



## ML Strategies Update

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## Energy & Environment Update

### ENERGY AND CLIMATE DEBATE

The House and Senate are in recess for the Easter and Passover holidays.

When they return, nominations, Medicare fees, and unresolved differences between the House and Senate budget resolutions are high on the list of actionable items for a busy work session. Other issues likely to see some floor and committee time include cybersecurity legislation, immigration, tax bills, Iran sanctions, and appropriations. Several energy hearings are already scheduled for April, and more are certain to come soon.

### CONGRESS

#### Support for U.S. INDC

More than 100 Senators and Representatives, nearly all Democrats, sent a [letter](#) March 31 supporting the Obama Administration's efforts to demonstrate American leadership in United Nations Framework Convention on Climate Change negotiations toward a global climate accord scheduled to be finalized in Paris this December.

#### Arctic Drilling Soot Consideration

Senators Brian Schatz (D-HI), Sheldon Whitehouse (D-RI), Elizabeth Warren (D-MA), Bernie Sanders (I-VT), Barbara Boxer (D-CA), Ed Markey (D-MA), and Angus King (I-ME) sent a [letter](#) to Interior Secretary Sally Jewell April 1 asking the Interior Department to take the climate change impact of black carbon into account when it proposes updated air permitting regulations for drilling offshore in the Alaskan Arctic.

#### Climate Modeling Details Sought

Senators Jeff Sessions (R-AL), James Inhofe (R-OK), Roger Wicker (R-MS), and John Barrasso (R-WY) sent a [letter](#) April 1 to Environmental Protection Agency Administrator Gina McCarthy seeking additional information on the science linking climate change to drought, hurricanes, and increased temperatures, including an analysis of agency climate change modeling results.

#### Aggressive HFC Timeframe

House Energy and Commerce Subcommittee on Energy and Power Chair Ed Whitfield (R-KY) sent a [letter](#) April 1 to Environmental Protection Agency Administrator Gina McCarthy charging that the agency set unrealistic deadlines when it proposed phasing out some hydrofluorocarbons. He contends that manufacturers will not be able to replace the refrigerants with cost effective alternatives beginning next January, when the proposal would begin phasing out their use.

#### Yucca Trip

Representatives Cresent Hardy (R-NV), Mark Amodei (R-NV), Bob Latta (R-OH), Dan Newhouse (R-WA), and Jerry McNerney (D-CA) will join Representative John Shimkus (R-IL) on visit to Yucca Mountain April 9.

## Upcoming Hearings

The House Energy and Commerce Subcommittee on Energy and Power will hold a hearing on the Representative Ed Whitfield's (R-KY) Ratepayer Protection Act April 14.

The Senate Environment and Public Works Committee will hold a hearing April 15 with the Nuclear Regulatory Commission commissioners.

The Senate Energy and Natural Resources Committee will hold a hearing April 16 on the Energy Information Administration's Annual Energy Outlook for 2015.

The Senate Energy and Natural Resources Subcommittee on Public Lands, Forests, and Mining will hold a hearing April 16 on the Bureau of Land Management's final fracking rule.

The Senate Energy and Natural Resources Committee will hold a hearing April 22 on the reauthorization of and potential reforms to the Land and Water Conservation Fund.

The Senate Energy and Natural Resources Committee will hold a hearing April 28 on the Department of Energy's Quadrennial Energy Review. Energy Secretary Ernest Moniz will testify.

The Senate Energy and Natural Resources Committee will hold a hearing April 30 on energy efficiency legislation, including the Weatherization Enhancement and Local Energy Efficiency Investment and Accountability Act (S. 703), the Energy Savings and Industrial Competitiveness Act of 2015 (S. 720), and the Energy Savings Through Public-Private Partnerships Act of 2015 (S. 858).

## ADMINISTRATION

### Truck Standards Under Review

The White House Office of Management and Budget announced March 30 that it is reviewing the Environmental Protection Agency and National Highway Traffic Safety Administration's proposed phase-two greenhouse gas emissions and fuel economy standards for medium- and heavy-duty trucks. The standards would apply to pickup trucks, vans, and other medium- and heavy-duty vehicles manufactured after model year 2018. The Environmental Protection Agency and National Highway Traffic Safety Administration plan to release the rule in June, and President Obama has ordered that the standards be finalized by March 2016.

