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ENERGY AND ENVIRONMENT UPDATE

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ENERGY AND CLIMATE DEBATE

On April 10, President Obama announced his proposed budget for fiscal year 2014 (FY14) which will begin on October 1 of this year. Both Democrats and Republicans were critical of the proposal, especially on the bigger issues of entitlement spending and taxes. Clean energy and environment spending also had its own share of supporters and criticism. For a more detailed discussion of how the budget impacts energy and environment efforts, see below under the administration section.

CONGRESS

San Onofre SEC Investigation

On March 29, the U.S. Securities and Exchange Commission (SEC) Chairman Elisse Walter responded to a February 21 letter from Rep. Ed Markey (D-MA) on the San Onofre nuclear plant in California. Rep. Markey asserted that plant operator Southern California Edison did not inform investors of faulty steam generator tubes. Chairman Walter said the Commission will examine the information provided. The San Onofre facility has been offline since January 2012.

CRS Electric Vehicles Report

On April 4, the Congressional Research Service (CRS) released a report, *Battery Manufacturing for Hybrid and Electric Vehicles: Policy Issues*, which determined the White House goal of having 1 million plug-in electric vehicles on U.S. roads by 2015 will be “difficult to achieve.” CRS estimated that there are currently 80,000 such vehicles on the road.

San Onofre NRC Investigation

On April 9, Senate Environment and Public Works Chairman Barbara Boxer (D-CA) and Rep. Ed Markey (D-MA) sent a letter to Nuclear Regulatory Commission (NRC) Chairman Allison Macfarlane on the San Onofre nuclear facility. The letter urged the NRC to complete its investigation on the installation of faulty steam generators, to not take any action that could lead to restarting of the facility before the review is complete, and to include a public comment section in the investigation. The members also opposed a proposal by Southern California Edison to shortcut the

license amendment process by declaring that operations at 70 percent would not involve significant risks.

Burwell Nomination Hearing

On April 9, the Senate Homeland Security and Governmental Affairs Committee considered the nomination of Sylvia Burwell to be Director of the Office of Management and Budget (OMB). The committee has not set a date to vote on her nomination although many expect Burwell to be confirmed.

Moniz Nomination Hearing

On April 9, the Senate Energy and Natural Resources Committee considered the nomination of Dr. Ernest Moniz for Secretary of Energy. Many Senators praised Dr. Moniz, and he is expected to be favorably reported out of committee on Thursday. In the hearing, Dr. Moniz stressed the importance of a low-carbon economy and of an “all-of-the-above approach” to energy policy. He expressed support for renewable energy, small modular reactors (SMRs), updated natural gas emissions data, nuclear security efforts, and more options for financing projects, such as master limited partnerships (MLPs) and real estate investment trusts (REITs). He supported considering natural gas export licenses on a case-by-case basis. He added that the Obama administration had no plans of introducing a carbon tax. For a more detailed summary on Dr. Moniz’s nomination hearing, please see the attached report.

Jewell Confirmed by Senate, Sworn in as Secretary

On April 10, the Senate confirmed Sally Jewell as Secretary of the Interior by a vote of 87-11. The 11 no votes were all cast by Republicans; however, no Republican spoke in opposition to the nomination during floor debate.

On April 12, Sally Jewell was sworn in as the 51st Secretary of the Interior. She is also the second woman to serve as Secretary; the first was Secretary Gale Norton who served under President George W. Bush.

House Passes Small Hydropower Bill

On April 10, the House approved H.R. 678, the Bureau of Reclamation Small Conduit Hydropower Development and Rural Jobs Act, by a vote of 416-7. Sponsored by Rep. Scott Tipton (R-SC), the bill exempts certain small hydropower projects at Bureau of Reclamation sites from National Environmental Policy Act (NEPA) requirements as to expedite the development process. The bill codifies the current Bureau standard of categorically excluding projects that are deemed to have a low impact on the environment. A similar bill was passed in the House last year but did not make it through the Senate. A companion bill will be considered by the Senate Energy and Natural Resources Committee on April 23.

Democrats Challenge GOP to Climate Debate

On April 10, the Safe Climate Caucus wrote to House Energy and Commerce Committee Chairman Fred Upton and Energy and Power Subcommittee Chairman Ed Whitfield requesting a debate on the House floor about climate change dangers and policy. The caucus members said they were unaware of any instance of a Republican talking about the dangers climate change on the House floor. The letter was signed by 20 of the 25 members of the caucus; the signers were Rep. Henry Waxman (D-CA), Rep. Chris Van Hollen (D-MD), Rep. Raul Grijalva (D-AZ), Rep. Earl Blumenauer (D-OR), Rep. Carolyn Maloney (D-NY), Rep. Peter Welch (D-VT), Rep. Donna Edwards (D-MD), Rep. Hank Johnson (D-GA), Rep. Jim Moran (D-VA), Rep. Bobby Rush (D-IL), Rep. Barbara Lee (D-CA), Rep. Lois Capps (D-CA), Rep. Rush Holt (D-NJ), Rep. Jared Huffman (D-CA), Rep. Doris Matsui (D-

CA), Rep. John Garamendi (D-CA), Rep. Paul Tonko (D-NY), Rep. Ben Ray Lujan (D-NM), Rep. Keith Ellison (D-MN), and Rep. Ed Markey (D-MA).

