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STRATEGIES

David Leiter
Sarah Litke
DJLeiter@mlstrategies.com
SLitke@mlstrategies.com

ML Strategies, LLC
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004 USA
202 434 7300
202 434 7400 fax
www.mlstrategies.com

ENERGY AND ENVIRONMENT UPDATE

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Energy and Climate Debate

Energy issues will continue to be included in the ongoing debate over the debt limit and budget in the coming weeks while several House and Senate committees will examine a broad range of energy issues this week.

House Majority Leader Eric Cantor (R-VA) outlined in a June 10 memo to his colleagues items he hoped to take to the House floor in the upcoming months. For example, between now and August 5, Representative Cantor expects to schedule votes on two energy bills, the Jobs and Energy Permitting Act (H.R. 2021) and the North American-Made Energy Security Act (H.R. 1938).

In the Senate, the Energy and Natural Resources Committee continues to march through a wide variety of energy bills, with several more hearings scheduled for this week as well. Though the committee has been able to move forward with legislation focusing on hydrokinetic energy and carbon capture and storage, to name a couple, passage of measures creating a Clean Energy Deployment Administration, addressing a Clean Energy Standard, and attending to offshore drilling are still forthcoming as Senators negotiate several of the more intricate details of these complex issues and attempt to strike the right balance in an incredibly close chamber.

Congress

1703 Funding Halt Requested

Late last week six House Republicans sent a letter to House Energy and Water Appropriations Chair Rodney Frelinghuysen (R-NJ) and Ranking Member Pete Visclosky (D-IN) asking that the committee give no new appropriations or lending authority to the Department of Energy's 1703 loan guarantee program. Signors included Mike Pompeo (R-KS), Tom McClintock (R-CA), John Fleming (R-LA), David Schweikert (R-AZ), Steve Pearce (R-NM), and Justin Amash (R-MI).

Udall Legislation Encourages DOD Sustainability

Senator Mark Udall (D-CO) unveiled draft legislation June 8 that would encourage the Department of Defense to reduce fossil fuel consumption and increase its renewable energy use and energy efficiency. The Department of Defense Energy Security Act of 2011 includes a broad range of measures from authorizing funding for energy efficiency improvements to requiring a study on incorporating high-efficiency propulsion systems in tactical vehicles. Senator Udall and Representative Gabrielle Giffords (D-AZ) introduced similar legislation in the 111th Congress, and the Senator plans to offer sections of this year's bill as amendments to the fiscal year 2012 National Defense Authorization Act, which will be marked up this week in the Senate Armed Services Committee.

EERE Funding Faces Cuts

Led by Congressman Tom McClintock (R-CA), nine members of the Republican Study Commission urged appropriators recently not to provide any funds in fiscal year 2012 to the Energy Department's Energy Efficiency and Renewable Energy programs. The House Energy and Water Appropriations Subcommittee approved week before last \$1.4 billion for EERE programs in fiscal year 2012, a \$490 million reduction from the current year and almost \$1.9 billion below President Obama's request. A full-committee markup is scheduled for June 15, though deep cuts to the agency's budget are likely to encounter opposition in the Senate.

Legislation Introduced

On June 3, Congressman Jim Matheson (D-UT) introduced legislation (H.R. 2133) to increase domestic energy production, reduce dependence on foreign oil, and diversify the energy portfolio of the United States.

Senators Bernie Sanders (I-VT), Jeff Bingaman (D-NM), and John Boozman (R-AR) introduced legislation (S. 1108, The 10 Million Solar Roofs Act of 2011) June 6 to provide competitive grants to local governments to reduce the cost of issuing permits for solar installations and establish a goal of installing solar power in 10 million homes and businesses by 2020.

Senator Ron Wyden (D-OR) introduced legislation (S. 1149) June 7 to expand geothermal production.

Senators Jeff Bingaman (D-NM) and Lisa Murkowski (R-AK) introduced legislation (S. 1160) June 8 to improve the administration of the Department of Energy.

Upcoming Hearings

The House Energy and Commerce Subcommittee on Energy and Power will meet June 13 for a hearing on the Energy and Revenue Enrichment Act of 2011 (H.R. 2054). The legislation would allow for the re-enrichment of depleted uranium owned by the Department of Energy, which would sell or trade the re-enriched uranium.

The House Energy and Commerce Subcommittee on the Environment and the Economy will hold a hearing June 14 to examine a report from the Nuclear Regulatory Commission on its decision to terminate a review of the Yucca Mountain Repository license application.

