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ENERGY AND ENVIRONMENT UPDATE

July 24, 2011

Energy and Climate Debate

The deficit and debt debate is coming down to the wire, with negotiations collapsing over the weekend. As has been the case for the past month and a half, this issue continues to dominate both houses of Congress.

There is however, some room for energy and environment debate as the House is expected to begin floor debate on FY2012 Interior-EPA spending bill early this week and a bill calling for an expedited process for approving the Keystone pipeline. The Interior/EPA Appropriations bill, heavy with policy riders, will be debated under an open rule as Republicans try to add more riders and Democrats try to remove as much of the contentious language as possible (though that will be a difficult task). The House leadership will also hold floor debates on bills related to the debt ceiling, one with a balanced budget constitutional amendment.

The Senate will work on debt/deficit legislation as it emerges, though the situation is evolving on an almost hourly basis. Later in the week the Environment and Public Works Committee will mark up a bill on the effects of the Gulf oil spill.

Congress

EPA Spending Bill Headed to Floor

On July 21, the House Rules Committee voted to allow an "open rule" to dictate the debate over \$27.5 billion FY 2012 Interior, Environment, and Related Agencies appropriations bill as the White House threatened to veto any legislation seen as weakening environmental protection. The bill would fund the two agencies for one year beginning October 1, with \$7.1 billion for EPA and \$9.9 billion for the Interior Department. The level of EPA funding is 18 percent below enacted levels for the current year and 20 percent below President Obama's FY 2012 budget request, and contains policy riders that Obama has said are unacceptable.

Keystone XL Bill Starts to Move

This Monday, a bill expediting a decision on TransCanada's proposed Keystone XL pipeline will be taken up by the House Rules Committee. The State Department would be required to make a decision by November 1 on the pipeline (which will carry crude from the tar sands in Alberta to refineries in Texas) under the bill. The department has promised a decision by the end of the year.

Senate Energy Committee Sends Two Bills to Floor

On July 22, the Senate Energy Committee reported two bills, S. 512 amending the Energy Policy Act of 2005 and S. 916 facilitating drilling for oil and gas on federal lands, out of committee. S. 512 will require the Secretary of Energy to carry out programs to develop and demonstrate two small modular nuclear reactor designs and S. 916 aims to limit the dependence of the United States on foreign sources of oil and gas and make drilling easier on federal property.

Coburn Plan Calls for \$1 Trillion Purge of Tax Expenditures

On July 18, Sen. Tom Coburn (R-OK) unveiled *Back in Black: A Deficit Reduction Plan*, a purported \$9 trillion deficit reduction plan offered which includes cuts to \$962 billion of wide-ranging tax expenditures over ten years. This includes what the Senator called a number of “misdirected energy tax preferences,” and renewable energy tax credits in particular. The renewable electricity production tax credit will cost \$14 billion over the next ten years and would be cut under Coburn’s plan.

Legislation Introduced

On July 20, Rep. John Mica (R-FL) and Rep. Nick Rahall (D-WV) introduced the European Union Emissions Trading Scheme Prohibition Act of 2011 (H.R. 2594) seeking to negate the EU’s attempt to limit GHG emissions from international flights. The co-sponsors said the bill would give the International Civil Aviation Organization more time to develop an international industry-wide consensus on the issue. Mica, chairman of the House Transportation and Infrastructure Committee, and Rahall, the transportation panel’s ranking Democrat, said the bill would direct the Secretary of Transportation to prohibit the operator of any U.S. civil aircraft from “participating in any emissions trading scheme unilaterally established by the European Union.”

On July 20, Sen. Susan M. Collins (R-ME) and Ron Wyden (D-OR) introduced the EPA Regulatory Relief Act, a bill giving the EPA 15 more months to finalize rules on air pollution standards for boilers and incinerators and give industry at least five years, instead of three years, to comply with the regulations. The bill was co-sponsored by Sens. Lamar Alexander (R-TN), Mary L. Landrieu (D-LA), Patrick J. Toomey (R-PA), and Mark L. Pryor (D-AR). A bipartisan group introduced a similar version of the EPA Regulatory Relief Act (H.R. 2250) in the House this June. The House bill also provides EPA with an additional 15 months to finalize rules and provides industry with five years to comply.