McCarthy Nomination Hearing

On April 11, the Senate Environment and Public Works Committee considered the nomination of Gina McCarthy for Environmental Protection Agency (EPA) Administrator. McCarthy, who currently serves as Assistant EPA Administrator for Air and Radiation, said the EPA should be making common policies that reduce emissions while stimulating the economy. Most of the hearing focused on transparency at the agency. A committee vote has not been scheduled. A full report on Ms. McCarthy's nomination hearing is attached.

E15 Waiver Repeal Bill Passes Committee

On April 11, the House Science, Space, and Technology Committee approved a bill that would prevent the Environmental Protection Agency (EPA) from issuing 15 percent ethanol (E15) waivers and would repeal any current waivers until the National Academy of Sciences performs an 18 month study on the effects of E15 on vehicles and fuel economy. The legislation specifies that the Academy must present the findings to the House Science, Space, and Technology Committee and the Senate Environment and Public Works Committee before the EPA can start approving the fuel again. These waivers approve E15 for vehicles made in model year 2001 and beyond. The bill, H.R. 875, was introduced by Rep. Jim Sensenbrenner (R-WI) and was approved by a vote of 18-17.

Science Advisory Board Reform Bill Passes Committee

On April 11, the House Science, Space, and Technology Committee approved H.R. 1422, the EPA Science Advisory Board Reform Act of 2013, by a vote of 21-16. The bill addresses the Environmental Protection Agency (EPA) Scientific Advisory Board which reviews agency scientific information. The bill would curb nonscientific recommendations, increase industry expert participation, increase public participation through meetings and comments, and prevent members from reviewing their own work. The bill was first introduced on April 9 by Rep. Chris Stewart (R-UT).

DOE Nuclear Waste Policy Hearing

On April 11, Rep. Pete Visclosky (D-IN) called the current policies surrounding nuclear waste "appalling" during a hearing hosted by the House Appropriations Subcommittee on Energy and Water Development and Related Agencies. The government has already paid \$2.6 billion because it failed to fulfill an agreement to collect nuclear waste from certain plants. In addition, \$11 million to \$15 million has been spent on the Yucca Mountain nuclear waste repository proposal; the site was designated in 1987, but the project was scrapped by the Obama administration.

At the same hearing, Assistant Energy Secretary for Nuclear Energy Peter Lyons said the Department will "cut [its] losses" on Yucca Mountain and will move forward with the alternate plan involving consent-based siting. He said forcing the project on the nearby residents will only slow progress. Dr. Lyons added the FY14 budget reforms the nuclear waste problem by increasing access to funds and by providing discretionary appropriations.

EPA Rule Cost Restriction

At an April 12 House Energy and Commerce Subcommittee on Energy and Power, House Republicans voiced the about the cost of Environmental Protection Agency (EPA) regulations. The hearing focused on a draft bill, entitled the Energy Consumer Relief Act, that Rep. Bill Cassidy (R-LA) is expected to introduce in the near future. The bill would prohibit EPA from finalizing any

energy-related regulations estimated to cost more than \$1 billion until an interagency review has been conducted.

Senate Committee to Consider Energy Bills

The Senate Energy and Natural Resources Committee will hold a hearing on April 23 to consider several energy bills. S. 306, the Bureau of Reclamation Small Conduit Hydropower Development and Rural Jobs Act, would allow the Bureau of Reclamation to create small conduit hydropower contracts at Bureau facilities. S. 545, The Hydropower Improvement Act of 2013, and H.R. 267, the Hydropower Regulatory Efficiency Act of 2013, would require the Federal Energy Regulatory Commission (FERC) to study the issuing of non-powered dams and closed loop pumped storage project licenses. Finally, the Committee will review a bill to promote energy savings in residential and commercial buildings and industry.

Bills Introduced

- On April 9, Rep. Kyrsten Sinema (D-AZ) along with Rep. Tony Cardenas (D-CA), Rep. Judy Chu (D-CA), Rep. Joseph Crowley (D-NY), Rep. Mike Doyle (D-PA), and Rep. David Cicilline (D-RI) introduced H.R. 1424, the Security in Energy and Manufacturing (SEAM) Act of 2013. The bill would provide a 30% tax credit or grant to renewable energy manufacturing companies building, expanding, or retrofitting facilities.
- On April 10, Sen. Frank Lautenberg (D-NJ) reintroduced S. 696, the Safe Chemicals Act, with 28 other Democratic and Independent Senators. The bill would reform the Toxic Substances Control Act (TSCA) by granting the Environmental Protection Agency (EPA) the authority to require additional testing for potential toxic chemicals as well as the authority to issue warning labels and prohibit production.
- The same day, Rep. Bob Goodlatte (R-VA) and 12 other Representatives introduced H.R. 1461, the RFS Elimination Act. The bipartisan bill would repeal the Renewable Fuel Standard (RFS) and requires renewable fuels to participate in the open market.
- The same day, Rep. Bob Goodlatte (R-VA) and 21 other Representatives introduced H.R. 1462, the RFS Reform Act. The bipartisan bill would amend the Renewable Fuel Standard (RFS) to cap gasoline blends at 10 percent ethanol (E10), to remove the ethanol requirements, and to require the setting of cellulosic biofuels production levels.
- The same day, Rep. Chris Gibson (R-NY) and Rep. Mike Thompson (D-NY) introduced H.R. 1465, a bill that would create a tax credit for energy storage properties that are connected to the electric grid.
- The same day, Rep. Mike Burgess (R-TX) reintroduced H.R. 1469, the Leave Ethanol Volumes at Existing Levels (LEVEL) Act. The bill would prevent the Environmental Protection Agency (EPA) from issuing any more waivers for vehicles to use gasoline blended with ethanol, keeping the blends where they are.
- The same day, Rep. Steve Womack (R-AR) along with Rep. John Garamendi (D-CA), Rep. Rick Crawford (R-AR), and Rep. Tim Griffin (R-AR) introduced H.R. 1482, a bill that would amend the Clean Air Act's renewable fuel program and remove certain requirements.
- On April 11, Sen. Amy Klobuchar (D-MN) and Sen. John Hoeven (R-ND) introduced S. 717, a bill that would require the Secretary of Energy to create a grant pilot program for nonprofits to retrofit buildings.
- The same day, Sen. Chuck Grassley (R-IA) and Rep. Doug Collins (R-GA) introduced the Sunshine for Regulatory Decrees and Settlements Act, S. 714 and H.R. 1493 respectively. The bill would prohibit the "sue-and-settle" approach for passing federal agency regulations where parties sue agencies for failing to meet a certain

