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## **ENERGY AND ENVIRONMENT UPDATE**

### **May 20, 2013**

#### **ENERGY AND CLIMATE DEBATE**

It was the tale of the two chambers this week in Congress with the House falling down party lines and the Senate coming together in a bipartisan fashion. The House voted for the 37<sup>th</sup> time to repeal the Affordable Care Act, and the 229-195 vote was split down party lines save for two Democrats who joined the majority. In the Senate, however, the two sides of the aisle came together to confirm Dr. Ernest Moniz to be Energy Secretary by a vote of 97-0, and the Senate approved, 83-14, the Water Resources Development Act. The bill, which allocates \$12 billion for water infrastructure projects, was sponsored by Senate Environment and Public Works Chairman Barbara Boxer (D-CA) and Ranking Member David Vitter (R-LA). The House is currently drafting its own version in the hope of later conferencing with the Senate.

The House and Senate Agriculture Committees considered their respective Farm Bills last week. While both bills reauthorize agriculture programs for five years, there are significant differences between the two versions, chiefly mandatory funding for energy programs. The Senate version originally allocated \$800 million in mandatory funding, but an amendment by Senator Amy Klobuchar (D-MN) brought that total up to \$900 million. The full Senate will begin considering its version today. The House version has no mandatory funding for its energy title. Representative Tim Walz (D-MN) had introduced an amendment to include mandatory funding, but he later withdrew it. (A more detailed discussion of the Farm Bill can be found below.)

On Thursday, Dr. Ernest Moniz was confirmed by the Senate to serve as Energy Secretary by a vote of 97-0. The same day, Gina McCarthy was approved, 10-8, by the Senate Environment and Public Works Committee to become the next administrator of the Environmental Protection Agency. On the horizon is the nomination of Dr. Allison Macfarlane to serve a complete term as Chairman of the Nuclear Regulatory Commission. A Senate Environment and Public Works Committee hearing is scheduled for Thursday to consider her nomination. Chairman Macfarlane was confirmed to complete the term of former Chairman Gregory Jaczko in July 2012; that term expires on June 30.

Despite heavy rhetoric against the latter two nominees, most still think McCarthy and Macfarlane will be confirmed this summer.

The optimism from last week to consider S. 761, the Energy Savings and Industrial Competitiveness Act of 2013, and a handful of bills on hydropower on the Senate floor before the Memorial Day recess has waned. Senate Energy and Natural Resources Chairman Ron Wyden (D-OR), whose committee approved the bills on May 8, had previously been actively pursuing floor time for the bills before the break. It is now unlikely that the measures will be considered by the full Senate until after the Memorial Day recess.

Looking down the road, the Senate Energy and Natural Resources Committee is expected to announce that it will hold two hearings in June on combined heat and power technology. The Committee had hoped to hold the hearings in May, but the schedule was full.

Off Capitol Hill, the Departments of Energy and the Interior made headway on natural gas issues. On Thursday, the Interior Department released the revised proposed rules on hydraulic fracturing on public lands. The agency previously released rules that were later recalled after more than 177,000 public comments were filed; the new rules modified past language based on those comments. Many had expected the approval of a liquefied natural gas export terminal by the end of the week, and on Friday, the Energy Department announced the conditional approval of a second facility.

## CONGRESS

### **First Natural Gas Forum Held**

On May 14, the Senate Energy and Natural Resources Committee held the first of three forums on natural gas. The panel discussed pipeline infrastructure and the use of natural gas in the transportation sector. Many forum members advocated for the development of fueling stations. They also pushed for pipeline modernization to decrease the risk of methane fugitive emissions. Chairman Ron Wyden (D-OR) said that he and Senator John Hoeven (R-ND) would work on ways to mitigate these emissions. Several encouraged a quicker permitting process by the Federal Energy Regulatory Commission, and a few pushed for the removal of disincentives to the natural gas industry, such as the 12 percent excise tax. The panelists also highlighted the link between natural gas and renewables, saying natural gas can act as a base fuel and ensure reliability for variable resources like wind. The second and third forums will be held on May 21 and 23.

### **Short-Lived Climate Pollutants Efforts**

On May 14, Senator Chris Murphy (D-CT) stated at an event held by the Center for National Policy that it may be easier for Congress to reduce short-lived climate pollutants (SLCPs) instead of trying to legislate a reduction in carbon dioxide emissions. Senator Murphy noted that SLCPs have less of an impact on the economy and are therefore a less contentious issue in Washington. The Senator said that a reduction in SLCPs would still be a big step in the battle against climate change.

### **Senate, House Mark Up Farm Bill**

On May 14, the Senate Agriculture Committee held a business meeting to mark up the 2013 Farm Bill. The Senate version includes \$900 million in mandatory funding for Department of Agriculture energy programs; an amendment by Senator Amy Klobuchar (D-MN) added \$100 million for the Rural Energy for America Program, a grant and loan guarantee program, which bumped up the originally proposed level of \$800 million. The bill also allows renewable chemicals to participate in

biorefinery assistance programs previously limited to biofuels. In addition, it improves the Biobased Markets Program by focusing on innovation and renewable chemicals.