The House Science Subcommittee on Investigations and Oversight will hold a hearing June 14 on a national critical materials strategy. Representatives from the Energy Department, the Office of Science and Technology Policy, and the U.S. Geological Survey's Mineral Resources Program will appear.

The House Science Subcommittee on Technology and Innovation will hold a hearing June 14 to examine strategies to maximize return on the investment of taxpayer dollars with respect to transportation research.

The Senate Environment and Public Works Committee will meet June 15 to consider the Clean Air Act, featuring testimony from Environmental Protection Agency Administrator Lisa Jackson.

The House Science Subcommittee on Energy and the Environment will hold a hearing June 15 on the Department of Energy clean technology programs. Representatives from the Research Projects Agency, the Office of Energy Efficiency and Renewable Energy, and the Loan Guarantee Program Office will testify.

The Senate Environment and Public Works Committee will meet June 16 for a hearing on the preliminary results of the NRC's safety review. The Commission initiated a review of domestic nuclear facilities following the emergency at Japan's Fukushima Daiichi power plant.

The House Energy and Commerce Subcommittee on Water and Power will hold a June 16 hearing on the American Energy Initiative.

The Senate Committees on Foreign Relations and Commerce will hold a joint hearing June 22 on oceans.

Administration

Manufacturing Training Initiative Announced

President Obama announced a new manufacturing jobs initiative June 8 that will provide 50,000 community college students with credentials that will be accepted across the industry. The initiative is part of a larger effort to ensure that community colleges are training students with skills that will match the needs of employers.

Jobs and Competitiveness Council Hosts Listening Sessions

The President's Council on Jobs and Competitiveness will continue its series of listening sessions on job growth and the economy at several meetings in North Carolina June 13. President Obama formed the council in January to find ways to bolster the economy by fostering job creation, innovation, growth, and competitiveness. This week's sessions will focus on, energy innovation and the smart grid, among other things, and the president will tour the headquarters of Cree, Inc., a manufacturer of energy-efficient lighting.

Department of Agriculture

\$17.4 Million for Nine Projects

The Department of Agriculture awarded \$17.4 million to nine projects June 8 to help farmers, ranchers, and forest owners reduce greenhouse gas emissions through conservation and nutrient management efforts and bolster their efforts to obtain carbon credits for reducing emissions. The awards include \$7.4 million for large-scale emissions mitigation efforts in 24 states funded under USDA's Conservation Innovation Grants, as well as \$10 million in funding from the agency's Natural Resources Conservation Service to help agricultural producers implement emissions-reducing conservation practices.

Department of Energy

Regional Efficiency Standards Finalized

The Department of Energy made public a direct final rule June 10 that requires manufacturers of residential furnaces, air conditioners, and heat pumps to make those products more energy efficient in some parts of the country. The rule incorporates regional differences for the first time in efficiency standards, and will become effective May 2013 for most gas and oil furnaces and May 2015 for other air conditioners and furnaces in three regions.

\$15 Million for Lighting

The Department of Energy awarded \$15 million to eight new research and development projects that will hasten the development of high efficiency solid-state lighting technologies such as light-emitting and organic light-emitting diodes. The selected projects, in Arizona, California, New York, and North Carolina, will leverage an additional \$4 million in private sector funding.

\$70 Million for Geothermal Advances

Energy Secretary Steven Chu announced the availability of \$70 million in new funding over three years for technology advancements in geothermal energy to accelerate its development.

\$350 Million Loan Guarantee for Geothermal Project

On June 9, the Department of Energy offered a conditional commitment to provide a partial guarantee for a \$350 million loan for a geothermal power generation project in Nevada. The project, sponsored by Ormat Nevada Inc., is expected to produce a total of 121 MW of power from three geothermal facilities.

\$36 Million for Biofuels Advances

The Department of Energy announced up to \$36 million to fund six small-scale biofuel and bioproducts projects in California, Michigan, North Carolina, Texas, and Wisconsin June 10. The projects will advance the technology improvements and process integration needed to produce drop-in advanced biofuels and other valuable bio-based chemicals.

Department of State

Thousands of Keystone XL Comments Submitted

State Department officials said June 6 that the agency has received thousands of public comments on a supplemental environmental impact statement for the proposed \$7 billion, 1,700 mile Keystone XL tar sands pipeline. The agency plans to make a decision on whether to grant a cross-border permit by the end of the year, and June 6 was the deadline for filing comments on the statement, but the agency will hold six additional forums for public comment as it reviews permit applications for the pipeline. The current statement found no major environmental issues that could not be mitigated, but the Environmental Protection Agency has objected to the statement because it contains insufficient information to fully assess the project's effects on groundwater, alternative pipeline routes, greenhouse gas emissions, wetlands, and migratory birds.