requirement. Affected parties would have to participate in settlement negotiations, and the settlement would have to undergo a period of public comment. The Senate bill had 7 Republican cosponsors, and the House bill had 24 Republican cosponsors.

- The same day, Rep. Nick Rahall (D-WV) introduced H.R. 1486, a bill that would prevent the creation and implementation of a carbon tax by the Treasury Secretary and by the Environmental Protection Agency (EPA) Administrator.
- On the same day, Rep. Doug Collins (R-GA) introduced H.R. 1493, the Sunshine for Regulatory Decrees and Settlements Act. The bill seeks to curb an agency's ability to settle until the parties affected by the proposed regulation are allowed to participate in the settlement negotiations.
- On April 12, Rep. John Garamendi (D-CA) along with 16 cosponsors introduced H.R. 1524, a bipartisan bill to amend the Buy American Act so as to require "green" technologies purchased by federal agencies or by states with federal funds and in property eligible for the renewable energy production or investment tax credits to have 85 percent domestic content.

Upcoming Hearings

- On April 16, the House Agricultural Appropriations Subcommittee will hold a hearing on the President's fiscal 2014 budget request for the Department of Agriculture.
- On the same day, the House Science Committee's Oversight and Energy subcommittees will hold a hearing on wind energy incentives.
- On the same day, the House Natural Resources Committee's Energy and Mineral Resources Subcommittee will hold a hearing on the proposed Keystone XL pipeline project.
- The House Energy and Commerce Energy and Power Subcommittee will markup H.R. 3, the Northern Route Approval Act, on April 16. The full committee is expected to markup the bill the next day.
- On April 17, the Senate Homeland Security Committee will hold a hearing on the nomination of Sylvia Matthews Burwell to head the Office of Management and Budget, with a vote at 10am.
- On the same day, the Office of Science and Technology Policy Director John Holden will testify before the House Science, Space and Technology Committee about the president's fiscal 2014 budget request for science agencies.
- On April 18, the Senate Energy and Natural Resources Committee will hold a hearing to consider the president's proposed Fiscal Year 2014 budget for the Department of Energy with testimony from Daniel Poneman, Deputy Secretary and Chief Operating Officer.
- On the same day, the Senate Energy and Natural Resources Committee will hold a vote on Ernest Moniz's nomination to be Energy secretary.

ADMINISTRATION

Benefits for Renewables in Tax Policy

On April 8, Deputy Assistant to the President for Energy and Climate Change Heather Zichal said that as Congress considers revising the tax code, the administration has been pushing policies that benefit renewable energy. The administration supports making the wind production tax credit permanent as well as extending master limited partnerships (MLPs) and real estate investment trusts (REITs) to renewable energy projects. Speaking at an energy forum, Zichal said the efforts depend on Congress actually taking action on tax reform.

Budget's Impact on Energy and Environment

On April 10, President Obama released his proposed FY14 budget. The budget focuses on climate change and pushes for a 17 percent reduction in greenhouse gas emissions from 2005 levels by the year 2020. Many renewable energy initiatives and programs received increased funding. It advocates for continued work on the renewable fuels standard. The budget also made mention of fossil fuels: it called on the removal of oil and gas company incentives, it requested \$25 million to award the first natural gas plant to successfully incorporate carbon capture and storage technology, it proposed higher royalties and fees for oil and gas production, and it pushed for additional hydraulic fracturing research.

The **DOE** was slated to receive \$28.4 billion, up 8 percent from the 2012 budget level. The Office of Science was given \$5.2 billion. The budget also advocated for a one-time program modeled after the Race-to-the-Top Program to improve energy efficiency and the electric grid; this program received \$200 million. \$20 million was set aside to create an Energy Innovation Hub to focus on the electric grid. Some offices saw a cut in their budget: the Fossil Energy Research and Development program was cut by \$113 million and the Office of Nuclear Energy was cut by \$65 million. On the other hand, several offices saw an increased budget compared to 2012 budget levels. The Advanced Research Projects Agency-Energy (ARPA-E) received \$379 million, an increase of 38 percent. The FY14 budget allocated \$2.78 billion for the Office of Energy Efficiency and Renewable Energy (EERE); this number is up by almost \$1 billion from 2012. Highlights of the EERE budget include \$615.5 million for renewable electricity generation, \$957 million for sustainable transportation, and \$949 million for energy saving homes, building, and manufacturing. \$95 million was specifically set aside for wind energy. On April 10, Assistant Secretary for Energy Efficiency and Renewable Energy David Danielson presented on the Office's FY14 budget rollout; please find attached the slideshow from Dr. Danielson's presentation.

