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## **ENERGY AND ENVIRONMENT UPDATE**

### **June 3, 2013**

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

With the Memorial Day recess over and the next break a month away, Congress is firming up its summer agenda. The Senate will first consider S. 954, the Agriculture Reform, Food and Jobs Act of 2013 (the Farm Bill). More than 200 amendments have been filed, but not all will receive a vote. Amendments to note include one by Senator Al Franken (D-MN) to increase the energy title funding to \$1.3 billion, another by Senator Bob Corker (R-TN) to require the Environmental Protection Agency to reduce cellulosic biofuel requirements when it lowers ethanol requirements as part of the RFS, and one by Senator Saxby Chambliss (R-GA) to repeal the RFS. The energy title has survived, with a little over \$900 million in funding. In the Senate version, renewable chemicals are defined and qualify for Section 9003, the Department of Agriculture Biorefinery Assistance Guaranteed Loan Program. Senate Agriculture Chairman Debbie Stabenow (D-MI) has said she expects the Senate to vote on the bill by the end of the week and the House to consider the bill in mid-June. Bipartisan support for the bill and the negative publicity House leaders received after last year's failure to vote on it will probably bolster its momentum this year.

Senate Majority Leader Harry Reid (D-NV) has said that the next issue on the docket is immigration reform. Following that debate and the July 4 recess, the Senate will consider the growing list of presidential nominees. Of particular importance, the nomination of Gina McCarthy to serve as Environmental Protection Agency Administrator continues to stall. McCarthy recently met with Senator Jeff Sessions (R-AL), and the senator later said McCarthy and the agency have not been responsive to Senate Environment and Public Works Committee questions about ozone standards and agency analyses. Senator Roy Blunt (R-MO) has also retained his hold on the nomination. Nominations expected to move quickly through the chamber include Penny Pritzker to be Secretary of Commerce, Anthony Foxx to be Secretary of Transportation, Fred Hochberg to continue to serve as Director of the Export-Import Bank, and Michael Froman to serve as U.S. Trade Representative. Another nomination on the horizon is the chairman on the Federal Energy Regulatory Commission. On Wednesday, current Chairman Jon Wellinghoff announced he would step down as soon as the Senate confirms his replacement.

Additional summer work includes progress on the Shaheen-Portman energy efficiency package and several bipartisan hydropower bills. The measures passed out of the Senate Energy and Natural Resources Committee in May, but it is unclear when the full Senate will consider them. Senators Jeanne Shaheen (D-NH) and Rob Portman (R-OH) have been circulating manager's amendments related to workforce training and electric motor rebates. Please find attached the legal language of the proposed manager's amendments.

On the House side, House Majority Leader Eric Cantor (R-VA) has said the chamber will consider four appropriations bills and H.R. 1947, the Farm Bill, this month. Representative Cantor has also said the House will consider domestic energy production legislation.

At the agencies, Secretary of Energy Ernest Moniz was briefed last week on Shaheen-Portman. He has expressed interest in becoming more active in the debate and in the legislative process. The State Department, meanwhile, is working to finish the second environmental impact statement for the Keystone XL pipeline. Many are expecting the report to reach the same conclusion as the March statement, giving the project the go-ahead. The Environmental Protection Agency, waiting for the confirmation of McCarthy, is looking to climate regulations for new and existing power plants.

Internationally, climate change discussions are scheduled to begin today in Bonn, Germany.

## CONGRESS

### **House White Paper Comment Period Concludes**

The House Energy and Commerce Committee wrapped up the comment period May 24 for its third white paper on the environmental impacts of the renewable fuel standard. The American Petroleum Institute commented that the standard would increase nitrogen oxides and particulate matter emissions; the Biotechnology Industry Organization said emission reduction will continue to improve as technology improves; and the Renewable Fuels Association responded that the standard is reducing emissions compared to baseline petroleum. The committee's first white paper examined the ethanol blend wall while the second paper reviewed the impact on the agricultural sector.

### **Boxer on San Onofre**

Senate Environment and Public Works Chairman Barbara Boxer (D-CA) announced May 28 that she plans to request a Department of Justice investigation of Southern California Edison San Onofre nuclear plant. The same day, Chairman Boxer released a 2004 Southern California Edison letter that she claimed was used to mislead regulators and to avoid a full safety review for the plant's redesign efforts. On May 30, the company denied the allegation. San Onofre has been offline since January 2012 following an equipment failure.

