



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

Following an ongoing dispute over amendments, the Senate fell short May 15 of the 60 votes needed to limit debate on the Senate Finance Committee-approved tax extenders package (H.R. 3474). In a 53-40 vote, all but one Republican voted against the motion, including Senator Chuck Grassley (R-IA), who wrote the original production tax credit and supports the overall \$85 billion tax extender package. Other energy components of the package include credits for cellulosic biofuels, biodiesel and renewable diesels, home energy efficiency upgrades, new energy efficient homes and commercial buildings, alternative fuel refueling property, electric motorcycles, and fuel cell motor vehicles. Senators Ron Wyden (D-OR) and Orrin Hatch (R-UT) will meet early this week to negotiate a deal on amendments in an attempt to move the bill forward before the Memorial Day recess.

The Senate's failure to move forward with the tax extenders package marks the second time in a week that Republicans have halted bills with significant bipartisan support because of a disagreement over amendments, the first being the Shaheen-Portman energy efficiency package (S. 2280) last Monday. It remains unclear whether the chamber will reach a deal over amendments on either measure, though Democrats and Republicans have both left that possibility open, and many Republicans have an interest in the tax package in particular. Of course, even if the Senate does eventually clear the legislation, it is uncertain whether the House would take up either package.

The House returns this week from its recess to begin addressing some of the must-pass bills of the year, including a measure to establish defense policy and fiscal year 2015 authorizations. The Water Resources Reform and Development Act (H.R. 3080) will return to the House floor May 20 with a House-Senate conference [report](#) containing a long list of compromises to outline the way water infrastructure projects are studied, authorized, and funded.

Senate Democrats have released their June agenda, pointing to nominations, fiscal year 2015 appropriations, and a student loan bill as top priorities. Senate Majority Leader Harry Reid (D-NV) may also attempt to bring up other measures that could help vulnerable Democrats seeking reelection this fall, including a bill focused on sportsmen's issues (S. 1660), and another promoting American manufacturing (S. 1468).

Environmental Protection Agency officials are working diligently to finalize a host of greenhouse gas regulations before President Obama's term ends. Over the last six weeks, the Office of Management and Budget has taken over 30 meetings on the agency's climate regulations, a dramatic increase from the previous three months, when the White House posted notices for 20 meetings. At the same time, the agency's formal rulemaking agenda

contains 134 proposed actions, the lowest since electronic records began in 1995.

Environmental Protection Agency Administrator Gina McCarthy told the Association of Climate Change Officers Climate Strategies Forum May 13 that the agency is on track to propose June 2 “legally sound” guidelines for limiting CO2 from existing power plants. President Obama may make the announcement himself.

White House Office of Science and Technology Policy Director John Holdren told the same forum that President Obama increasingly views addressing climate change as a key part of his legacy and that he remains committed to implementing as much of his climate action plan as possible before he leaves office.

CONGRESS

Interior, Energy Nominees Considered

The Senate Energy and Natural Resources Committee considered May 13 the nominations of Estevan Lopez, Suzette Kimball, and Monica Regalbuto to serve as commissioner of the Department of Interior’s Bureau of Reclamation, director of the Department of Interior’s U.S. Geological Survey, and, Department of Energy assistant secretary of energy for environmental management, respectively, drawing praise as professionals and scientists. The committee will soon vote on the nominees.

Biodiesel Requirement Increase Expected in Final RFS

Midwestern Democratic Senators said May 14 that they expect the Environmental Protection Agency to increase the amount of biodiesel and potentially other alternative fuels required under the 2014 renewable fuel standard, after the agency previously proposed billions in gallons of cuts. The agency will issue a final version of the standard in June. The agency proposed a reduction in the overall blending target for the first time in November.

Whitehouse Climate Letter to Rubio

Following a May 13 joint speech with Senator Bill Nelson (D-FL) during his climate road trip, Senator Sheldon Whitehouse (D-RI) sent a [letter](#) May 15 to Senator Marco Rubio (R-FL) saying that Florida is one of the states most vulnerable to the impacts of climate change, and urged him to act immediately to address climate change.

Legislation Introduced

Senators Barbara Boxer (D-CA), Bernie Sanders (I-VT), and Ed Markey (D-MA) introduced May 13 legislation (S. 2324, S. 2325, and S. 2326) to improve the safety and security of decommissioning nuclear reactors and the long term storage of spent nuclear fuel. The Senate Environment and Public Works Committee held a related hearing May 14.

Upcoming Hearings

The Senate Energy and Natural Resources Committee will hold a hearing May 20 on the nominations of Norman Bay to chair the Federal Energy Regulatory Commission and Cheryl LaFleur to serve as a commissioner.

The House Natural Resources Subcommittee on Energy and Mineral Resources will hold a hearing the same day on American energy jobs and manufacturing.

The same day, the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies will hold a hearing to mark up its fiscal year 2015 spending bill.