On May 15, the House Agriculture Committee marked up its version of the Farm Bill. Representatives Tim Walz (D-MN), Cheri Bustos (D-IL), Ann Kuster (D-NH), William Enyart (D-IL), and Michael McIntyre (D-NC) introduced an amendment to provide \$800 million in mandatory funding for energy efficiency and renewable energy programs, but later withdrew it. The House version has no mandatory funding for energy programs. No amendments were approved en bloc to Title IX, the energy title. The committee voted 36-10 to send the bill to the House floor for consideration.

### **Grid Reliability Bill**

On May 15, the House Energy and Commerce Committee approved H.R. 271, the Resolving Environmental and Grid Reliability Conflicts Act of 2013, by a voice vote. The bill, introduced by Representative Pete Olson (R-TX), would protect power plants ordered by the Department of Energy to remain open for reliability reasons from environmental lawsuits. The Federal Power Act allows the agency to order continued operations while the Clean Air Act permits citizens to file lawsuits against polluters; this bill attempts to fix the conflict. The bill will be considered on the House floor on Wednesday.

### **Rep. Heck SEEC 50<sup>th</sup> Member**

On May 15, the House Sustainable Energy and Environment Committee announced that Representative Denny Heck (D-WA) became its 50<sup>th</sup> member. Upon his admittance, the congressman said he plans to focus on clean energy technology, climate change, national parks, and Puget Sound cleanup efforts. SEEC was founded in January 2009 by Representative Steve Israel (D-NY) and former congressman Jay Inslee (D-WA) to advocate for environmental protection and clean energy policies.

### **McCarthy Nomination Goes to Senate**

On May 16, the Senate Environmental and Public Works Committee approved the nomination of Gina McCarthy to be Environmental Protection Agency Administrator by a vote of 10-8. The party-line vote sends the nomination to the floor of the Senate. Ranking Member David Vitter (R-LA) says he will consider voting for Ms. McCarthy or working to prevent a filibuster if the agency addresses his concerns. The same day as the vote, Senator Vitter sent a letter to the EPA requesting the agency clarify its Freedom of Information Act policy and release work-related emails sent from McCarthy's personal account.

### **Appropriations ARPA-E Support**

On May 15, Senate Appropriations Subcommittee on Energy and Water Development Chairman Diane Feinstein (D-CA) and Ranking Member Lamar Alexander (R-TN) said they support increased funding proposed by President Obama for ARPA-E. The senators said that the program, which helps fund experimental technologies, needs greater oversight in order to function effectively.

### **Keystone XL Bill Passes House Committee**

On May 16, the House Transportation and Infrastructure Committee approved H.R. 3, the Northern Route Approval Act, by a vote of 33-24 with one voting present. The bill would remove the requirement of a presidential permit for the Keystone XL pipeline. Representative Steve Cohen (D-TN) introduced an amendment to require pipeline owner TransCanada to create an oil spill response plan for each state the pipeline is in; he later withdrew the amendment after committee Chairman Bill Shuster (R-PA) offered to collaborate with him on the issue. Having already passed

the House Energy and Commerce and Natural Resources Committee, the bill will be considered by the House Rules Committee on Tuesday, and the full House on Wednesday.

### **Geothermal Bill Advances to Senate Floor**

On May 16, the Senate Energy and Natural Resources approved S. 363, the Geothermal Product Expansion Act of 2013, by a voice vote with no amendments. If enacted, the bill would let the Department of Interior issue noncompetitive leases for geothermal projects on up to 640 acres of public land; these projects must originate on private land and must show that the discovery extends into the federal land. The bill will now be considered by the full Senate.

### **EPA Budget Hearing, Greenhouse Gas Rules Discussed**

On May 16, the House Energy and Commerce Subcommittees on Energy and Power and on Environment and the Economy held a hearing to examine the fiscal year 2014 requested budget for the Environmental Protection Agency. Energy and Power Chairman Ed Whitfield (R-KY) expressed concerns about the high cost of Mercury and Air Toxic Standards and vehicle emissions standards. Energy and Commerce Chairman Fred Upton (R-MI) said the greenhouse gas regulations could constrain fuel diversity. In 2012, the EPA finalized 635 rules. At the hearing, EPA Acting Administrator Bob Perciasepe said the agency is still considering rules for greenhouse gas emissions from new or existing power plants, as it has received almost 2.5 million public comments.

### **Navy Green Energy Opportunities**

On May 16, Representative Rob Wittman (R-VA) said he will continue to monitor efforts by the Navy to pursue green energy alternatives. The congressman wants any green energy to be based on cost efficiency, rather than a requirement to produce energy through alternative methods.

### **Hastings Bird Kill Letter Sent to FWS**

On May 16, House Natural Resources Chairman Doc Hastings (R-WA) sent a letter to U.S. Fish and Wildlife Service Director Dan Ashe and Assistant Attorney General Ignacia Moreno on suits related to birds killed by wind and other energy facilities. Chairman Hastings asked how many suits were filed with and declined the Department of Justice, and about discussions with the American Wind Wildlife Institute about a bird mortality database. The Fish and Wildlife Service is currently investigating 18 bird deaths; 7 of these cases have been forwarded to the Department of Justice.