### **Alexander Energy Plan Revealed**

Senate Appropriations Subcommittee on Energy and Water Ranking Member Lamar Alexander (R-TN) released an [energy plan](#) May 29 that calls for cheaper and cleaner energy sources, a focus on research and development rather than government mandates, and the continued use of the free market. Speaking at the Tennessee Valley Corridor Summit, Senator Alexander praised the role of research in the recent developments of advanced biofuels, carbon capture technology, electric vehicles, fusion, green buildings, nuclear waste management, small modular reactors, and solar power. He also advocated for doubling the \$9 billion non-defense research and development annual spending.

### **Small Biz Reg Updated**

The majority members of the House Small Business Committee updated their [Small Biz Reg](#) database May 29 to include the recent Environmental Protection Agency Tier 3 proposed rule. In its update, the committee said the rule could impact alternative fuel converters, automobile manufacturers, gasoline refiners, and vehicle importers. The database was designed to highlight proposed rulemaking that could negatively impact small businesses and to encourage public comment.

### **Whitfield Letter on Haze Regulations Sent**

House Energy and Commerce Subcommittee on Energy and Power Chairman Ed Whitfield (R-KY) sent a letter May 31 to the Environmental Protection Agency requesting more information about haze regulations related to the Navajo Generating Facility in Arizona and an interagency working group consisting of the agency and the Departments of the Interior and Energy related to the coal-fired power plant.

### **Shaheen-Portman Manager's Amendments Floated**

Senators Jeanne Shaheen (D-NH) and Rob Portman (R-OH) began floating language for manager's amendments May 31 to their bill S. 761, the Energy Savings and Industrial Competitiveness Act of 2013. One amendment would move a workforce training provision from one title to another. The second amendment would require the Secretary of Energy to establish a rebate program for electric motors; the language provides a rebate of \$25/hp. Please find attached a copy of the manager's amendments language.

### **Upcoming Hearings**

- On June 4, the House Energy and Commerce Subcommittee on Commerce, Manufacturing, and Trade will hold a hearing on home manufacturing issues, including energy efficiency.
- On June 5, the Senate Committee on Indian Affairs will host a hearing to examine energy development on Indian lands.
- The same day, the House Oversight and Government Reform Subcommittee on Energy Policy, Health Care, and Entitlements will hold a hearing on the Environmental Protection Agency's role in the Renewable Fuel Standard.
- On June 6, the Senate Energy and Natural Resources Committee will hold a hearing to examine Department of Interior programs.
- The same day, the Senate Finance Committee will consider the nomination of Michael Froman to be U.S. Trade Representative.

## **ADMINISTRATION**

### **Obama on Climate Change Efforts**

Addressing a Democratic Congressional Campaign Committee fundraising event May 29, President Obama said that he is willing to work with Democrats, Republicans, and Independents on climate change efforts. He encouraged discussions of market-based solutions.

### **Green Report Cards Published**

The federal government released May 31 the annual [Office of Management and Budget Sustainability and Energy Scorecards](#) that track agency efforts in meeting energy, water pollution, and waste reduction benchmarks. The Environmental Protection Agency was praised for its efforts while areas of improvement were identified for the Department of Energy. The targets were

established by the 2009 Executive Order 13514 on Federal Leadership in Environmental, Energy, and Economic Performance.

## **DEPARTMENT OF AGRICULTURE**

### **Holcomb Expansion Project EIS Challenge**

The U.S. Court of Appeals for the District of Columbia Circuit dismissed May 28 a suit filed by the Sierra Club over the Holcomb Expansion Project, a coal-fired power plant in Kansas. The lower court ruled that the Department of Agriculture Rural Utilities Service must complete an environmental assessment, and plant operator Sunflower Electric Power Corp. appealed the decision. The appellate court ruled that it could not consider the lawsuit since the lower court order is not final.