The Senate Appropriations Subcommittee on Defense will hold a hearing May 21 on energy security and research. Witnesses include Principal Deputy Assistant Secretary of Defense for Operational Energy Plans and Programs Edward Morehouse and Assistant Secretary of the Navy for Energy, Installations, and Environment Dennis McGinn.

The House Foreign Affairs Subcommittee on Europe, Eurasia, and Emerging Threats will hold a hearing the same day on developing energy resources in Central Asia.

The Senate Appropriations Committee will mark up, among other bills, the agriculture package, on May 22.

ADMINISTRATION

Climate Task Force Meets

A White House task force of governors, mayors, county officials, and tribal leaders working to develop recommendations for how to reform federal policies and programs to better serve communities’ resiliency needs met May 13-14 and called for better coordination and changes to federal funding and policies to help communities

address climate impacts. The group is likely to meet next in July, and will provide its recommendations to the president this fall.

DEPARTMENT OF COMMERCE

African Energy Trade Mission

Secretary of Commerce Penny Pritzker will lead 20 American companies on an Energy Business Development trade mission to West Africa May 18-23. Africa is home to seven of the ten fastest growing economies in the world, and the group will visit Ghana and Nigeria. After the trade mission concludes, Secretary Pritzker will travel to Ethiopia with Congresswoman Karen Bass (D-CA) to promote the renewal of the African Growth and Opportunity Act.

DEPARTMENT OF DEFENSE

Military Advisory Climate Report

The CNA Corporation Military Advisory Board released a [report](#) May 15 concluding that climate change impacts are already causing national security risks around the world, and could serve as a future cause of conflict across the globe. The report concluded that international climate change action has been insufficient, that climate change has influenced regional conflicts in Africa and the Middle East, and that rising sea levels continue to put coastal communities at risk.

DEPARTMENT OF ENERGY

DOE LNG Export Approvals Greater than Global Demand

Nexant Inc. said May 13 that American natural gas producers are unlikely to find enough international customers to purchase all of the natural gas exports that the Department of Energy has licensed already. The agency has granted final approval to one project under construction, and has conditionally approved five other terminals for a total volume of 9.3 billion cubic feet of natural gas per day. Two dozen applications are pending.

CCS Commercially Viable by 2030

Department of Energy Deputy Assistant Secretary for Clean Coal Julio Friedmann said May 15 that carbon capture and sequestration would be a viable commercial technology by 2030. Twelve large-scale CCS projects are in operation around the world, and are projected to capture 40 MMT CO₂ by the end of the year.

Nuclear Waste Fund Should Manage Waste

Nuclear Energy Institute Chief Executive Officer Marvin Fertel said May 16 that policymakers should use a \$30 billion balance from nuclear utility consumers to establish an organization to manage and dispose of radioactive waste. He also urged that the organization be granted access to future ratepayer fees. Mr. Fertel's remarks followed the Department of Energy's May 9 announcement that because of a court order, it would stop collecting fees assessed to nuclear utilities and their ratepayers until the government restarts its nuclear waste program.

Biomass R&D Nominees Sought

The Biomass Research and Development technical advisory committee, which advises the Departments of Agriculture and Energy and research priorities for federal biomass research, is seeking nominations for new members.

DEPARTMENT OF TREASURY

REITs Expanded to Renewables

The Internal Revenue Service published a rule in the Federal Register May 14 that clarifies the definition of real property and would allow certain solar photovoltaic assets to qualify for Real Estate Investment Trust status. Comments are due August 12, and a public hearing is scheduled for September 18.

ENVIRONMENTAL PROTECTION AGENCY

NSPS Comments

The National Association of Manufacturers and other industry organizations criticized May 12 Environmental Protection Agency proposed CO₂ regulations for new power plants as being impractical, while environmental groups defended them as necessary to address climate change. The agency issued the proposed rule in January,

and public [comments](#) closed May 9.

Title V Decision Forthcoming

Under a [consent decree](#) filed in the U.S. District court for the District of Colorado May 13, the Environmental Protection Agency agreed to issue a final Title V operating permit decision for a coal-fired power plant in Utah by August 29. The consent decree settles a December 2013 WildEarth Guardians lawsuit.

Coal Ash Regulations Forthcoming

Sierra Club Beyond Coal Campaign Director Mary Anne Hitt said May 15 that the Environmental Protection Agency has assured environmental groups that it will meet a December 19 deadline to finalize federal coal ash regulations. Ms. Hitt's comments came as the organization hosted a call to release a [report](#) detailing how eight states with significant coal ash impoundments regulate and store the byproduct.

Ethylene Plant Expansion Approved

The Environmental Protection Agency issued a final notice of decision May 16 granting a greenhouse gas construction permit to ExxonMobil Chemical Company that allows expansion of an ethylene plant in Texas. The agency originally issued the permit in November, but the Sierra club appealed the decision to the Environmental Appeals Board. The board denied the request for review May 14.