The **EPA** received \$8.2 billion in the proposed budget, down 3.5 percent from the 2012 budget. Most cuts involved the State Revolving Funds which provide loans to localities for drinking water and wastewater projects. \$33 million was cut from the Hazardous Substance Superfund program. However, \$176.5 million was set aside for climate change projects and initiatives. \$60 million was allocated for the E-Enterprise initiative, an online portal for regulated companies to apply for permits and track their status. In addition, the EPA was directed to work with other federal and state agencies to create collaborative strategies to reduce emissions.

At the **Department of the Interior (DOI)**, the overall budget was set at \$11.9 billion or a 3.5 percent increase from 2012 levels. Funding for different bureaus and offices included \$1.148 billion for the Bureau of Land Management, \$222 million for the Bureau of Safety and Environmental, \$1.08 billion for the Bureau of Reclamation, \$169 million for the Bureau of Ocean Energy Management (BOEM), and \$117 million for the Office of Surface Mining and Reclamation. BOEM's allocation rose by 3 percent from the 2013 proposal while the Office of Surface Mining and Reclamation's allocation was decreased by \$24 million from the 2013 proposal. \$100 million was also allocated for renewable energy projects on public land permits. The Fish and Wildlife Service and the National Park Service received budgets of \$1.5 billion and \$2.3 billion respectively, both lower than 2012 proposals. President Obama cited a need for better oversight of industry operations, particularly over oil spills and over the development of the Arctic Outer Continental Shelf, for the need to increase many budgets at the Department.

The FY14 budget allocated \$1.06 billion for the **Nuclear Regulatory Commission (NRC)**. The budget rose by \$17 million, and \$12.3 million of this increase was for the Reactor Safety program which is implementing safety recommendations following the Fukushima Daiichi disaster. The

increased funding also supports nuclear waste confidence rule revisions and construction oversight.

The **Federal Energy Regulatory Commission (FERC)** budget in the FY14 proposal was set at \$304.6 million. The request is almost identical to last year's figure, and it will be funded entirely through fees collected from regulated businesses.

At the **Department of Commerce**, the National Oceanic and Atmospheric Administration (NOAA) received \$5.546 billion in the FY14 budget, up from the \$5.33 billion allocated in the 2013 continuing resolution. The National Environmental Satellite, Data, and Information Service (NESDIS) received over \$2 billion of the NOAA budget, and the National Weather Service received \$22 million increase to \$1.1 billion for information technology (IT) upgrades.

Under the purview of the **Department of Labor**, the Bureau of Labor Statistics was directed to get rid of three economic reports in an effort to focus on the highest priority initiatives. The report on green jobs, which was created in 2009 and which released its first report in 2012, was discontinued.

In addition to agencies and Departments, the budget also outlined funding for several international efforts. The U.S.'s contribution to the Clean Technology Fund received a \$30 million increase to \$216 million; the Strategic Climate Fund received an \$18 million increase to \$68 million. The U.S. will complete its \$575 million, four year pledge to the Global Environment Facility in FY14 by contributing \$143.8 million. The U.N. Intergovernmental Panel on Climate Change (IPCC) will receive \$13 million, up from \$10 million. However, many U.N. efforts will see no increase in funding, such as the U.N. Environment Program staying at \$8 million. The U.S.'s contribution to the Montreal Protocol Multilateral Fund was cut by \$26 million, and the World Meteorological Organization received a \$1 million cut in U.S. funding.

Responses to the FY14 Budget

On April 10, Sen. Tom Carper (D-DE) praised President Obama's FY14 budget for making the wind production tax credit permanent. However, he felt the budget did not adequately support offshore wind development. He advocated for the investment tax credit (ITC) because it better assists the growing industry.

The same day, Friends of the Earth criticized the FY14 budget proposed by President Obama. The group opposed cuts to environmental and social programs, and it called for a carbon tax, saying the revenue could strengthen the federal government.

The same day, the Natural Resources Defense Council praised the FY14 budget, particularly the removal of support for oil and gas and the expansion of wind and solar.

On April 12, Senate Energy and Natural Resources Committee Chairman Ron Wyden said he "virulently opposed" the Administration's request to cut funding for energy and storage technologies program. The Administration's request was \$15 million, a 22 percent reduction from the fiscal 2012 level.

DEPARTMENT OF ENERGY

NREL Launches Solar Database

On April 9, the National Renewable Energy Laboratory (NREL) launched the Open Solar Performance and Reliability Clearinghouse (O-SPaRC), a database of solar facility performance data designed to lower investing costs and to attract new types of investors. These new investment styles include master limited partnerships (MLPs) and real estate investment trusts (REITs) which provide a larger pool of capital over a longer period of time at lower interest rates. The clearinghouse will let credit rating agencies and investors review the underlying risks of investing. O-SPaRC is part of the Department's SunShot Initiative which aims to cut solar costs by \$1 per watt, or 75 percent, by 2020.