## **DEPARTMENT OF ENERGY**

### **Better Buildings Summit Held**

The Department of Energy held its Better Buildings Summit May 30. Cities participating in the Better Buildings Challenge reported that they are now offering energy audits and incentives to encourage energy efficiency practices.

## **DEPARTMENT OF THE INTERIOR**

### **OR, WA Declaration of Cooperation Signed**

Secretary of the Interior Sally Jewell signed a [Declaration of Cooperation](#) with Oregon and Washington May 29 to expedite the review and permitting of renewable energy generation, transmission, and infrastructure development in the Pacific Northwest. The agreement established a pilot Pacific Northwest Regional Infrastructure Team to streamline permitting processes for infrastructure projects where both state and federal agencies have review responsibilities.

## **ENVIRONMENTAL PROTECTION AGENCY**

### **State Ozone Air Quality Implementation Rule Proposed**

The Environmental Protection Agency released a proposed [rule](#) May 29, allowing states to either complete their ozone air quality implementation plans in 30 months or submit proposed deadlines for its extended implementation.

### **Nuclear Plant Radiation Rules Submitted**

The Environmental Protection Agency submitted an [advanced notice of proposed rulemaking](#) for environmental radiation protection rules for nuclear power plants May 30 to the Office of Management and Budget. The proposal revises a 1977 rule and attempts to clarify issues that have since arisen.

### **Cross-State Air Pollution Rule Challenge Opposed**

Fourteen states, the Mississippi Public Service Commission, and the cities of Springfield, IL and Ames, IA filed a brief May 29 in opposition to a Supreme Court review of the Environmental Protection Agency cross-state air pollution rule. The group said the August 2012 U.S. Court of Appeals for the District of Columbia Circuit decision was proper because it struck down the agency's decision to issue a federal implementation plan over the legally required state plan approach. The Supreme Court is considering the agency's appeal.

### **EPA Asks Supreme Court to Deny Review of E15 Case**

The Environmental Protection Agency asked the Supreme Court May 30 to deny requests from three industry trade associations for review of a lower court ruling upholding the agency's approval of E15 blended fuel. The Grocery Manufacturers Association, Alliance of Automobile Manufacturers, and American Fuel and Petrochemical Manufacturers are asking the Supreme Court to review the 2012 decision by the District Circuit Court of Appeals, which they claim causes direct harm to their members.

## **FEDERAL ENERGY REGULATORY COMMISSION**

### **Wellinghoff Steps Down**

Federal Energy Regulatory Commission Chairman Jon Wellinghoff submitted his letter of resignation to President Obama May 29. He will remain in office until the Senate confirms a new chairman. Frontrunners for the position include Arkansas Public Service Commission Chairman Colette Honorable and the agency's senior Democratic commissioner John Norris.

## **INTERNATIONAL**

### **International Hydropower Forum Held**

The International Hydropower Association held its 2013 World Congress May 20 to 25, and participants advocated for implementation policies rather than repeated debates on definitions. The symposium also released a Hydropower Sustainability Assessment Protocol, an industry standard to measure hydropower project sustainability.

### **Israel Reduces Proposed Natural Gas Export Cap**

The Israeli Energy and Water Minister Silvan Shalom announced May 22 that Israel's natural gas exports will be capped at 40 percent of production, rather than at the previously announced 53 percent. He promised to publish the economic analysis used to determine the cap. The announcement was made in the face of public opposition to natural gas exporting, with opponents claiming that domestic consumers and businesses need the cheap fuel.

### **EU Calls for Plans for Long-Term Emission Reduction**

The European Union proposed May 28 that all nations outline their long-term plans to reduce greenhouse gas emissions by the end of 2014 in anticipation of the 2015 negotiations for a new international climate treaty. The announcement was viewed as a challenge to the U.S., which has begun to back a proposed "dynamic" agreement that would begin with voluntary emissions reductions in 2020, while the EU favors a more ambitious treaty.

### **World Can Cut 20 Billion Tons of Carbon by 2020**

The United Nations Framework Convention on Climate Change released a paper May 28 stating that countries can reduce almost 20 billion tons/CO<sub>2</sub>e emissions by 2020. These reductions can be achieved if nations cut transportation emissions, eliminate fossil fuel subsidies, increase energy efficiency, reform forest and waste management, and continue to pursue alternative energy.