### **Coal Ash Legislation on the Horizon**

On May 16, House Energy and Commerce Subcommittee on Environment and the Economy Chairman John Shimkus (R-IL) announced that he will soon introduce coal ash legislation. The bill would create a state permitting program and the option for states to cede authority to the agency should they not wish to create their own program. The subcommittee previously released a draft bill that was identical to a Senate bill from the 112<sup>th</sup> Congress. Since that time, Representative Shimkus has met with Environmental Protection Agency officials, and at an April hearing Assistant Administrator for Solid Waste and Emergency Response Marty Stanislaus expressed concern about a lack of language on leaking facilities closing deadlines and state program implementation timelines. Chairman Shimkus said he is willing to compromise on those issues.

### **Draft Coal Ash Regulation Bill Considered**

On May 17, the House Energy and Commerce Subcommittee on Environment and Economy held a hearing on the Reducing Excessive Deadline Obligations Act of 2013. The bill, which has yet to be introduced, would stop a suit that would require a schedule to be made. At the hearing, Ranking Member Paul Tonko (D-NY) expressed opposition to the bill, saying a ruling on the suit will provide

certainty. The case was filed by coal ash recyclers and environmental groups in April 2012 and requested that regulations be released within a certain time frame.

### **Bills Introduced**

- On May 13, Representatives Frank Lucas (R-OK) and Collin Peterson (D-MN) introduced H.R. 1947, the Federal Agriculture Reform and Risk Management Act of 2013, the 2013 Farm Bill.
- On May 14, Representative Pete Olson (R-TX) and 17 other members introduced H.R. 1959, a bipartisan bill that expands the Renewable Fuel Standard to include ethanol derived from natural gas. The bill is designed to reduce food and livestock feed costs by taking the pressure off corn ethanol.
- On May 15, Representative Leonard Lance (R-NJ) introduced H.R. 1985, the reauthorization of the National Oilheat Research Alliance Act of 2000. Cosponsors of the bill include Representatives Charlie Dent (R-PA), Jeff Duncan (R-SC), Rodney Frelinghuysen (R-NJ), Michael Grimm (R-NY), Richard Hanna (R-NY), Andy Harris (R-MD), Walter Jones (R-NC), Jon Runyan (R-NJ), Chris Smith (R-NJ), Peter Welch (D-VT), Joe Wilson (R-SC), and Peter King (R-NY).
- The same day, Representatives Mike Simpson (R-ID) and Peter DeFazio (D-OR) introduced H.R. 2004, a bill to expand geothermal production.
- The same day, Representative Randy Weber (R-TX) was joined by eight of his colleagues in introducing H.Res. 214, a resolution expressing the sense of the House of Representatives that the extensive scientific and technical studies the Department of State and other federal agencies have affirmed that the proposed Keystone XL pipeline is an environmentally sound project.
- On May 16, Senators Bob Corker (R-TN) and Joe Manchin (D-WV) introduced S. 977, the Foreign Fuels Reduction Act. The bill modifies the renewable fuel standard to require the Environmental Protection Agency, when it lowers the projected volume of cellulosic biofuel production to below the minimum statutory volume, also to lower the total renewable and advanced biofuel volume by the same amount. Currently, the agency has the authority to do so but is not required to do so.
- The same day, Representatives Lois Capps (D-CA), Doris Matsui (D-CA), Ed Markey (D-MA), and Jan Schakowsky (D-IL) introduced H.R. 2023, a bill directing the Secretary of Health and Human Services to develop a national strategic action plan to assist health professionals in preparing for and responding to the public health effects of climate change.
- The same day, Representative Ben Ray Lujan (D-NM) introduced H.R. 2029, The Community College Energy Training Act. The bill would provide grants to community colleges to train students about biomass, geothermal, solar, and wind energy as well as about energy efficiency, sustainable agriculture, and water conservation. The Departments of Energy and Labor would establish this grant program. Half of the \$100 million authorization would be used to create energy programs while half would be used to support existing programs.

### **Upcoming Hearings**

- On May 21, the Senate Energy and Natural Resources Committee will hold its second forum on natural gas. The forum will focus on the domestic supply of natural gas as well as the costs and benefits of natural gas exports.
- The same day, the House Rules Committee will meet to consider H.R. 3, the Northern Route Approval Act.

- The same day, the House Transportation and Infrastructure Subcommittee on Water Resources and the Environment will hold a hearing examining the fiscal year 2014 requested budget for the Environmental Protection Agency.
- On May 23, the Senate Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies will hold a hearing examining the fiscal year 2014 requested budget for various Department of Agriculture agencies.
- The same day, the Senate Energy and Natural Resources Committee will hold its third and final forum on natural gas. The focus of this forum will be on industry best practices and environmental concerns.
- The same day, the Senate Environment and Public Works Committee will consider the nomination of Allison Macfarlane to serve a full term as Chairman of the Nuclear Regulatory Commission.
- The same day, the House Natural Resources Subcommittee on Water and Power will hold a hearing to examine legislation related to water projects, including H.R. 745, a bill to reauthorize the Water Desalination Act of 1996, and H.R. 1963, the Bureau of Reclamation Conduit Hydropower Development Equity and Jobs Act.

