



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

The House and Senate are in recess for the Independence Day holiday before returning next week for the July work period.

When they return, the House will resume negotiations on the fiscal year 2016 Interior, Environment, and Related Agencies Appropriations Act, as well as other funding measures. See more information below. The Senate will take up No Child Left Behind reform, veteran's legislation, and the Department of Defense Appropriations bill. The Export-Import Bank reauthorization and highway authorization debates loom as well, and Congress will finalize full schedules for the month in the coming days. Additional issues that may see some time and attention in Congress before the August recess include student performance, the medical device tax, medical research, customs enforcement, cybersecurity, air traffic control, appropriations, and nominations.

Senate Energy and Natural Resources Committee Chair Lisa Murkowski (R-AK) and Ranking Member Maria Cantwell (D-WA) are in the midst of negotiations over which of the 114 committee-considered measures, as well as any other potential language, will be included in their broad bipartisan energy package. Senator Murkowski intends to have the four-title bill fully drafted before the August recess, and Senator Cantwell is releasing with her Democratic Committee colleagues soon a broad energy bill to emphasize the caucus's priorities.

The Supreme Court [overturned](#) June 29 the [Mercury and Air Toxics Standard](#), ruling that the Environmental Protection Agency did not properly consider the costs of the regulation. The justices ruled, 5-4, that the agency should have taken into account the costs to utilities and others in the power sector before deciding whether it was "appropriate and necessary" to set limits on mercury pollution from power plants in 2011. The agency ultimately calculated the costs at almost \$10 billion a year, but determined that the public health benefits, at \$37 billion-\$90 billion in 2016 alone, far outweighed them. The Mercury Rule will remain in effect while the District of Columbia Circuit determines how to apply the court's ruling, including whether to suspend the rule while the agency assesses a cost determination. The court has a history of leaving rules in effect while agencies develop replacements. Power plants were required to be in compliance with the standards in April, though a few plants received an additional year to complete installing controls or to retire. The Environmental Protection Agency said later in the day that the ruling would not impact its upcoming Clean Power Plan, which is regulated under Section 111 of the Clean Air Act, rather than Section 112.

CONGRESS

CPP Delay Passes House

The House passed June 23 Representative Ed Whitfield's (R-KY) Ratepayer Protection Act (H.R. 2042) to delay

compliance with the Environmental Protection Agency's proposed Clean Power Plan. The legislation allows states to delay compliance until all legal challenges are exhausted and allows states to opt out of regulatory compliance if governors certify that doing so would substantially raise electricity rates or impact reliability. The White House has [threatened to veto](#) the measure if it reaches his desk. Senator Shelley Moore Capito (R-WV) is working on similar legislation (S. 1324) in the upper chamber.

EIA CPP Analysis Hearing

During a House Science, Space, and Technology joint Subcommittees on Environment and Energy hearing June 24, committee Republicans reiterated their complaints that the Environmental Protection Agency's proposed Clean Power Plan would increase electricity costs and negatively impact grid reliability. The hearing considered the Energy Information Administration's May 22 analysis of the Clean Power Plan, which projected that electricity rates could increase between three and seven percent from 2020 to 2025.

House Energy Legislation Forthcoming

Representative Ed Whitfield (R-KY) said June 25 that the House Energy and Commerce Committee would release broad energy legislation shortly after the Independence Day recess. The committee will mark up the measure up later in July, with the hope to have it on the floor before the August recess.

Senate Energy Legislation Forthcoming

Senator Maria Cantwell (D-WA) said June 25 that Senate Energy and Natural Resources Committee Democrats would release after the Independence Day recess their own version of a broad energy bill to emphasize the caucus's priorities. The legislation will focus on clean energy, energy efficiency, and modernization of the U.S. electricity grid. In the meantime, bipartisan negotiations between Senator Cantwell and Committee Chair Lisa Murkowski (R-AK) as well as their staffs continue to progress well, and Senator Murkowski hopes to mark up and report out the bipartisan legislation before the August recess.

Coal Ash Legislation

House Majority Leader Kevin McCarthy (R-CA) said June 25 that the chamber could vote on coal ash legislation (H.R. 1734) in July after it was delayed last week so that the House could begin considering the \$30.17 billion fiscal year 2016 Interior and Environmental appropriations bill (H.R. 2822). No final scheduling decisions have been made for the lower chamber for the July work period.