CRS Report on CCS Project

On April 11, the Congressional Research Service (CRS) released a report on the Department of Energy's carbon capture and storage (CCS) demonstration project, FutureGen 2.0. The analysis found that the Illinois facility will likely not finish construction by the time the \$1 billion in federal stimulus money the plant received expires in September 2015. Construction, which has been extended due to development delays and rising production costs, will likely be completed by 2017. The project was designed in 2003 and will capture over 90 percent of the coal-fired power plant's carbon emissions.

Renewable Energy Advisory Committee Public Meeting

The Renewable Energy and Energy Efficiency Advisory Committee will host a public meeting on May 1 on market impacts on specific energy sectors. Presentations on market challenges and federal support will be given by members of the biofuels, the energy efficiency, the energy storage and transmission, and the renewable energy industries. In addition, the Advisory Committee will use the meeting to create subcommittees as well as to receive presentations by the Department of Defense, the Export-Import Bank, and the Overseas Private Investment Corporation (OPIC). The Defense Department's presentation will focus on renewable energy and supply chain energy efficiency.

ENVIRONMENTAL PROTECTION AGENCY

Encapsulated Coal Ash Evaluations

On April 5, the Environmental Protection Agency (EPA) said it will release evaluation methodology for encapsulated coal ash reuse in the fall but will not regulate the approved uses. The methodology, which will allow users to compare the releases from products made with coal ash to similar products made without coal ash, will mainly apply to concrete and wallboard; however, states and stakeholders could apply the methodology to their products. A conceptual model for unencapsulated coal ash is expected to be released by the second quarter of FY14.

Solid Waste Incinerator Challenge

On April 5 and 8, eight suits were filed in the U.S. Court of Appeals for the District of Columbia Circuit over the Environmental Protection Agency (EPA) solid waste incinerators performance standards. The EPA released a final rule on February 7, and the agency anticipates it will cost the industry \$275 million per year to adopt the rule by either installing controls or finding alternative disposal options. Seven of the cases are expected to be consolidated; the lead case will likely be the suit filed by the Portland Cement Association. An eighth case was filed by a coalition consisting of the Louisiana Environmental Action Network, the Clean Air Council, the Desert Citizens against

Pollution, Downwinders at Risk, the Environmental Integrity Project, the Huron Environmental Activist League, Montanans against Toxic Burning, the Partnership for Policy Integrity, and the Sierra Club.

Cellulosic Ethanol Blending Comments

On April 7, the Renewable Fuels Association submitted comments to the Environmental Protection Agency (EPA) on the proposed cellulosic ethanol blending requirement. The group supported the reduction of this requirement, which is currently set at 14 million gallons for 2013; the petroleum industry previously called for the reduction. The comment cited the most recent projections of actual production of cellulosic ethanol. Both the Renewable Fuels Association and the petroleum industry also called for a reduction in the advanced biofuels requirement. The 14 million gallons of cellulosic ethanol is part of the 2.75 billion gallon advanced biofuel mandate; the total renewable fuels standard, which also includes ethanol, requires 16.55 billion gallons of renewable fuel to be blended in 2013.

Biomass Permitting Challenge

On April 8, judges in the U.S. Court of Appeals for the District of Columbia Circuit questioned whether the Environmental Protection Agency (EPA) had the authority under the Clean Air Act to exempt certain facilities that burn biomass from operating permits for greenhouse gas emissions. The 2011 rule, which would exempt new and modified biomass facilities through July 2014, is the subject of a suit filed by the Center for Biological Diversity, the Clean Air Task Force, and the Natural Resources Defense Council. The EPA responded that the exemption was set up through 2014 to allow time to study biomass emissions and possible regulation options.

GHG Rules Progress

On April 10, Environmental Protection Agency (EPA) Acting Administrator Bob Perciasepe said the agency is still reviewing comments on the proposed rule on new power plant greenhouse gas emissions. Once the review is complete, the EPA plans to focus on existing power plants. The EPA hopes to work with states on regulations for those plants starting sometime next year.

Potential Power Plant Rule Challenge

On April 11, the Natural Resources Defense Council said environmental groups will consider filing a suit with the federal District Court should the Environmental Protection Agency (EPA) miss the April 13 deadline to release its final rule on new fossil fuel-fired power plant carbon dioxide performance standards. The same day, the EPA reported that work is being done on the final rule although a timeline has not been finalized. According to statute, the EPA must finalize the rule within one year of proposal; the EPA has yet to send the final rule to the Office of Management and Budget which is seen as the last step before being published. The proposed performance standard is 1,000 pounds of carbon dioxide per megawatt-hour, and all sources are required to comply regardless of fuel type.

EPA Air Toxic Exemption Review

On April 11, The Environmental Protection Agency's Assistant General Counsel Wendy Blake said that EPA is reviewing its policy of exempting increases in hazardous air pollutant emissions during equipment startup, shutdown and malfunction at refineries, chemical plants and industrial facilities.

DEPARTMENT OF THE INTERIOR

Letter to CEC Regarding Threat to Avian Wildlife at CA Project

On April 3, the Migratory Bird Division of the Region 8 U.S. Fish and Wildlife Service (FWS) sent a letter to the California Energy Commission (CEC) expressing concern about the threat to wildlife by BrightSource Energy's proposed Hidden Hills Solar Electric Generating System in Inyo County, California near the Nevada border. The letter raises concerns about the effects of exposure to elevated levels of solar flux on birds, and says that the data provided regarding the use of the project site by Golden Eagles and other raptors is insufficient. Further, FWS says that it is pleased that CEC and BrightSource are considering the implementation of measures to offset the adverse effects of the proposed project to migratory birds and their habitat, but cautions that the proposed mitigation does not alleviate responsibility for minimizing the impact on migratory birds under the Migratory Bird Treaty Act. Finally, FWS says that it supports the development of a Bird and Bat Conservation Strategy (BBCS) for the project.