On July 20, Representatives Dan Lungren (R-CA), Nan Hayworth (R-NY) and Mike Thompson (D-CA) on introduced PACE (Property Assessed Clean Energy) Assessment Protection Act of 2011 (H.R. 2599). The representatives said this is a revision of a similar 2010 plan seeking to assuage concerns by financial regulators about PACE. Energy efficiency retrofit programs have been implemented in 27 states and are financed through state or local tax assessments on individual properties. The proposal calls for limits on the amount of energy conservation improvements that can be financed and states that the cost of the PACE retrofits cannot surpass 10% of a residential property’s estimated value. The bill also requires that a residential property owner must have at least 15 percent equity in the home (excluding value of PACE upgrades).

On July 21, Senators Tom Carper (D-DE) and Olympia Snowe (R-ME) introduced Incentivizing Offshore Wind Power Act (S.1397). The bill incentivizes investment in offshore wind energy for the first 3,000 MW of offshore wind facilities (about 600 turbine facilities) through tax credits. The bill is modeled closely upon the 2005 Energy Policy Act’s nuclear power production tax credit and would allow Treasury to allocate a 30% tax credit for the first 3,000 MW of offshore wind energy.

Upcoming Hearings

On July 26, the House Oversight Committee will hold a hearing called, “Lights Out: How EPA Regulations Threaten Affordable Power and Job Creation”

On July 27, the House Transportation Committee’s Aviation Subcommittee will hold a hearing called, “EU’s Emissions Trading” to address the issue of taxes being levied against American carriers operating in the EU.

On July 27, the House Natural Resources Committee will hold a hearing called "Offshore Revenue Sharing – State Perspectives".

On July 27, the Senate Commerce Committee will hold a hearing on protecting US interests in the Arctic Ocean. As the ice-caps recede, several countries have begun trying to exploit the area's resource wealth.

On July 28, the Senate Commerce Committee will hold a hearing called, "Aviation Fuels Needs-Challenges-Alternatives."

Department of Commerce

MBDA Partners with NM Renewable Company

Sacred Power Corporation, Inc., the country's largest Native-American-owned renewable energy, received a \$500,000 federal grant from MBDA to build and install self-sustaining solar electricity systems for powerless homes in remote areas of the Navajo Nation.

Soot, Other Particles in Atmosphere Help to Slow Global Warming, Study Says

On July 21, a NOAA-led study, The Persistently Variable "Background" Stratospheric Aerosol Layer and Global Climate Change, found that minuscule particles suspended in the stratosphere that have helped to slow global warming by as much as one-third have actually increased about 7% a year from 2000-2010. Volcanic eruptions and man-made factors, such as coal burning, are thought to be likely causes, but the causes are still unknown.

NOAA, DoE Launch Wind Energy Project

NOAA, the DoE, two private wind energy companies, and academic research institutions launched an effort to improve forecasts of the winds at 350 feet above the earth's surface, called the Wind Forecast Improvement Project. The project will last one year.

Department of Defense

Defense Department to Install Fuel Cell Systems

On July 19, the DoD and DoE announced the installation of fuel cell backup power systems at eight military locations. The systems will be installed under a July 2010 MoU signed by the two departments that focused on ways they could assist one another with research, development, and deployment of new energy technologies. The Defense Department will install a total of 18 fuel cell systems across the eight locations. The projects will speed up the deployment of clean energy technology at the Defense Department's facilities. The U.S. Army Corps of Engineers and DoE's Office of Energy Efficiency and Renewable Energy will work together on the project. The project will be managed by the DoD, while DoE's NREL will gather performance data for the first two years of the five-year demonstration project.

Department of Energy

States Required to Review Building Energy Efficiency Codes

On July 19, the DoE issued a final notice of determination requiring states to review their energy efficiency codes for residential and commercial buildings, and potentially update them. Under a final determination on low-rise residential buildings, states will be required to file certification statements with DOE to show that efficiency provisions in building codes comply with the 2009 edition of the International Code Council's International Energy Conservation Code (2009 IECC) by July 19, 2013. On July 20, DoE released a separate final notice of determination, states are required by July 20, 2013, to provide certification to DOE that they have reviewed energy efficiency provisions in their commercial building codes and updated their codes "as necessary" to comply with or exceed standards published in 2007 by the American National Standards Institute. Under the Energy Policy Act, states are required to adopt commercial energy building codes that achieve equivalent energy saving as model codes. Compliance among states has historically been sporadic.