Environmental Protection Agency

EPA May Miss NSP Deadline

The Environmental Protection Agency has not yet sent for White House review a proposed rule that would establish industry wide greenhouse gas emissions limits for power plants, leading some industry groups to suggest that the rule could be delayed. The agency has a deadline of July 26 to propose the new source performance standards and emissions guidelines for greenhouse gases from power plants as part of a legal settlement with states and environmental groups, but the EPA still needs to have the proposed rule reviewed by the Office of Management and Budget, which can take up to 90 days.

Truck GHG Rule to OMB

The Environmental Protection Agency sent a final rule that would for the first time establish greenhouse gas emissions limits for medium- and heavy-duty trucks to the White House Office of Management and Budget for review June 6. The agency proposed the truck standards, which would also set fuel economy standards for the vehicles, last November as part of a joint rulemaking with the National Highway Traffic Safety Administration.

Catalytic Reduction System Guidance Unveiled

The Environmental Protection Agency released draft guidance June 7 that provides design criteria aimed at preventing new heavy-duty diesel engines from running if selective catalytic reduction systems, which control nitrogen oxides emissions, are not operating properly. The draft guidance is intended for manufacturers and describes compliance with regulations; comments will be accepted through July 7.

Mobile and Stationary Source Rules Challenged

Industry groups and nine states filed briefs with the U.S. Court of Appeals for the District of Columbia Circuit June 3 finding that federal limits on greenhouse gas emissions from cars and light-duty trucks and subsequent regulations for stationary emissions sources are illegal and do little to address climate change. The deadline for petitioners to file briefs was June 3.

Indoor Spaces Impacted by Climate Change

The Institute of Medicine of the National Academies released a report June 7 commissioned by the Environmental Protection Agency that concluded that climate change could affect indoor environments as outdoor conditions change. The report, *Climate Change, The Indoor Environment, and Health*, found that attempts to create more energy-efficient housing and heating and air conditioning systems could adversely interfere with ventilation. Changes in the weather such as increased heat and rainfall could lead to warmer or damper indoor environments.

Adaptation Plan Next June

Environmental Protection Agency Administrator Lisa Jackson said in a policy statement June 2 that the agency intends to issue a climate change adaptation plan by June 2012. The policy statement requires each agency division and regional offices to develop programs to implement the requirements of the EPA's adaptation plan.

Personnel

President Obama nominated Rebecca Wodder to be assistant secretary for fish and wildlife at the Interior Department June 8. Ms. Wodder is the president and CEO of American Rivers and a former aide to Senator Gaylord Nelson on environmental and energy issues.

The Senate Environment and Public Works Committee unanimously approved the nomination of William Ostendorff to a new term on the five-member Nuclear Regulatory Commission June 9. His nomination must now be approved by the full Senate.

Miscellaneous

Nuke Recycling Center Proposed

Speaking at a media briefing June 6, Jacques Besnainou, chief executive officer of North American operations for AREVA Inc., said that the French-owned nuclear company hopes to begin preparations by 2015 to build a nuclear recycling facility in the United States. He said that the \$20 to \$30 billion needed to build such a large-scale reprocessing operation could come from the Nuclear Waste Fund that was intended to finance construction of a nuclear waste site at Yucca Mountain and suggested the creation of a quasi-governmental entity to oversee the operations.

50 Percent Natural Gas Demand Increase

The International Energy Agency published a report June 6 finding that natural gas demand could increase 50 percent by 2035 as the fuel becomes an inexpensive and widely available energy source. The report, *Are We Entering a Golden Age of Gas?* found that gas will account for more than 25 percent of worldwide energy demand by 2035.

UNFCCC Bonn Meeting Begins

During the opening briefing of the U.N. Climate Change Conference in Bonn, UNFCCC executive secretary Christiana Figueres said that there is no way to avoid a gap between the end of the Kyoto Protocol's 2008-2012 compliance period and the point at which a follow-up agreement can go into effect. The Bonn meetings, which run through June 17, are the final meetings before the annual Conference of Parties summit this November in Durban, South Africa, and delegates from 172 countries are working to finalize terms and language for the post-2012 agreement in the UNFCCC Subsidiary Body for Implementation, the UNFCCC Subsidiary Body for Scientific and Technological Advice, the Ad-hoc Working Group on the Kyoto Protocol, and the Ad-hoc Working Group on Long-term Cooperative Action.

Penn Study Unveiled

Penn State University released a study June 7 that found that carbon emissions are being released into the atmosphere at a rate nearly 10 times that of a corresponding past era of global warming 55.9 million years ago.