BLM Fracking Ruling

On April 7, the U.S. District Court for the Northern District of California released its March 31 ruling on a case involving the Bureau of Land Management (BLM) selling four leases to develop oil and gas on a total of 2,700 acres of federal land in California. The court found that BLM focused its environmental assessment on single-well drilling and that it did not fully consider hydraulic fracturing, thus violating the National Environmental Policy Act (NEPA). The court set the deadline of April 15 for BLM and the plaintiffs, the Center for Biological Diversity and the Sierra Club, to come up with a joint recommendation for judgment. The plaintiffs originally asked for the leases to be invalidated or for an injunction to be placed until environmental analysis is conducted.

FEDERAL ENERGY REGULATORY COMMISSION

Solar Has Strong Showing in FERC Monthly Energy Infrastructure Update

On April 8, the Federal Energy Regulatory Commission (FERC) issued its Energy Infrastructure Update for March 2013. FERC found that in March 2013 44 MW of PV capacity was installed at 7 new projects in Arizona, California, Hawaii, Nevada, New Jersey, and North Carolina. Most notably, according to the update, March saw the first time ever that solar accounted for 100% of all new utility electricity capacity. For the first quarter of 2013, FERC says that 537 MW of solar PV was added to the grid nationwide.

DEPARTMENT OF DEFENSE

Fort Bliss Announces New 20 MW Solar Farm

On April 5, the commander of Fort Bliss in Texas announced that it will soon begin work on the largest renewable energy project in the history of the U.S. military. The 20 MW solar farm will be power much of the installation, including division headquarters. Fort Bliss has a goal of becoming a "net zero" user of energy, with the ultimate goal of producing all of its own energy. Already, the installation has the Army's second largest solar array, and is also pursuing projects using wind and geothermal, as well as more efficient use of water and increased recycling. The new 20 MW solar farm is being undertaken in partnership with El Paso Electric.

DEPARTMENT OF TRANSPORTATION

Lithium-Ion Batteries in Transportation

On April 11, the Federal Aviation Administration (FAA) and the Pipeline and Hazardous Materials Safety Administration (PHMSA) said they anticipate increased use of lithium-ion batteries in transportation uses in addition to increased transport of these batteries for other purposes. Speaking at a National Transportation Safety Board (NTSB) forum, officials urged the creation of a good regulatory scheme in order to ensure safety. These batteries account for upwards of 80 percent of air cargo, and the officials anticipate demand for lithium-ion batteries will rise. NTSB officials said that while the lithium-ion batteries produce more energy in an efficient manner compared to older batteries, these batteries do pose a risk.

DEPARTMENT OF STATE

Climate Change Adaptation Funding

On April 11, the State Department announced that participants in an April 10 and 11 meeting of 12 countries discussed how to mobilize private sector funding to bolster investment in projects help developing countries prepare for climate change.

U.S-China Climate Change Cooperation

On April 13, the United States and China issued a joint statement in which the two countries acknowledged “the increasing dangers presented by climate change” and pledged to work together in an effort to address the problem. The two countries also announced the formation of a Climate Change Working Group, which will work to identify new areas for concrete, cooperative action to foster green and low-carbon economic growth, including through the use of public-private partnerships, where appropriate.

INTERNATIONAL

Report on Chinese Pollution Disclosure Process

On April 1, the Institute of Public and Environmental Affairs and the Natural Resources Defense Council’s Beijing office released their joint report, *Pollution Information Transparency Index (PITI) 2012*. The study praised China’s work on publishing data on air pollution but urged the country to improve its disclosure system on air, soil, and water pollution. The report also advocated for the issuing of information online and in real-time. Representatives from the two organizations also suggested China mirror disclosure systems set up by the U.S. and by the European Union.

Least Developed Countries and Emissions Targets

On April 3, the Least Developed Countries (LDC), a group of 49 countries, reported that they are willing to adopt binding greenhouse gas emissions reduction targets as part of an international agreement planned for 2020. However, these reduction targets will be much smaller than the ones for more developed countries. Some of the Annex I group, including the European Union and former Soviet countries, also committed for emissions reductions without any pre-conditions; Canada, Japan, New Zealand, Russia, and the U.S. were the countries in the Annex I group not to pledge the greenhouse gas reductions. Some anticipate the LDC pledge will spur U.N. talks while others believe it will have no effect. LDC countries account for 12 percent of the world population and 2 percent of global man-made emissions.

Wind Coalition Appeals Denial of Injunction

On April 4, the Wind Tower Trade Coalition (WTTTC) appealed the March 29 denial of injunction to stop the Department of Commerce from liquidating utility scale wind tower companies from China and Vietnam. In December 2011, WTTTC petitioned the Commerce Department and the International Trade Court (ITC) to conduct an antidumping investigation of Chinese and Vietnamese imports of wind towers. The court's divided 3-3 ruling was interpreted as an affirmative ruling, and the Commerce Department then acted under a special rule, placing duties after the February 2013 decision. WTTTC questioned why the Department did not operate under the general rule to impose duties from the date of publication of the Commerce determination, but the March 29 ruling found the Commerce Department adequately applied the special rule.