### Climate Plan to UN

The White House formally [submitted](#) March 31 its climate change [strategy](#) to the United Nations. The plan, as well as the national plans for almost 200 other countries, will form the foundation of a broad global climate change agreement, which participating nations hope to finalize at the United Nations Framework Convention on Climate Change December summit in Paris. The U.S. Intended Nationally Determined Contribution essentially reiterates the Obama Administration's goal to reduce greenhouse gas emissions by 26-28 percent below 2005 levels by 2025 and relies heavily on Environmental Protection Agency regulations such as the Clean Power Plan to accomplish the goal.

### Solar Jobs Program

Speaking April 3 at the Hill Air Force Base in Utah, President Obama launched a solar energy training program for veterans at ten military bases, with plans to train 75,000 people for solar industry jobs by 2020. The Departments of Defense and Energy will implement the Solar Ready Vets program, which will train military veterans to enter the solar energy industry under the SunShot Initiative's Solar Instructor Training Network and the Skillbridge transition training program. The administration previously had a goal of training 50,000 solar industry workers by 2020, and the goal builds upon the SunShot program, which partners with 400 community colleges and has trained more than 1,000 instructors and 3,000 students in the last five years. The Department of Veterans Affairs will work with the Department of Energy and state approving agencies to obtain approval for GI Bill funding for the program to enable veterans to participate through community colleges. The Department of Labor will work with the Department of Defense to educate service members about solar workforce training opportunities. California's Camp Pendleton, Colorado's Fort Carson, and Virginia's Naval Station Norfolk launched pilot initiatives earlier this year.

## DEPARTMENT OF ENERGY

### Hydropower Partnership Renewed

The Departments of Energy and Interior and the Army Corps of Engineers announced March 24 that they have extended their partnership to advance hydropower development for five more years. The renewal agreement builds upon the March 2010 Memorandum of Understanding for Hydropower and commits the agencies to improve the accuracy and reduce costs of water flow measurement technology; evaluate new superconducting generator

technologies; and further develop low-impact, low-cost hydropower technologies suitable for demonstration and deployment at non-powered dams and conduits.

### **SEAB Energy Management**

Deputy Energy Secretary Elizabeth Sherwood-Randall said March 31 that Energy Secretary Ernest Moniz directed the Secretary of Energy Advisory Board the previous day to form a task force on federal energy management.

### **Residential Boiler Standards**

The Department of Energy released a proposed rule March 31 that would update the existing energy efficiency standards for oil and gas residential boilers. The proposed rule updates the minimum annual fuel utilization efficiency for gas-fired hot water boilers, gas-fired steam boilers, oil-fired hot water boilers, and oil-fired steam boilers, and sets energy conservation standards for the standby and off-modes for gas, oil, and electric residential boilers.

### **QER Forthcoming**

Department of Energy Director of the Office of Energy Policy and Systems Analysis and Energy Counselor to Secretary Ernest Moniz Melanie Kenderdine told an Atlantic Council event April 2 that the agency will release the Quadrennial Energy Report prior to a Senate Energy and Natural Resources Committee hearing April 28. The report will focus on energy transmission, storage and distribution infrastructure, and the challenges facing the nation's aging energy transmission, transport, and delivery system, as well as infrastructure challenges such as climate change, cybersecurity, and supply and demand shifts.

### **Water Pump Standards**

The Department of Energy published a proposed rule April 2 for energy conservation standards for certain rotodynamic, clean water pumps used in commercial, industrial, agricultural, and municipal applications, which could save 0.28 quadrillion British thermal units over 30 years. The proposed rule, based on recommendations from the Commercial/Industrial Pumps Working Group, would yield cumulative emissions reductions of 16 MMT CO<sub>2</sub>, 77 thousand tons CH<sub>4</sub>, 13 thousand tons SO<sub>2</sub>, 25 thousand tons NO<sub>x</sub>, 0.23 thousand tons NOS, and 0.04 tons mercury. The agency will hold a public meeting on the rulemaking April 29, and comments are due in June.

### **Water Heater Proposal Withdrawn**

The Department of Energy published a [notice](#) April 3 withdrawing a proposed rule to establish a waiver process for large-volume electric storage water heaters following stakeholder opposition. Utilities charged that the February 2013 one-year waiver process was too short and did not provide enough certainty for manufacturers, and that it was overly burdensome.

## **DEPARTMENT OF INTERIOR**

### **Fracking Regulations Forthcoming**

Interior Assistant Secretary Janice Schneider told a Natural Gas Roundtable luncheon March 31 that the Bureau of Land Management's venting and flaring rules for natural gas on public lands will hinge on the expelled fuel's value as a federal resource. The agency finalized its first regulations for fracking on public lands earlier in March, and the remaining rules are expected to become final before the end of the Obama Administration.