House Interior-EPA Spending

After announcing earlier in the week that the House would postpone votes on final passage until after the Independence Day recess, it concluded its first day of debate June 25 on the fiscal year 2016 Interior-Environmental Protection Agency appropriations bill, adopting 15 amendments by voice vote and reducing the Environmental Protection Agency's funding by another \$100 million from the original measure. The bill already includes several policy riders blocking the Environmental Protection Agency's carbon rules for power plants, ozone, fracking, the Waters of the U.S. Rule, and others. The debate will continue when Congress returns from the Independence Day recess, at which point it will focus on the second half of the measure, which includes the White House Council on Environmental Quality, the Environmental Protection Agency's climate rules, the Department of Interior's fracking rule, and social cost of carbon calculations, among other things likely to attract amendments and riders.

Crude Oil Export Letter

Senator Ed Markey (D-MA) led 12 of his colleagues June 26 in sending a [letter](#) to President Obama urging the government to retain the 40-year old crude oil export ban, charging that it would harm consumers, businesses, and national security. Senator Lisa Murkowski (R-AK) has introduced legislation (S. 1312) to repeal the export ban; it may be included in the Senate Energy and Natural Resources Committee's broad bipartisan energy package.

Seeking Comment

Senate Democrats sent a [letter](#) to the nation's governors June 29 asking them to weigh in on a series of energy policy goals ahead of potential forthcoming legislation. Topics include investing in clean energy, research, and development, empowering consumers, modernizing infrastructure, and reducing pollution and waste.

Legislation Introduced

Senator Lisa Murkowski (R-AK) introduced legislation (S. 1645) June 23 to make appropriations for the Department of the Interior, environment, and related agencies for the fiscal year ending September 30, 2016.

Representative Jim Sensenbrenner (R-WI) introduced legislation (H.R. 2864) June 23 to prohibit the Administrator of the Environmental Protection Agency from extending the renewable fuel program past 2022 if the Administrator

waives applicable volume requirements in prior years.

Senator Chris Coons (D-DE) introduced the [Master Limited Partnerships Parity Act](#) (S. 1656) June 24 to amend the Internal Revenue Code of 1986 to extend the publicly traded partnership ownership structure to energy power generation projects and transportation fuels.

Representative Ted Poe (R-TX) introduced the Master Limited Partnerships Parity Act (H.R. 2883) June 24 to amend the Internal Revenue Code of 1986 to extend the publicly traded partnership ownership structure to energy power generation projects and transportation fuels.

Senator John Barrasso (R-WY) introduced legislation (S. 1691) June 25 to expedite and prioritize forest management activities to achieve ecosystem restoration objectives.

Senator Lisa Murkowski (R-AK) introduced legislation (S. 1701) June 25 to amend the Federal Water Pollution Control Act to modify a provision relating to discharges of dredged or fill material into navigable waters at specified disposal sites.

Representative Robert Hurt (R-VA) introduced legislation (S. 2929) June 25 to amend the Federal Power Act to require the Federal Energy Regulatory Commission to minimize infringement on the exercise and enjoyment of property rights in issuing hydropower licenses.

ADMINISTRATION

Climate Change and Public Health

The White House hosted a [summit](#) June 23 on climate change and health, bringing together administration officials, doctors, medical school deans, and others to discuss how climate change will impact Americans, and what they can do to prepare for it. The Administration is working to begin a national dialogue about why climate change is bad for both environmental as well as public human health. The summit was held in part to mark the second anniversary of President Obama's climate action plan.

Brazil Meeting

President Obama will meet this week with Brazil's President Dilma Rousseff, during which they will discuss climate change. Brazil is the fifth most populous nation in the world and from 1990 through 2011 was the world's fourth largest single emitter of greenhouse gases.

DEPARTMENT OF ENERGY

Fluorescent Lamp Ballasts

The Department of Energy announced June 23 that it is considering whether to issue new energy conservation standards for [fluorescent lamp ballasts](#); the agency will hold a public meeting on a new [framework document](#) July 17, and comments are due August 7. The agency will issue its preliminary analysis by September 2016, a proposed rule by October 2017, and a final rule by October 2019.

Nuclear Loan Guarantee

The Department of Energy finalized June 24 the third and final portion of its \$8.3 billion loan guarantee commitment to Southern Company's Vogtle nuclear plant expansion. Three subsidiaries of the Municipal Electric Authority of Georgia will receive the last \$1.8 billion portion of the loan guarantee commitment, 16 months after the agency approved the \$3.5 billion and \$3.1 billion Southern Co. and Oglethorpe Power portions of the guarantee.

Efficiency Standards Process

The Association of Home Appliance Manufacturers and the National Rural Electric Cooperative Association criticized the Department of Energy during a June 24 Bipartisan Policy Center event, saying that the agency rushes the process of developing energy efficiency standards and that the process often lacks transparency.