NJ Energy Master Plan Outlined

New Jersey Governor Chris Christie (R) released the state's draft 2011 Energy Master Plan June 7. The draft EMP includes a greener and more affordable vision for the use, management, and development of energy in the state over the next decade. The plan promotes a diverse portfolio of new, clean, in-state generation; promotes construction of new generation and improving Pennsylvania-New Jersey-Maryland Interconnection rules and processes; creates a realistic path to achieving a renewable energy portfolio standard of 22.5 percent by 2021; rewards energy efficiency, conservation, and cost effective renewable resources; and capitalizes on emerging technologies for transportation and power production.

National Ocean Policy Sought

The Joint Ocean Commission Initiative issued a report June 7 urging national, state, and local officials to support effective measures to carry out the United State's first national ocean policy to protect local economies, support national industries, and encourage innovation.

Nuclear Safety IAEA Meeting

High level government officials met with some 30 countries June 7 to begin considering what governments can do to improve the safety of nuclear power plants as well as response capacity for nuclear crises. "The

Report of Japanese Government to the IAEA Ministerial Conference on Nuclear Safety – the Accident at TEPCO’s Fukushima Nuclear Power Stations” recounted how the March 11 earthquake and tsunami damaged the plant’s six reactors, and Japan’s Ministry of Economy, Trade, and Industry will submit the report June 20-24 to the ministerial meeting in Vienna of the International Atomic Energy Agency.

Appeals Court Halts CA Cap and Trade Delay

The Court of Appeals, First Appellate Division, issued a temporary stay June 3 in a trial court’s order that halted rulemaking under California’s developing greenhouse gas emissions cap and trade program. Briefs in response to the June 2 request by the California Air Resources Board are due June 20.

Japanese Car Manufacturing Framework Determined

A Japanese government-private sector panel decided June 6 on a framework to help strengthen the domestic auto industry’s global competitiveness, aiming to make Japanese safety, fuel efficiency, and environmental standards the core protocols of a United Nations standard-setting forum for global automakers.

New Chinese Subsidy Notifications Forthcoming

A Chinese official said June 8 that the country plans to submit new information to the World Trade Organization outlining the subsidies provided by government bodies to Chinese industry.

NRC Opposes International Regs

Nuclear Regulatory Commission Chairman Gregory Jaczko said June 8 that there is a need for better international cooperation on safety standards and monitoring in order to prevent nuclear disasters like the one Japan has battled since March, but that ultimate authority over plan operations should remain with national authorities. His comments were made during a conference of nuclear reactors from 37 countries held by the French presidency of the Group of Eight countries and the Nuclear Energy Agency of the Organization for Economic Cooperation and Development.

WCI Outlines Offset Validation Process

The Western Climate Initiative released draft recommendations June 7 outlining a process to annually register, validate, and report greenhouse gas offset programs as part of a pending regional emissions trading program. The recommendations from WCI’s Offsets Committee detail an eight-step process for participating states and provinces to follow before issuing offset credits for the trading program, which is scheduled to begin in 2012.

Airline Emissions’ Inclusion Defended

European Union Climate Action Commissioner Connie Hedegaard said June 8 that inclusion of aviation in the EU Emissions Trading System is justified because the International Air Transport Association has been unable to agree on measures to reduce greenhouse gas emissions. Rejecting criticism from airlines, she said that the EU needs to lead by example in tackling climate change.

Credits Phased Out

The European Commission adopted a regulation June 8 that will ban from the EU Emissions Trading System any carbon credits awarded under the U.N. Clean Development Mechanism for the destruction of certain industrial greenhouse gases. The ban, which applies to hydrofluorocarbon 23 and nitrous oxide generated during the production of adipic acid, will require the credits to be phased out by the end of April 2013.

RGGI Allowance Demand Down

The Regional Greenhouse Gas Initiative announced June 10 that it sold 40 percent of the 12.5 million carbon dioxide allowances offered at its June 8 auction, fetching the standard clearing price of \$1.89 per allowance on all sales. RGGI officials attributed the demand decline to reductions in overall emissions in the region.

Sustainable Communities Agreement Announced

The Transportation and Climate Initiative announced an agreement June 7 between a dozen Northeastern and mid-Atlantic states to work cooperatively to support sustainable communities. The initiative was launched last June and includes the top transportation, energy, and environmental officials in Connecticut,

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the District of Columbia, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

Climate Change Belief Poll Released

According to data released June 10 by the Yale Project on Climate Change Communication and the George Mason University Center for Climate Change Communication, sixty-four percent of Americans believe global warming is occurring and 47 percent believe that it is caused by human activity.