## ADMINISTRATION

### **Positive Outlook on Natural Gas Exports**

On May 13, President Obama gave a positive outlook on anticipated approvals of natural gas exports. Speaking at a Democratic National Committee event in New York, he said the U.S. will likely become a net exporter of natural gas in the next five to ten years. He also said the U.S. has the possibility to become fully energy independent. At the same event, he praised the development of and the doubled production of clean energy.

### **Presidential Memorandum on Infrastructure Timelines Released**

On May 17, President Obama released a presidential memorandum instructing federal agencies' infrastructure projects to cut aggregate timelines in half. A steering committee was formed by the memorandum to coordinate between the agencies. The memorandum applies to electrical transmission, pipeline, and energy projects.

## DEPARTMENT OF COMMERCE

### **Kerry to Serve as Acting Secretary of Commerce**

On May 13, Acting Commerce Secretary Rebecca Blank announced that Department of Commerce General Counsel Cameron "Cam" Kerry will replace her as Acting Commerce Secretary when she steps down June 1. Kerry, who is the brother of Secretary of State John Kerry, will serve in this position until nominee Penny Pritzker is confirmed by the Senate. Acting Secretary Blank has been the head of the agency since June 2012 when former Secretary John Bryson stepped down for health reasons.

### **Sequestration Inflation Adjustment Released**

On May 14, the Internal Revenue Service released the inflation adjustment factor for carbon dioxide sequestration. The factor for 2013 is 1.0626 while 2012's factor was 1.0438. The 2013 credit for carbon dioxide sequestration under Section 45Q(a)(1) is \$21.25/MT CO<sub>2</sub>; this credit is for captured gas that does not use the taxpayer as a tertiary injectant. The Section 45Q(a)(2) credit values at \$10.63; this credit uses the taxpayer as a tertiary injectant. The notice will be published on June 3.

## DEPARTMENT OF ENERGY

### **EIA State Energy Emissions Report Released**

On May 13, the Energy Information Administration released its report *State-level Energy-Related Carbon Dioxide Emissions, 2000-2010*. The report analyzed GHG emissions from energy consumption in each of the 50 states from 2000 to 2010. The study found that emissions decreased in 32 states in this decade, but only 14 states saw emissions reductions between 2009 and 2010. Delaware had the greatest emissions reduction between 2000 and 2010 at 28 percent, and Nebraska had the greatest emissions increase at 16 percent. In 2010, the greatest emitters were Texas, California, Pennsylvania, Ohio, and Florida. Wyoming had the greatest per capita emissions level in 2010 at 118.5 metric tons per person while New York had the lowest level with 8.8 metric tons per person. The agency cited New York City's mass transit system, multifamily homes, and high energy prices as causes of low energy consumption.

### **Hydrogen Vehicle Initiative Announced**

On May 13, the Department of Energy and several automakers announced the launch of H<sub>2</sub>USA, an initiative to create widespread adoption of hydrogen-powered vehicles. The public-private partnership will focus on creating more fueling stations for these cars and trucks. Stakeholders from the private sector participating in H<sub>2</sub>USA include the American Gas Association, the Association of Global Automakers, the California Fuel Cell Partnership, the Electric Drive Transportation Association, Hyundai, ITM Power, the Massachusetts Hydrogen Coalition, Mercedes-Benz, Nissan, and Toyota.

### **Lane to Depart**

On May 14, Department of Energy Assistant Secretary of Congressional and Intergovernmental Affairs Jeff Lane announced that he will step down to join the private sector at the end of May. He has served in this position since 2010. Prior to joining the agency, Lane served as Chief of Staff for Senators Michael Bennet (D-CO), John Edwards (D-NC), and Ken Salazar (D-CO); he was also Legislative Director to Senator Jim Sasser (D-TN) and a senior aide to Senator Tom Daschle (D-SD).

### **LNG Export Facilities Still Pending**

On May 15, Acting Secretary of Energy Daniel Poneman said the department is still considering applications to build liquefied natural gas export terminals, and is in the process of reviewing 200,000 public comments.

### **Energy Efficiency Standards Released**

On May 15, the Department of Energy released its *Methods for Determining Energy Efficiency Savings for Specific Measures* to serve as protocols for calculating energy efficiency savings. The methods can be used on commercial, industrial, and residential buildings. The National Renewable Energy Laboratory created the protocols to increase confidence in energy savings reporting since contractors, energy efficiency programs, public utilities, and utility commissions use different calculation methods.