## **DEPARTMENT OF JUSTICE**

### **Enforcement Priorities**

Department of Justice Environmental Enforcement Section Chief Walter Benjamin Fisherow told an American Bar Association Meeting March 27 that climate change and new source review are the largest current environmental enforcement priorities for the agency.

## **DEPARTMENT OF STATE**

### **Summit of the Americas Priorities**

Speaking at the Brookings Institution April 3, Assistant Secretary of State for Western Hemisphere Affairs Roberta Jacobson previewed the Seventh Summit of the Americas, which will take place April 10-11 in Panama. She said that U.S. priorities for the summit include democracy and human rights, global competitiveness, social inclusion, and energy and climate change.

## **ENVIRONMENTAL PROTECTION AGENCY**

### **Exceptional Events Guidance Forthcoming**

Environmental Protection Agency Associate General Counsel Lorrie Schmidt told a session of the American Bar

Association Section of environment, Energy, and Resources meeting March 27 that the agency will release this year proposed streamlined guidance clarifying exceptional events under the Clean Air Act's ozone standard. The agency proposed last November to revise the current National Ambient Air Quality Standards for ozone to somewhere in the range of 65 ppb to 70 ppb. Exceptional events covered under the rule include both natural and human-induced events.

### **Lawsuit Continues**

The U.S. District Court for the Northern District of West Virginia rejected March 27 an Environmental Protection Agency request to dismiss a Murray Energy lawsuit over potential job losses from its greenhouse gas standard proposed rules. Murray Energy has asked the court to prevent the agency from issuing new regulations or enforcing certain existing rules impacting the coal industry until a jobs evaluation is completed. The case is scheduled for trial next January.

### **Methane Overestimation**

The Environmental Science and Technology journal published a [study](#) March 31 finding that the Environmental Protection Agency may be overestimating methane emissions from natural gas distribution systems by 36 to 70 percent. The agency's emissions inventory relies on data collected in the 1990s that do not reflect industry efforts to reduce leaks.

### **Fracking Wastewater Treatment Rule**

Environmental Protection Agency Administrator Gina McCarthy signed off March 31 on proposed federal technical standards for effluents sent to publicly owned water treatment plants from shale gas and shale oil wells and other unconventional oil and gas wells, after the White House Office of Management and Budget completed interagency review of the proposed rule the previous day. The rule could provide some assurance that water treatment plants will not have problems with effluents.

## **INTERNATIONAL**

### **Russia INDC**

Russia submitted March 31 its [Intended Nationally Determined Contribution](#) to the United Nations, pledging to reduce its greenhouse gas emissions between 25 and 30 percent by 2030 compared to 1990 levels. Participating nations hope to finalize a global climate accord at the United Nations Framework Convention on Climate Change December summit in Paris.

### **RE Record Spending**

The United Nations Environment Program, the Frankfurt School, and Bloomberg New Energy Finance released a report March 31 finding that investors have spent more than \$2 trillion on clean energy plants in the past decade and last year added, at \$270 billion and 103 GW, more renewable capacity than ever before. The 2011 record \$279 billion only achieved 81 GW of renewable energy capacity, as rapidly declining prices for wind turbines and solar panels mean investors achieve more capacity with less investment.

### **EU GHG Target Potentially Met**

The European Commission released [preliminary data](#) April 1 indicating that the European Union has reached its 20 percent by 2020 greenhouse gas reduction target six years early. Data analysis show that GHG emissions covered by the bloc's emissions trading program dropped 4.9 percent, though another analysis estimates that emissions only fell 4.5 percent last year, slightly above the European Union's target.

### **Canadian Carbon Price Shunned**

Canadian Natural Resources Minister Greg Rickford said April 2 that Canada will avoid a national price on carbon to protect a fragile economy from higher costs for gasoline and groceries. The governing Conservative Party opposes Liberal Party Leader Justin Trudeau's plan for a country-wide mandated price on carbon because of costs to the national economy, preferring instead to coordinate carbon policy with major trading partners like the United States.

### **UK Renewables Up, Emissions Decrease**

The United Kingdom Department for Energy and Climate Change released [energy trends data](#) for 2014 last week, showing that renewables supplied a record 19.2 percent of all generated electricity, up from 14.9 percent in 2013. Total greenhouse gas emissions are estimated to have fallen 8.4 percent in 2014.