Canadian Energy Project Public Comments Curtailed

On April 5, Environmental Defense and Greenpeace Canada opposed the comment process in the review of a proposal by Enbridge Inc. by the National Energy Board. The public has two weeks starting April 5 to comment on Enbridge's proposal to reverse the flow of an Ontarian oil pipeline. In addition, commenters must be approved to submit by the regulator, fill out a 10 page form, and provide a resume and references. The process was set up by the 2012 budget legislation which contained language reforming the comment process for major energy projects and for environmental reviews.

Canada Cuts Certain Oil Imports, Manufacturing

On April 6, Environment Canada posted a notice announcing it would restrict imports or manufacturing of oil that was produced using at least one of three potentially poisonous chemicals. Companies must notify Environment Canada at least 120 days before planned use; the companies must report any environmental release and the manufacturing process. In addition, any waste that came in contact with the chemicals must be properly disposed of or destroyed. Environment Canada and Health Canada recently conducted tests on the three chemicals and found they meet toxicity criteria in the Canadian Environmental Protection Act.

London Array Wind Farm Now Operational

On April 6, the first phase of the world's largest offshore wind farm, the London Array, became operational. Phase One of the project uses 175 3.6 MW wind turbines manufactured by Siemens and has one onshore substation and two offshore substations. Connected by cables buried in the seabed, the turbines and offshore substations are located in water 25 meters deep off the coasts of Essex and Kent. Phase One has a peak capacity of 630 MW. Total capacity of the project would increase to 870 MW if a second phase is given approval.

Report on Connection between Economy, Energy, and Environment in China

On April 9, Asian Development Bank released its publication, *Asian Development Outlook 2013*, which contained a chapter on the connection between the economy, energy, and the environment in Asia. The report said that rapidly growing countries are using environmentally-dangerous energy policies to spur development. By 2035, the continent could account for more than half of the world's energy, and the report warns that carbon dioxide emissions will double if Asia stays on this trajectory without addressing environmental concerns. Coal, gas, and oil are the major energy sources; these sources are expected to remain Asia's main energy supply unless the clean energy market is developed. The study recommends adding more energy sources to the mix to stimulate the economy.

Canadian Officials Meet with U.S. Officials on Keystone

On April 9 and 10, Canadian officials from the province of Alberta met with American officials to discuss the Keystone XL pipeline. Alberta Premier Alison Redford met with Sen. Jeanne Shaheen (D-NH), with Rep. Carolyn McCarthy (D-NY), and with Senate Energy and Natural Resources Ranking Member Lisa Murkowski (R-AK) and Sen. John Hoeven (R-ND). Alberta Environment Minister Diana McQueen and Intergovernmental Affairs Minister Cal Dallas met with Rep. Eliot Engel (D-NY), Rep. James Clyburn (D-SC), and two officials from the Department of State, Principal Deputy Assistant Secretary Robert Cekuta and Bureau of Oceans and International Environmental and Scientific Affairs Principal Deputy Assistant Secretary Judy Garber. On April 9, Redford spoke at a Brookings Institute briefing, saying the environmental risks are not great enough to prevent the pipeline's approval; she also praised the province's work on cutting greenhouse gas emissions.

Portugal Continues to Lead Way on Renewable Energy

On April 11, the Portuguese grid operator Redes Energéticas Nacionais (REN) released Q1 2013 figures showing that the country is meeting 70% of its energy needs through renewables, including 27 percent from wind and 37 percent from hydroelectric. The hydroelectric generating capacity in Portugal increased by an impressive 312 percent over the past year, and wind energy saw an increase of 60 percent. Fossil fuels saw a decrease in usage, with coal-fired showing a 29 percent decrease since Q1 2012, and natural gas thermolectric decreasing by 44 percent in the same time period. REN did not release figures for solar power.

U.N. and World Economic Forum Efforts on Climate Change Adaptation

On April 12, the United Nations Framework Convention on Climate Change and the World Economic Forum's Global Green Alliance announced that they would be soliciting ideas on how to increase funding to help developing countries adapt to climate change.

U.N. Climate Change Adaptation

On April 12, Executive Secretary of the U.N. Framework Convention on Climate Change Christina Figueres called for innovative ideas for enhancing a Green Climate Fund to help developing countries efforts to adapt to climate change. The initiative, entitled *Momentum for Change: Financing for Climate-Friendly Investment*, is asking for ideas to be submitted by May 31.

Australia Wind Farms Opens - Largest in Southern Hemisphere

On April 13, the largest wind farm in the southern hemisphere opened in Victoria, Australia. The 420 MW MacArthur Wind Farm uses 3 MW turbines by Vestas and cost \$1 billion to stand up. The project will generate electricity at 6 cents per kilowatt hour and is expected to operate for 25 years. The wind farm has an expected operating capacity of 35%.

China and Australia Cooperation on Wind Power

While no specific projects have yet been identified, China's largest producer of coal, Shenhua Group, has reached an agreement with Hydro Tasmania, the largest renewable energy producer in Australia, to form a strategic partnership aimed at the development of wind power in Australia. The two companies will also cooperate on solar, thermal, and electricity retail. By 2020, the partnership could jointly invest \$1.6 billion in the development of new wind farms in Australia.