### **LNG Export Terminal Conditionally Approved**

On May 17, the Department of Energy conditionally approved the second liquefied natural gas export terminal. The Freeport LNG Expansion and FLNG liquefaction LLC facility in Quintana, Texas is expected to export up to 1.4 billion cubic feet of natural gas every day for 20 years. A Federal Energy Regulatory Commission certificate is required before construction may begin. The agency previously approved the Sabine Pass facility located in Louisiana. 19 other LNG export terminal

applications remain in the queue; these terminals would, if approved, export to non-free trade agreement countries.

## DEPARTMENT OF INTERIOR

### **Shale Groundwater Contamination Study Released**

On May 15, the U.S. Geological Survey and Duke University released their study *Geochemical and Isotopic Variations in Shallow Groundwater in the Fayetteville Shale Development, North-Central Arkansas*. The report, which analyzed 127 shallow wells in the Fayetteville Shale formation, found minimal levels of methane present. The carbon in the methane was studied, and it was discovered that the methane resulted from biological activity not hydraulic fracturing. The report concluded that fracking did not significantly impact groundwater quality in the area.

### **BLM Fracking Suit Briefs Scheduled**

On May 15, the U.S. District Court for the Northern District of California announced the deadline for government and environmental parties to propose solutions as part of its March ruling on Bureau of Land Management's California oil and gas leases. In March, the Court found that the bureau did not consider the risks associated with hydraulic fracturing when it approved four leases. The Center for Biological Diversity and the Sierra Club requested that a briefing schedule be made to propose remedies. The court granted this request. The plaintiffs must file a brief by June 3; BLM must respond by June 25; the environmental groups must reply by July 9; and a hearing will be held on July 16.

### **Public Land Fracking Rules Released**

On May 16, the Department of the Interior Bureau of Land Management released its proposed rules for hydraulic fracturing on federal land. The rules are based off previously proposed regulations for which the Department received 177,000 public comments. Changes to the rules include better coordination between BLM and state governments, opportunities for companies to present water protection efforts, and clarification on trade secret management. BLM is also working with disclosure database FracFocus to improve reporting mechanisms. States will be required to meet the baseline set by department rules but can exceed them if they so choose. Cost estimates for industry compliance range from \$12 million to \$20 million per year. A 30 day round of public comments will begin when the Federal Register publishes the rules; the final rule will be issued following this period. Industry stakeholders have expressed concerns about the rules, saying that while the rules are an improvement from the previous proposal, there is no economic or scientific justification. Environmentalists have also expressed concern, citing fundamental inadequacies in the rules.

## DEPARTMENT OF STATE

### **Kerry Speaks on Climate Change in Sweden**

On May 14, Secretary of State John Kerry said he wished the U.S. had done more on climate change issues. While U.S. emissions levels are below targets set by the 1997 Kyoto Protocol and the proposed Waxman-Markey American Clean Energy and Security Act of 2009, there is still room for improvement. He continued that the president has committed to act on global climate change. Speaking with Swedish Prime Minister Fredrik Reinfeldt, Secretary Kerry said global warming is an environmental, economic, and security issue that affects everyone.



### **Arctic Council Ministerial Meeting**

On May 15, Secretary Kerry travelled from Stockholm to Kiruna, Sweden to participate in the Arctic Council ministerial meeting on climate change. The talk focused on the reduction of short-lived carbon emissions and the development of oil spill cleanup procedures. Participants signed the Kiruna Declaration reaffirming their commitment to the U.N. Framework Convention on Climate Change's goal of creating long-term solutions by 2015. Members received reports on biodiversity, marine, and ocean acidification trends. They formed a task force to create black carbon emissions reduction strategies to be presented in 2015. The meeting signified the end of the chairmanship of Sweden of the Arctic Council; Canada will chair the council for the next two years, and the U.S. will become the chair in 2015. Along with Sweden and the U.S., participants in the Arctic Council include Canada, Denmark, Finland, Iceland, Norway, Russia, and six international organizations representing indigenous people in addition to observer states like China, India, and Japan.

## **DEPARTMENT OF TRANSPORTATION**

### **NHTSA Deputy Sworn In**

On May 17, David Friedman was sworn in as the National Highway Traffic Safety Administration Deputy Administrator. Mr. Friedman previously worked with the Union of Concerned Scientists and the University of California-Davis Fuel Cell Vehicle Modeling Program. His work at UCS focused on fuel economy and emissions standards. He replaces Ron Medford who departed in late 2012.

## **ENVIRONMENTAL PROTECTION AGENCY**

### **Coal Alternative Considered Non-Waste Fuel**

On May 9, the Environmental Protection Agency sent a letter to Vexor Technology Inc., saying the company's composite material that can be burned in the place of coal can be considered a non-waste fuel rather than a solid waste. The material is comprised of cardboard, oleochemicals, paper, plastics, soy based inks; production of the composite removes noncombustible inorganic materials and metals. In August 2012, the agency determined that a feedstock component of the fuel can be treated as non-waste; the feedstock consists of fibers and plastics from commercial, industrial, and municipal solid wastes. In March, Vexor Technology asked the EPA to review the entire fuel.