### **EU Emissions Reductions Efforts Revealed**

Verifying data released last year, the European Environment Agency announced May 29 that the European Union 2011 emissions levels were 18.4 percent below 1990 levels. Emissions were reduced by 3.3 percent from 2010 to 2011. The reductions were linked to climate conditions, economic growth, and increased use of energy efficiency and renewable fuel measures.

### **Bonn Talks Begin**

Climate change negotiations began in Bonn, Germany on June 3 to work toward a global agreement for emissions targets to be set by 2015 and enforced by 2020. The last round of talks was in May.

## **STATES**

### **CA Senate Passes Fracking Bill**

The California Senate passed legislation May 29 that would establish a framework for regulating fracking in the state. The bill calls for tighter rules regarding enforcement, monitoring, and notification requirements than those proposed by California's Department of Conservation's Division of Oil, Gas, and Geothermal Resources last year. Three other bills, each proposing moratoriums on fracking, failed to clear the state assembly.

### **IL Fracking Legislation Passed**

The Illinois House passed May 30 S.B. 1715, the Hydraulic Fracturing Regulatory Act, 108-9. The bill would create a tax for fracking companies and establish a regulatory structure for these companies. Governor Pat Quinn (D) has expressed support for the bill.

## **SUSTAINABILITY**

### **World Bank Publishes Sustainable Energy Report**

The World Bank Group released its report [Global Tracking Framework Report](#) May 28 finding that all countries must ramp up energy investments, price energy effectively, and enact policy measures to achieve international sustainable energy goals by 2030. The report was released as part of the Sustainable Energy for All initiative, which aims to secure universal access to electricity and double global gains in energy efficiency and renewable energy's share of total energy production.

### **UN Panel Pushes Sustainability Reporting**

The United Nations High Panel of Eminent Persons on the Post-2015 Development Agenda released its report May 30, advocating for large companies to publish environmental impact disclosures. The group explained that sustainability reporting could help end poverty because climate change disproportionately impacts the poor.

## **MISCELLANEOUS**

### **Report Concludes U.S. Policy Hurting Canadian Energy Security**

The Fraser Institute released its report [Risks to Canada's Energy Security](#) May 28 arguing that U.S. government policy poses a major risk to Canada's energy security. Recent U.S. policy promoting oil and gas production and reducing gasoline consumption lowers demand for Canadian fossil fuels, while continued opposition to the Keystone XL pipeline restricts Canada's access to new markets.

### **Jackson to Apple**

Former Environmental Protection Agency Administrator Lisa Jackson will join Apple as Vice President of Environmental Initiatives according to company CEO Tim Cook May 28. Jackson will focus on the environmental and sustainability aspects of both products and facilities.

### **Coos Bay Terminal Challenge**

Earthjustice filed a suit in the Oregon Court of Appeals May 28 over the recent dredging permit given to the Jordan Cove Energy Project L.P. on Coos Bay in anticipation of the first Pacific Coast liquefied natural gas export terminal. The challenge said the permit did not fully anticipate the environmental impact of dredging on the greater area. The group represents Coos Waterkeeper, Friends of Living Oregon Waters, Greenpeace, and the Sierra Club.

### **Year 2100 Temperature Increases Projected**

Scientists at Australia's Victoria University reported May 30 that the earth will be warmer by 3.6 to 10.8 degrees Fahrenheit by 2100 from pre-industrial levels. The report said the wide range of temperature increase is due to uncertainty surrounding aerosols, climate sensitivity, and an unpredictable carbon cycle. The group warned that the lower threshold level is associated with catastrophic climate change.

### **Natural Gas Workshop Held**

The National Research Council held a two-day [workshop](#) on natural gas issues May 30 and 31, focusing particularly on production, transportation, and environmental risks. Participants identified issues in the industry including fugitive emissions, a lack of comprehensive studies, and methane pollution.

### **U.S. Launches First Grid-Connected Offshore Turbine**

The University of Maine launched May 31 the United States' first grid-connected offshore wind turbine. The 65-foot tall prototype is one-eighth the size of a normal turbine and will be used to collect data to help improve offshore turbine design. The project is the first in the world to utilize a concrete-composite floating platform.