STATES

Georgia Energy Landscape Website

On March 13, Southface launched the website GeorgiaEnergyData.org, designed to track the state's energy consumption, infrastructure, production, and resources. The site touts Georgia's solar production capacity, showing the capacity increased by 65 percent between 2011 and 2012; it cites solar as an energy solution to the problem that the state has to import coal, natural gas, and uranium. The website was created through a partnership between Southface and the Geospatial Laboratory at Georgia State University.

Utah Electric and Hybrid Vehicles Tax Credit

On March 27, Utah enacted H.B. 96, a bill that amends the state's clean fuel vehicle tax credit to clarify electric or hybrid vehicles qualifications and to extend the credit through December 30, 2014.

Lawsuit Filed Against Michigan Wind Project

On April 1, a group of 17 homeowners in Mason County, MI filed a lawsuit against Consumers Energy Company over a 56 turbine wind farm built last year on the shore of Lake Michigan. The plaintiffs claim that the project, the Lake Winds Energy Park, has had a negative effect on their finances and health. Specifically, they claim that the wind farm has decreased the value of their property, while causing various physical ailments such as headaches, dizziness, nausea, and ringing in the ears, as well as an inability to concentrate or sleep. The plaintiffs are seeking monetary compensation and ask that the project be shut down.

California Cap-and-Trade Program

On April 8, California Gov. Jerry Brown (D) sent a letter to the California Air Resources Board (CARB) supporting the linking of the state's cap-and-trade program with a similar, stricter program in Quebec. CARB will consider amendments to use Quebecois compliance instruments and offsets to meet emissions standards. The Californians and the Canadians will test trading systems over the next few months. If approved, the two programs will be linked on January 1, 2014.

Maryland Offshore Wind Bill Signed into Law

On April 9, Maryland Gov. Martin O'Malley (D) signed into law a bill that promotes offshore wind development. The Maryland Offshore Wind Energy Act added offshore wind to the list of renewable energy sources in the state's renewable portfolio standard (RPS). It also provided up to \$1.7 billion for the construction of an offshore wind farm; it was reported that this construction would yield up to 850 construction jobs and 160 permanent jobs.

California-China Air Pollution Agreement

On April 10, California Gov. Jerry Brown (D) signed a two-year agreement with Chinese Minister of Environmental Protection Zhou Shengxian to collaborate on air pollution reduction tactics and technology. Designed to cut air pollution while still spurring economic growth, the pact includes measures to collaborate on research projects, to host joint training sessions, and to share regulatory policies. Gov. Brown signed the agreement while on a six-day mission to China to discuss investment and trade issues.

SUSTAINABILITY

Proposed Stock Exchange Sustainability Standard

On April 8, investors from the Ceres Investor Network on Climate Risk recommended requiring companies in global stock exchanges report environmental and social data. The proposed sustainability listing standard would require the disclosure of information related to climate change, diversity, employee relations, environmental impact, government relations, human rights, product safety, and the supply chain. Some exchanges, like the Johannesburg and the Denmark stock exchanges, already require some form of sustainability reporting. The proposal was released as a consultation paper, and the coalition is accepting investor comments through May 1. A final paper for consideration by stock exchanges will be released in October.

MISCELLANEOUS

Gallup Global Warming Poll

On April 8, Gallup released the results from a poll conducted in early March on Americans' concern about global warming. 58 percent of respondents felt a "great deal or fair amount" of concern about global warming. A 2011 poll found 51 percent of respondents felt the same way about global warming, and a 2012 poll had 55 percent of respondents reporting they were concerned a great deal or fair amount.

Natural Gas Resource Base Estimates

On April 9, the Potential Gas Committee released its estimates of the natural gas reserves in the U.S. The PGC found that the resource base is around 2,384 trillion cubic feet, up 26 percent from the 2010 estimate. The increase is tied to the shale gas boom since the estimates consider economically and technologically recoverable resources. Eastern states including New York, Pennsylvania, and West Virginia have the largest reserve with 741 trillion cubic feet.

Economists Propose RFS Freeze

On April 10, University of Illinois economics professors Scott Irwin and Darrel Good recommended freezing the Renewable Fuel Standard (RFS) mandate for 2014 and 2015 at 2013 levels. Writing in the University of Illinois's agriculture publication *Farmdoc Daily*, the pair said the freeze would fuel the ethanol market, ensure investments in infrastructure to allow for better widespread adoption of ethanol and give lawmakers time to improve biofuels policy. While 15 percent ethanol (E15) has been approved by the Environmental Protection Agency (EPA) for cars made in model years 2001 and beyond, only a few gas stations are selling this fuel. The RFS mandate is 13.8 billion gallons of ethanol blended with gasoline in 2013, 18.15 billion gallons in 2014, and 20.5 billion gallons in 2015.

AWEA Releases Annual Market Report

On April 11, the American Wind Energy Association (AWEA) released its U.S. Wind Industry Annual Market Report for 2012, which shows that U.S. wind energy saw a growth rate of 28 percent in 2012. According to AWEA, more than 6,700 new wind turbines were erected last year, producing enough electricity for 3.5 million homes. This expansion of wind energy was achieved with \$25 billion in private investment in new wind farms, and brings the total number of wind turbines in the U.S. to 45,100 – enough to power 15.2 million homes. The report says that Texas lead the nation in the construction of new wind farms last year, with 1,826 MW of installed capacity, followed by California with 1,656 MW, and Oklahoma with 1,127 MW.