its efforts to install systems at industrial sites and warehouses, as utilities require smaller solar farms. Pursuing smaller projects and customer-sited systems may increase sales as much as 36 percent over the next three years, while the company received 65 percent of its sales last year from selling large farms to utilities.

Greater, Cheaper Plant Emissions Reductions

The Natural Resources Defense Council released a [report](#) March 20 finding that power plants could achieve greater emissions reductions more cost effectively than previously estimated. The study concludes that power plants could reduce CO₂ emissions by 470 million to 700 million tons a year by 2020 when compared to 2012 levels, providing between \$28 billion and \$63 billion in health benefits.

ExxonMobil Agrees to Carbon Report

ExxonMobil agreed March 20 to report on its plans for a low carbon future in response to a shareholder resolution. The agreement could encourage other energy companies to share more carbon risk information with investors, as similar resolutions filed with 10 other companies await votes.

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