Department of State

The Next Steps for the Keystone XL Pipeline Review Process

On July 22, the State Department said it intends to issue a Final Environmental Impact Statement (EIS) for the proposed Keystone XL pipeline project in mid-August. After the issuance of the Final EIS, the next step is a 90-day review period where federal agencies including the EPA and the DoE can provide their opinion on the issuance of a Presidential Permit, which the State Department is responsible for facilitating. TransCanada's Keystone XL pipeline would be a 36-inch-diameter pipeline to transport as much as 700,000 barrels per day of crude oil from the Alberta oil sands to Texas refineries on the Gulf of Mexico via six US states. During September, the State Department will host public meetings through each of those six states. The meetings will be held in the state capitals of Montana, South Dakota, Nebraska, Kansas, Oklahoma, and Texas. These meetings will be followed by a final public meeting in Washington DC.

Environmental Protection Agency

Sierra Club Challenges Delay of Boiler, Incinerator Rules

On July 15, the Sierra Club filed a petition for review July 15 in the U.S. Court of Appeals for the District of Columbia Circuit challenging the EPA's decision to delay the effective dates of rules setting air pollution standards for major source boilers and solid waste incinerators. Even though the agency is under court order to release rules by February 2011, in June the agency said it would propose revised air pollution standards for major source boilers, area source boilers, and solid waste incinerators by October and will finalize the rules by April 2012.

New Energy Star Standards For Residential Dishwashers, Furnaces

On July 19, the EPA announced it is increasing efficiency requirements for Energy Star labeling for home dishwashers and furnaces. Under the new standards, effective Jan. 20, 2012, both standard-size and compact residential dishwashers will be required to be 10 percent to 30 percent more energy-efficient than conventional models or about 8 percent more efficient than dishwashers under the previous standards. The new requirements for furnaces, which go into effect Feb. 1, 2012, vary according to climate zones. To earn the Energy Star label under the new requirements, product performance must be certified by third party, recognized by EPA and based on testing in an EPA-recognized laboratory. These new requirements are among the 20 revisions to product requirements due to be completed by year end.

E-Waste Strategy Requires Agencies To Recycle and Buy Energy-Efficiency Items

On July 20, an interagency workgroup of officials from the White House Council on Environmental Quality, Environmental Protection Agency, General Services Administration, State Department, Department of Commerce, Office of the U.S. Trade Representative, and other federal agencies, released a strategy calling for agencies to require electronics purchased under information technology contracts to meet energy efficiency standards, to use certified recyclers, and include more manufacturer collection program agreements in contracts. President Obama established the workgroup in November 2010, and under the strategy, GSA will not list products that do not comply with Energy Star or Electronic Product Environmental Assessment Tool (EPEAT) standards as being eligible for government-wide IT acquisition contract. The new strategy also calls on the government to track movement of used electronics both domestically and abroad and publish the information online. EPA also will encourage the use of certified recyclers by launching voluntary partnerships with the electronics industry. The government will invite electronic product designers, recyclers, and environmental organizations to discuss ways to promote development of green electronics design standards. A House bill introduced in June, the Responsible Electronics Recycling Act of 2011 (H.R. 2284), would ban the export of used electronics to developing countries, but there is no federal law governing management of used electronics. The bill was introduced by Reps. Gene Green (D-Texas) and Mike Thompson (D-CA), but stalled while Sen. Sheldon Whitehouse (D-RI) introduced a version of the bill to the Senate.

Federal Energy Regulatory Commission

FERC Declines Rulemaking on Smart Grid Rule

The Federal Energy Regulatory Commission (FERC) made the decision on July 19 to not conduct a rulemaking on the first group of proposed technical standards for the smart grid, citing a lack of consensus among electric utilities, telecommunications companies, and equipment manufacturers. The commission's decision sends the matter back to the Commerce Department's National Institute of Standards and Technology (NIST), the lead agency for developing technical standards for the smart grid. The Energy Independence and Security Act of 2007 requires FERC to conduct a rulemaking that would apply to the electric industry and other stakeholders if FERC is satisfied that the NIST product has led to "sufficient consensus" on smart grid interoperability standards for the electric grid. NIST welcomed FERC's decision to leave the standard-setting process to NIST and industry stakeholders. The effect will be to place a tremendous importance on the activities of the Smart Grid Interoperability Panel (SGIP), consisting of government and industry participants established by NIST to develop a consensus on the hundreds of technical standards that will be required over the next several years. The construction of the smart grid, defined as providing instant two-way communication between electricity suppliers and customers, remains a top priority of the Obama administration, which has provided \$4.5 billion in stimulus funds for smart grid development over the next three years. Private investment brings the total to about \$11 billion.