LNG Exports

The Department of Energy authorized June 26 Cheniere Energy's Sabine Pass Liquefaction LLC expansion project to export liquefied natural gas to non-free trade agreement countries. The Sabine Pass LNG terminal in Cameron Parish, Louisiana, is likely to begin shipments in the third quarter of 2018.

DEPARTMENT OF INTERIOR

Fracking Rules Delayed

The U.S. District Court for the District of Wyoming issued June 23 a stay of a Bureau of Land Management rule governing fracking on federal and Indian lands. The court will decide on a preliminary injunction request after the filing of an administrative record on the rule, which is due July 22. The court will issue a ruling within two weeks of the filing.

DEPARTMENT OF STATE

Chinese Climate Pledge Forthcoming

U.S. Special Envoy for Climate Change Todd Stern said June 23 that China may be considering whether it can strengthen its 2009 pledge to reduce the carbon intensity of its economy when it unveils its formal pledge to reduce greenhouse gases under a global climate accord. China committed in 2009 to reduce its carbon intensity 40-45 percent by 2020 from 2005 levels. Secretary of State John Kerry, Todd Stern, and others met with their counterparts from China June 22-24 for the 7th U.S.-China Strategic and Economic Dialogue at the State Department, and China is expected to unveil its Intended Nationally Determined Contribution soon.

Paris Preparations

Secretary of State John Kerry said during remarks at the 7th U.S.-China Strategic and Economic Dialogue June 22-24 that the United States is encouraging countries that have yet to submit their Intended Nationally Determined Contributions to do so immediately to ensure that a critical mass of countries are prepared for the climate negotiations at the end of the year in Paris.

DEPARTMENT OF TRANSPORTATION

Hurricanes and Pipeline Safety

Pipeline and Hazardous Materials Safety Administration Associate Administrator Jeffrey Wiese released an [advisory bulletin](#) June 23 finding that hurricanes can pose unique threats to gas and hazardous liquid pipelines, including those in the Gulf of Mexico and its inlets. The agency advises pipeline operators to address the related concerns.

ENVIRONMENTAL PROTECTION AGENCY

Ozone Standard Letters

Governors Jerry Brown (D-CA), Maggie Hassan (D-NH), Jay Inslee (D-WA), Dannel Malloy (D-CT), and Peter Shumlin (D-VT) sent a [letter](#) June 19 to Environmental Protection Agency Administrator Gina McCarthy supporting tighter ozone standards, saying that the current 75 ppb standard, set in 2008, is inadequate to protect public health. The agency proposed in November to revise the standards to somewhere in the range of 65-70ppb, and is under a court-ordered October 1 deadline to issue a final decision on whether to revise or retain the standards. The same day, 99 trade organizations sent a [letter](#) to President Obama requesting that he instruct the agency to retain the 75 ppb standard.

GHG Reduction Benefits

The Environmental Protection Agency released a [report](#) June 22 detailing the benefits of reducing greenhouse gas emissions in an effort to support its case for global climate action. Using Climate Change Impacts and Risk Analysis project data, the report considers the benefits of global greenhouse gas mitigation across agriculture, electricity, ecosystems, forestry, infrastructure, public health, and water resources, and details the risks of failing to act. The White House will hold a summit tomorrow and events throughout the week on the impact of climate change on public health.

Methane Standards

The Environmental Protection Agency sent a pair of proposed rules to the White House Office of Management and Budget for interagency review June 22. The rules would establish new methane emissions limits for new and existing municipal landfills and new oil and natural gas wells.

Efficiency Costs

The University of Chicago released a study June 23 finding that the Environmental Protection Agency's Weatherization Assistance Program, which helps low-income households improve the energy economy of their homes, produces only 50 cents in benefits for every dollar spent on the program. The Clean Power Plan will allow states to rely on, in addition to other actions, energy efficiency to help offset higher electric bills that may arise due to the rule. Energy efficiency supporters responded that the weatherization program is unusual because it does not typically have high economic benefits, but that other programs have significantly better cost-benefit ratios.

San Joaquin Amendment Upheld

The U.S. Court of Appeals for the Ninth Circuit ruled June 23 that the Environmental Protection Agency did not

abuse its discretion in amending its approval of a California air pollution plan for reducing ground level ozone and fine particulate matter in the San Joaquin Valley.

Particulate Matter Standards

To resolve a lawsuit with the Center for Biological Diversity, the Environmental Protection Agency agreed June 23 to take action next year to address implementation of fine particulate matter standards in Iowa and Puerto Rico. The following day, the agency published a notice requesting public comment on the proposed consent decree.