## STATES

### HI Solar

Hawaiian Electric approved in March all the delayed rooftop solar applications on Maui and Hawaii's Big Island that have been waiting since October. 90 percent of the 2,749 pending applications on Oahu are expected to be cleared by the end of the month, and a recent Energy Information Administration [report](#) finds that Hawaiian net metered solar capacity is growing at a significant rate, though grid stability continues to be a concern.

### Southern Wind

Southern Company announced March 31 its first acquisition of a wind farm. Acquisition of the 299 MW Kay Wind farm in Oklahoma is expected to close late this year. Adding the wind farm gives Southern Company more than 970 MW of renewable energy capacity in operation or under development.

### NY RGGI Funds

New York Governor Andrew Cuomo (D) and the State Senate called March 13 for millions of dollars in clean energy funds to be diverted from the Regional Greenhouse Gas Initiative. The program, generally controlled by the New York State Research and Development Authority, provided last year almost \$100 million to support the state's clean energy programs. Governor Cuomo's budget calls for \$36 million to be taken from the program, with \$23 million directed to the general fund and \$13 million for the environmental protection fund, and the Senate requests \$64 million, \$49 million for the environmental protection fund. The New York State Legislature delivered a budget bill ([S. 4610](#)) to Governor Cuomo April 1 that would divert \$41 million in state proceeds from the Regional Greenhouse Gas Initiative into the state General Fund. The budget bill directs \$23 million to be used for the state Environmental Protection Fund, and the remainder will go toward other general fund purposes. The state collected \$144 million last year from the auction of carbon allowances.

### HI Clean Energy Initiative

The Hawaii Clean Energy Initiative ended April 1. The initiative, a series of agreements created in 2008 under former Governor Linda Lingle (R) that are critical to shaping the state's energy future, included achieving 70 percent of its energy from renewable energy by 2030, specifically 40 percent from renewable sources, and 30 percent from efficiency measures. The conclusion of the seven year program makes way for the second phase of the initiative, which involves a recommitment to a set of transportation goals, confronting new challenges in going beyond 40 percent renewable energy, and reassessing efficiency goals.

### CA Water/Energy Executive Order

California Governor Jerry Brown imposed April 1 a statewide 25 percent cut in potable water use through the end of next February in an attempt to alleviate the state's increasingly dire water shortage problem. The [executive order](#) included energy-related directives in an attempt to alleviate a secondary problem of electricity disruption. The order waives most of the state's regulations for a utility that works to modify a facility for the purpose of securing alternate water supply necessary for continued power plant operation, directs the California Energy Commission to expedite the processing of such applications, and empowers it to fast track them. The order also directs state agencies to establish a Water Energy Technology program to achieve water and energy savings and greenhouse gas reductions by accelerating use of cutting-edge technologies such as renewable energy power desalination.

### AZ Solar

Arizona Public Service asked regulators April 2 to increase fees by an average of \$21 on new solar customers. The increase follows a recent move by the Salt River Project to increase fees by about \$50 a month on new solar customers. A record number of customers are installing solar even with the current \$5/month fee.

### WA Climate Tax

Washington Governor Jay Inslee (D) proposed April 6 an environmentally-friendly tax increase that the state's Republican legislature is unlikely to support. In an attempt to sway the opposition, however, Governor Inslee has proposed a new charge on emissions from oil refineries, power plants, and other industries that is predicted to generate \$1.3 billion in revenue, but instead of putting the funds toward climate and energy programs, he has suggested using it to pay for education and transportation.

### MS Net Metering

The Mississippi Public Service Commission will consider this week a proposal to allow public comment on a plan to approve net metering. The commission is expected to take public comment on the plan until May 1.

## SUSTAINABILITY

### Citigroup RE Report

Citigroup Inc. released a report March 30 finding that inexpensive oil will not derail the long-term growth of renewable power. Oil generates about five percent of global electricity and does not normally compete directly with wind and solar power. Only eleven countries obtain more than 20 percent of their electricity from oil, principally in the Middle East and the Caribbean. Large-scale solar farms in the Middle East are competitive with oil at \$30 a barrel, and on-shore wind is competitive at \$23 a barrel of oil.

## MISCELLANEOUS

### RE Electricity Bill Impact

Third Way released a [report](#) April 2 finding that eliminating conventional corn ethanol from the renewable fuel standard blending mandate could jeopardize efforts to develop advanced cellulosic fuels. Eighty percent of commercial cellulosic ethanol production comes from companies that also produce corn ethanol, thus eliminating the corn portion could risk producers' ability to invest in cellulosic fuels.

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