### **States Oppose Fine Particulate Matching Funds**

On May 9, the National Association of Clean Air Agencies submitted comments to the Environmental Protection Agency on its draft fiscal year 2014 national program manager guidance. The comments said state authorities are against the EPA requiring matching funds to monitor fine particulate matter. The National Association of Clean Air Agencies cited tough economic conditions as to why state and local governments cannot match funds; it urged that monitoring be financially supported at the federal level because it is a national effort. The agency proposed in the FY14 budget to change fine particulate monitoring programs from being fully funded by the government to having the government provide 60 percent of the funds and states provide 40 percent.

### **Air Quality Implementation Opposed**

On May 13, the comment period for the proposed Environmental Protection Agency national ambient air quality standard rule that would require 36 states to change their air quality implementation plan. Alabama, Louisiana, Mississippi, Nevada, New Hampshire, and South Dakota commented that the Clean Air Act granted the EPA the authority to create the standards; however, the Act allows states to set up their own implementation schedules.

### **Internal Investigation on Climate Change Goals Announced**

On May 15, the Environmental Protection Agency indicated it would launch an internal investigation into its climate change goals following a request from the Congressional Bicameral Task Force on Climate Change. The review will assess the EPA's progress toward its 2012 Strategic Sustainability Performance Plan objectives and focus on any potential adjustments to the plan. A letter from the EPA says that preliminary meetings will take place within the agency over the next two weeks.

### **Ozone-Depleting Substance Alternatives Approved**

On May 17, the Environmental Protection Agency announced the approval of five ozone-depleting substance alternatives. The Clean Air Act provided the agency the authority to designate substances that can be used in place of ozone-depleting materials. The five alternatives are used in a variety of manners including in ice skating rink retrofits, as electronic cleaning solvents, and as adhesives.

## **FEDERAL ENERGY REGULATORY COMMISSION**

### **Summer Electric Grid Reliability Analyzed**

On May 16, the Federal Energy Regulatory Commission released a staff analysis document that reviewed a North American Electric Reliability Corp. assessment on electric grid reliability in the upcoming months. FERC found that Texas and Southern California are the two major areas expected to experience the greatest reliability threat. The electricity demand growth has outpaced capacity growth in Texas while Southern California is still coping with the offline San Onofre nuclear power plant. The Electric Reliability Council of Texas plans to issue alerts advocating reduced electricity use. The rest of the country is expected to have adequate electricity reserves.

## **GOVERNMENT ACCOUNTABILITY OFFICE**

### **Federal, State Infrastructure Cooperation Report Released**

On May 14, the Government Accountability Office released its report *Future Federal Adaptation Efforts Could Better Support Local Infrastructure Decision Makers*. The office found that while the federal government collects data on climate change, local officials do not have easy access to it when making decisions on major infrastructure projects. The report recommended the identification of the best possible climate change data, the continued updating of this data, and the collaboration between the Secretary of Transportation, the Environmental Protection Agency Administrator, and industry stakeholders to include climate change data in design standards. The report was requested by Senate Environment and Public Works Subcommittee on Oversight Chairman Sheldon Whitehouse (D-RI) and Subcommittee on Transportation and Infrastructure Chairman Max Baucus (D-MT).

## **NUCLEAR REGULATORY COMMISSION**

### **Vogtle Plant Challenge Rejected**

On May 14, the U.S. Court of Appeals for the District of Columbia Circuit rejected a suit surrounding the recent Nuclear Regulatory Commission decision to approve the construction of the first new nuclear reactor in decades. The NRC had approved a license filed by Southern Co. to construct a nuclear reactor at its Vogtle plant. The suit said the NRC had not fully considered information from the Fukushima accident when approving the license and had then declined to reopen the process. The court said the claims did not have merit, citing the lone dissent by former NRC Chairman

Gregory Jaczko which focused not on environmental issues but on safety measures. The groups that filed the suit against the NRC were the Blue Ridge Environmental Defense League, the Center for a Sustainable Coast, Citizens Allied for Safe Energy, Friends of the Earth, the Georgia Women's Action for New Directions, NC Warn, the Nuclear Information and Resource Service, Nuclear Watch South, and the Southern Alliance for Clean Energy.

### **San Onofre Not to Restart Until June at Earliest**

On May 14, Nuclear Regulatory Commission Chairman Allison Macfarlane said the San Onofre plant will not restart its two reactors until late June at the earliest. Addressing the Nuclear Energy Assembly, she warned that the decision might be pushed back. The NRC is currently accepting public comments through June 17 in anticipation of a hearing on the plant. The agency is also setting up meetings with state government, state commission, and local government officials. In January 2012, the plant went offline due to faulty new steam generators. In April, the plant operator, Southern California Edison, requested a partial restart by June 1.

## **INTERNATIONAL**

### **Greece Feed-In Tariffs Reductions**

On May 10, the Greek Ministry of Environment, Energy, and Climate Change announced it will reduce the price of feed-in tariffs by 44.7 percent from 2012 to 2013. The reductions will apply to photovoltaic facilities that generate more than 100 KW and that have been connected to the grid since February 2013, and additional cuts will be made in the upcoming years.