Renominations

President Obama formally renominated Janet McCabe June 24 to serve as the Environmental Protection Agency's Assistant Administrator for the Office of Air and Radiation as well as Ken Kopocis to serve as the agency's Assistant Administrator for Water. Ms. McCabe has served as acting head of the office since July 2013, and prior to that as principal deputy assistant administrator from 2009. Mr. Kopocis currently serves as deputy assistant administration for water.

CPP and Pipelines

The Advanced Energy Economy released a [paper](#) June 25 finding that the Environmental Protection Agency's Clean Power Plan will not make it difficult for the gas pipeline industry to keep up with demand, despite the plan's encouragement of natural gas. The industry is currently rapidly building pipelines, and because of the increasing use of fracking in the country and the inability to export large volumes of natural gas by ship, pipelines either already in existence or under construction will provide much of the capacity the agency expects.

CPP Release

Environmental Protection Agency Acting Assistant Administrator for the Office of Air and Radiation Janet McCabe told the Association of Climate Change Officers Climate Strategies Forum June 25 that the agency plans to finalize interim goals in the Clean Power Plan's mid-summer release. She said that the final rule will be responsive to the issues raised in 4.3 million public comments, including how the plan addresses nuclear power, how reductions achieved through renewable energy and energy efficiency would be counted, and the overall proposal's timing, among other things. She said that the agency has begun to work on resource and training materials for interested states.

Exceptional Events Revision Forthcoming

The Environmental Protection Agency announced June 26 that it will soon revise its 2007 [exceptional events rule](#) and address state concerns about the cost and predictability of the process. The policy is a tool for states to address high background concentrations of ozone, and the agency expects more states to use the policy if it strengthens national ozone standards. The agency plans to propose the revisions in October and issue final revisions by October 2016.

INTERNATIONAL

Credit Rating Agencies and Climate Crisis

The Center for International Environmental Law released a [report](#) June 23 finding that credit rating agencies could face blame for a climate crisis. The report concluded that credit rating agencies may be overlooking climate risks and inflating the ratings and financial value of companies that contribute to climate change, which could ultimately harm investors and expose rating agencies to legal liability.

RE Investment

Bloomberg New Energy Finance released a forecast June 23 finding that renewable energy will attract almost two-thirds of the spending on new power plants over the next 25 years. Solar's rapidly decreasing cost is making it the first choice for consumers and developing countries. Solar power will draw \$3.7 trillion in investment through 2040, with a total of \$8 trillion for clean energy as a whole, almost double the \$4.1 trillion that will be spent on coal, natural gas, and nuclear plants.

State, Industry Climate Participation

Bruno Fulda, Ecology, Sustainable Development, Energy, and Transportation Counselor for the French Embassy in Washington said June 25 that support is growing among international climate negotiators for including commitments from state and local governments and industry in the upcoming global climate accord at the end of the year in Paris.

Global Climate Negotiations

United Nations Secretary General Ban Ki-moon, environment ministers, and other international climate officials began the [High-Level Event on Climate Change](#) June 29 in New York. The forum is intended to pressure the 197

countries currently negotiating a global climate accord scheduled to be finalized later this year.

Climate Finance Unresolved

United Nations Framework Convention on Climate Change Executive Secretary Christiana Figueres said June 29 that climate finance is the most crucial unresolved issue in global climate accord talks. Executive Secretary Figueres said that the Green Climate Fund needs further capitalization and called on developed countries to provide clarity on how they will achieve the goal of mobilizing \$100 billion a year by 2020.

STATES

GA Vehicle, Fuel Taxes

The Georgia Department of Revenue provided details of tax code changes in the [Policy Bulletin MVD 2015-12](#) and [Policy Bulletin MFT 2015-01](#) June 19 and 22, respectively, to establish new fees for electric vehicles and heavy trucks and buses while low-emission vehicle credits expire and a new fuel tax scheme takes effect under provisions of the state's Transportation Funding Act of 2015. Governor Nathan Deal (R) signed H.B. 170 into law May 4, and the fees take effect July 1.

NY Plant-Closing Fund

The New York Legislature added \$19 million for New York communities last week in which a power plant that contributes significantly to air pollution is closed. The funding, through the New York State Energy Research and Development Authority, eases the impact of the closures for five years in communities in which at least 20 percent of the tax revenue is reduced because of a plant's closure.

MISCELLANEOUS

Solar Cost

The Environment America Research and Policy Center and the Frontier Group released a [study](#) June 24 finding that the economic value of each electron from a rooftop solar array exceeds the retail value of electrons from utility-scale generators once benefits from avoided infrastructure and reduced emissions are included.

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