FEDERAL ENERGY REGULATORY COMMISSION

Favorable Environmental Review for LNG Export Terminal

The Federal Energy Regulatory Commission issued May 15 a favorable final environmental [assessment](#) for the proposed Dominion Cove Point liquefied natural gas export terminal in Maryland. Environmental groups and local opponents are planning a legal challenge, and the commission will accept public comment until August 16. Other federal agencies will have 90 days to submit their comments; the commission is expected to vote on the project in September.

INTERNATIONAL

HFC Reduction Amendment

The United States, Canada, and Mexico unveiled May 9 another attempt at persuading other countries to reduce the production and use of hydrofluorocarbons. The nations submitted their North American amendment [proposal](#) to the Montreal Protocol as a plan for reducing HFCs in three stages over 30 years, with a more lenient schedule for developing countries than for developed nations.

Renewable Energy and the G7

Energy Ministers from the Group of Seven countries [said](#) May 9 that supporting and increasing renewable energy production would be a central part of their recommendations at next month's G7 summit in Brussels. The group continues to discuss Ukrainian energy alternatives to Russian gas.

CO2 Reduction Cost Increases

The International Energy Agency released a report May 12 finding that the cost of reducing CO2 emissions from power generation enough to contain global warming to safe levels of two degrees Celsius a year from industrial revolution levels is rising because growing coal use outweighs the development and use of renewable energy. Investments of \$44 trillion through 2050 are necessary to decarbonize the energy sector, up 22 percent from two years ago.

Corporate Sustainability Reporting Platform

The World Bank Institute announced May 12 that it will develop a free online platform for companies to report on sustainability across their global supply chains later this year. The platform aims to close the gap between companies that have the knowledge, capacity, and funds to report on sustainability, and companies that do not have those resources.

Mexican Energy Plan Forthcoming

Mexican Senate Energy Commission President David Penchyna Grub said May 13 that the Senate is likely to pass legislation during a special session at the end of June to implement Mexico's energy overhaul.

India Solar Trade Case

India is considering whether to levy antidumping duties on United States and Chinese solar imports, citing evidence

of dumping. The Ministry of Commerce and Industry sent a summary to involved parties May 13 finding that more than 20 overseas suppliers sold equipment in India for as little as half the cost as in their home markets, undercutting local prices by as much as a third.

Chinese Involvement Critical to Limit Warming

Former World Bank Chief Economist Nicholas Stern and his research adviser Fergus Green published a [paper](#) May 14 finding that it will be nearly impossible to limit global warming to two degrees Celsius unless China limits its coal consumption within the next decade.

EU ETS Permit Prices

German Environment Minister Barbara Hendricks commented May 15 that carbon permit prices in the European Union's Emissions Trading System will rebound when policymakers agree on a market overhaul.

EU-China Solar Dispute

The European Union imposed five-year antidumping and anti-subsidy tariffs on imports of solar glass from China effective May 15. The EU may also impose anti-subsidy duties on Chinese glass fibers and polyester staple fibers.

STATES

Hot CA Increases Electricity Use

The National Weather Service issued a heat advisory May 12 for parts of the San Francisco and Monterey Bay areas through May 14. Surging California temperatures continue to boost air conditioning use, and spot electricity jumped to the highest seasonal level in six years.

FL Nuclear Plant Approved

Florida Governor Rick Scott (R) and his Cabinet [approved](#) May 15 the siting request for a nuclear power plant expansion and construction of transmission lines in Miami-Dade County. Several municipalities are expected to appeal the decision, particularly over the issue of transmission line locations, as part of an approved alternate route passes through Everglades National Park.

NY PV Opportunity

The New York State Energy Research and Development Authority [announced](#) May 15 the availability of up to \$60 million in funding under the NY-Sun Competitive Photovoltaic Program. Applicants may submit proposals through July 17 for the installation of customer-sited PV projects or renewable biogas-fueled electric generation projects larger than 200 KW in New York Independent System Operator load zones. Projects must be installed, interconnected, and operational by April 30, 2016.

MISCELLANEOUS

Advanced Energy Technology Report

Advanced Energy Economy released a [paper](#) May 13 highlighting advanced energy technologies and services that can help the United States meet its carbon emissions rules, support an aging infrastructure, and better serve consumers.

Climate Change's Economic Risks

Standard and Poor's Rating Services released a report May 15 finding that climate change will harm sovereign creditworthiness around the world this century. The report concludes that climate change will negatively impact countries' economic growth rates, their external performance, and public finances, and that it will harm developing countries more than developed countries.

Advanced Energy Technology Report

CDP released a [report](#) May 16 finding that major economies consider the physical risks of climate change to be increasing, with nearly half of them described as current or forthcoming within five years.

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