### **Canadian Algae-Carbon Dioxide Partnership Announced**

On May 10, Canadian Natural Resources and the Canadian National Research Council announced that they will partner to research the use of oil sands carbon dioxide emissions in the conversion of algae into commercial products such as fertilizers, fuels, and livestock feed. The project will last for three years and will cost \$18.8 million.

### **EU Climate Adaptation Funding Exceeds Pledge**

On May 14, the European Union member states' finance ministers issued a communique announcing that the EU exceeded a 2009 pledge of \$9.35 billion provided to developing countries in an attempt to improve climate adaptation. The member states gave \$9.53 billion between 2010 and 2012, \$180 million above the pledge. 48 percent of the funds went to emissions mitigation projects, 28 percent went to climate adaptation projects, 12 percent went to programs mitigating deforestation, and 12 percent went to other adaptation programs. EU members have previously pledged to allocate an additional \$7.14 billion beyond 2012.

### **Greenhouse Gas Ratings Defended**

On May 14, European Union Climate Action Commissioner Connie Hedegaard defended the application of greenhouse gas ratings to fuels used in the transportation sector. Originally proposed in October 2011, the plan would apply intensity ratings to fossil fuels as part of the 2009 Fuel Quality Directive. The European Commission placed a hold on the proposal in April 2012 until an economic impact assessment had been completed. Ms. Hedegaard said the ratings would be fair when judging oil sands fuel, but the Canadian government has said the system would be discriminatory because the calculations are wrong.

### **IEA Medium-Term Oil Market Report Addresses US RFS**

On May 14, the International Energy Agency released its Medium-Term Oil Market Report. In the report, the agency projected that in 2013 the U.S. will produce 937,000 barrels of biofuels every day; forecasts from this time last year had the U.S. daily capacity at 972,000 barrels. The IEA cited uncertainty stemming from Renewable Fuel Standard debates as the reason why the estimate dropped.

### **Alberta Oil Sands Environmental Monitoring Bill Passes**

On May 14, the Alberta Legislature approved Bill 21, the Environmental Protection and Enhancement Amendment Act, to appropriate provincial funds to a public-private partnership to monitor environmental quality in oil sands areas. The initiative includes an online portal to monitor air and river quality which has recently been launched. The private sector has already pledged \$147 million over three years for the program.

### **Argentina WTO Dispute Initiated**

On May 15, Argentina launched a World Trade Organization claim against the European Union and its member states on biodiesel importation. Argentina claimed the EU, Belgium, France, Italy, Poland, Spain, and the UK implemented the 2009 Renewable Directive that gave preference to European transportation fuels. The South American country and the EU have 60 days to reach a settlement; should no settlement be reached, Argentina may request the formation of a WTO dispute panel.

### **Quebec Fracking Moratorium Legislation Introduced**

On May 16, Quebecois officials introduced Bill 37, a bill to place a moratorium on all hydraulic fracturing in the St. Lawrence region. The bill, which would replace a 2011 ban issued by the Cabinet, would exclude stratigraphic drilling practices as well as Anticosti Island where drilling has already begun. If enacted, the bill would be in effect until the province creates new legislation on hydraulic fracturing or until five years have passed. Violations would result in a fine between \$29,490 and \$5,898,000 for companies and between \$9,818 and \$981,999 for individuals.

### **EU ETS Emissions Figures Released**

On May 16, the European Commission announced that the European Union Emissions Trading System resulted in power and manufacturing plants reducing their emissions by 2 percent from 2011 to 2012. The 12,000 installations covered by the ETS emitted 1.905 billion metric tons of carbon dioxide in 2011 and 1.867 billion metric tons in 2012. Aviation figures were not included in the announcement since 2012 was the first year the ETS began covering flights within the EU; intercontinental flights will begin reporting emissions levels in 2013. While the reductions fulfill the purpose of the ETS, they worsened the surplus of ETS carbon permits. By the end of 2012, there was a 2 billion allowance surplus, almost doubled from the previous year.

### **UN Debate on Energy, Water Policies Held**

On May 16, representatives from Poland and the United Arab Emirates organized a debate on energy and water policies at the United Nations General Assembly meeting. Poland Deputy Minister of the Environment Beata Jacewska advocated for the inclusion of language on climate change responses, energy efficiency goals, and universal energy access in the creation of sustainable development goals. UN Secretary General Ban Ki-Moon issued a statement to the assembly, promoting the creation of a universal and ambitious climate change agreement to be written by 2015.

### **NAMA Creation Hypothesized**

On May 16, the Center for Clean Air Policy held its Global Nationally Appropriate Mitigation Actions Financing Summit. At the summit, panelists projected that greenhouse gas NAMAs will be stimulated by recent actions in Germany and the United Kingdom. The two European countries recently outlined implementation structures. The panelists hypothesized that more nations will propose NAMAs related to reducing greenhouse gas emissions.

## **STATES**

### **FL Natural Gas Transportation Fuel Bills Passed**

On May 14, the Florida legislature approved three bills that would encourage the development of natural gas as a transportation fuel. The bills would get rid of a decal program, replacing it with a licensing program that is currently used by diesel suppliers. The bills also require a report on natural gas taxation. The bills will now be sent to Governor Rick Scott (R) for his signature.

### **2011 State Renewable Leaders Reported**

On May 20, the U.S. Energy Information Administration announced the 2011 state leaders of renewable energy consumption. The EIA found that Washington was the leader in hydroelectric consumption, California led in solar power consumption, and Texas was the leader in wind energy consumption.

## **SUSTAINABILITY**

### **Stock Exchange Requirements Imminent**

On May 15, NASDAQ Managing Director of Corporate Sustainability Evan Harvey said stock exchange sustainability reporting requirements could be released as early as 2014. A proposal requiring the reporting of climate change and environmental impact data was released in April. The proposal must receive a majority vote by the World Federation of Exchanges in October before being considered by the International Organization of Securities Commissions.

### **Sustainability Reporting and Reputation Linked**

On May 16, the Boston College Center for Corporate Citizenship and Ernst & Young released their report *Value of Sustainability Reporting*. The study found that sustainability reporting was linked to improved reputation in 40 percent of the companies studied. Companies were incentivized to report because of competitive advantage, interested party pressure, risk management, and transparency. Businesses cite a lack of availability and clarity of data along with a lack of internal buy-in as reasons as to why they do not report environmental and social data.

## **MISCELLANEOUS**

### **Reservoir Riparian Rights Ruling Released**

On May 9, the U.S. District Court for the Northern District of Alabama granted summary judgment for defendant Alabama Power Co. in a case questioning whether the company was working within its riparian rights when operating its hydropower plant. The court found that since the company was following its 1957 and 2010 Federal Energy Regulatory Commission licenses as well as U.S. Army Corps of Engineers regulations, the Smith Dam was not violating riparian rights of citizens owning land behind the dam. Plaintiffs filed the suit over the release of water by the plant in operations which lowered the level of the reservoir.

### **AES Facility Retirements Announced**

On May 9, AES Corp. filed documents with the Securities and Exchange Commission, announcing the April 2016 closure of 620 megawatts worth of coal-fired power plants in the Midwest. The company cited strict Environmental Protection Agency mercury and air toxic standards as the reason for the plants' closure. It also announced the plan to convert two units at a facility near Indianapolis to natural gas; another proposal was submitted to construct a new natural gas-fired plant.

### **Report on Federal Spending for Extreme Weather Cleanup Released**

On May 14, the Natural Resources Defense Council released its report *Who Pays for Climate Change? U.S. Taxpayers Outspend Private Insurers Three-to-One to Cover Climate Disruption Costs*. The report found that of the \$139 billion in cleanup efforts following extreme weather events in 2012, \$96 billion of that was federal money. The insurance programs for flood and crops have had rising costs in the past several years due to the increased rate of extreme weather events. As a result, fewer people participate in those markets.

### **Katrina Global Warming Challenge Dismissed**

On May 14, the U.S. Court of Appeals for the Fifth Circuit released its decision in a case involving Hurricane Katrina and global warming, upholding a previous decision to dismiss the lawsuit. Residents of Mississippi on the Gulf Coast filed a suit against energy companies, saying their emissions contributed to climate change which worsened the effects of Hurricane Katrina. The U.S. District Court for the Southern District of Mississippi dismissed the case because the plaintiffs had already sued the companies in 2005; the appellate court agreed with the decision to dismiss the case.

### **Renewable Chemical Sector Praises Tax Credits, Loans**

On May 15, several industry members from the renewable chemicals sector praised the role of labeling programs, loan guarantees, and tax credits at a Biotechnology Industry Organization press briefing. The stakeholders said these governmental incentives provide certainty, spurring venture capital investment. They said the government solely focuses on ethanol; they urged the scope be broadened to include renewable chemicals.

### **BPC Grid Cybersecurity Initiative Launched**

On May 16, the Bipartisan Policy Center launched the Electric Grid Cyber Security Initiative, a program designed to address cybersecurity issues with the electric grid. The initiative will focus on responsibility allocation, information sharing, and privacy protections. A public workshop will be held this summer, and a white paper will be released in the fall. It is co-chaired by former Central Intelligence Agency and National Security Agency Director Michael Hayden, former Federal Energy Regulatory Commission Chairman Curt Herbert, and former Assistant Secretary of Energy Sue Tierney.

### **SolarCity, Goldman Sachs Agreement Announced**

On May 16, clean energy company SolarCity announced that Goldman Sachs will help fund more than \$500 million in solar power projects. Through the financing agreement, individuals and businesses will be able to install solar panels at no upfront cost. The lease financing will provide over 100 megawatts in new generation capacity. SolarCity said it hopes the agreement will create a broader base of customers.

**Climate Change Water Shortage Study Published**

On May 16, Columbia University Water Center, Veolia Water, and Growing Blue released their study *America's Water Risk: Water Stress and Climate Variability*. The report highlighted the water shortages that could result from climate change. The report noted that areas throughout the country are at risk – from populous coastal cities to rural towns in the Midwest. The negative impacts of an increasing U.S. population and of increasing water usage are also addressed.