FERC Issues Major Rule to Remove Barriers To Transmission, but Critics Question Costs

On July 21, on a 5-0 vote, FERC issued Order 1000, a major rule requiring utilities and regional grid operators to better coordinate their plans for building new high-voltage transmission lines. The new rule also requires the utilities take into account almost 30 different state renewable energy goals and to spread the construction costs among more energy users. The rule will take effect 60 days after publication in the Federal Register, every transmission-owning utility will be required to file within 12 months certifying compliance, and any interregional plans or related cost allocation schemes must file within 18 months.

Federal Trade Commission

FTC Supports Light Bulb Information Labels

On July 22, the FTC released a statement saying it supports proposed amendments to the Appliance Labeling Rule that would require a "Lighting Facts" label for additional types of light bulbs, and is seeking additional comments. A specific test procedure for light-emitting diode (LED) bulbs, would also be required by the proposed amendments. The new labels will help consumers choose among incandescent bulbs, high-efficiency compact fluorescent (CFL), and LED bulbs as old incandescent bulbs are phased out.

Nuclear Regulatory Commission

NRC Chair Desires Swift Reform

On July 19, the NRC saw an 82-page report internal task force, Recommendations for Enhancing Reactor Safety in the 21st Century, on what can be learned from Japan's nuclear disaster, and Chairman Gregory B. Jaczko has pledged to move quickly on safety reforms. Jaczko wants the commission to complete its review of the recommendations contained in the task force report in the next 90 days. In a July 18 letter, House Energy and Commerce Committee Chairman Fred Upton (R-Mich.), Reps. Ed Whitfield (R-KY), John Shimkus (R-IL), and Cliff Stearns (R-FL), told Jaczko that they will be closely monitoring the NRC's safety review process and will conduct oversight hearings. In a July 18 speech Jaczko said that while it is true the NRC task force found no imminent threat, the report made 12 major recommendations he wants enacted as soon as possible.

Personnel

On Thursday, July 28, the full Senate Energy Committee will consider the nominations of Charles McConnell to assistant secretary of energy for fossil energy.

Miscellaneous

Consumer Empowerment Seen as Key To Lower Energy Consumption in Homes

A panel assembled by The Information Technology and Innovation Foundation, the Digital Energy Solutions Campaign, and the Information Technology Industry Council last week argued that congressionally mandated access to real-time electricity consumption data will not motivate consumers to use less energy unless they see a benefit to their lives. That information would be made available to consumers under the proposed "Electric Consumers Right to Know," or "eKNOW," Act (S.1029). Electric utilities would be required by this legislation to provide homeowners with streamlined access to their energy usage information. The panel concluded that the question was not whether to give consumers access to their energy-usage information, but how to convince them of that information's importance.

Ruling To Be Made On Ontario Alternative Energy Program

On July 20, the World Trade Organization (WTO) set up a dispute panel to rule whether domestic content requirements under a program in Ontario, Canada, aimed at encouraging the development of alternative energy is in violation of global trade rules. The WTO's Dispute Settlement Body agreed to a second request from Japan for establishing the panel after Canada blocked Japan's first request on June 17. The issue is Ontario's Feed-in Tariff (FIT) program, which was established under the 2009 Green Energy and Green Economy Act. Under a feed-in tariff, electric grid utilities are required to purchase electricity from renewable sources such as solar, wind, or hydroelectric power, with producers given guaranteed prices under long-term purchase contracts. Japan is challenging the measure that requires wind and solar projects to include a minimum amount of goods and services that originate in Ontario.

India's Electricity Regulator Proposes Price Reduction for Renewable Energy certificates

India's Central Regulatory Commission proposed a 6.7 to 17.9 percent price reduction for renewable energy certificates (RECs). The proposal would cut prices for three years, beginning April 1, 2012. Since the cost of producing renewable energy continues to fall, the Central Electricity Regulatory Commission wants to lower REC prices to prevent green energy producers from making unfair profits. The commission is seeking public comment on its proposal to lower price bands for both solar energy and non-solar RECs.

EU Commission Considers Lowering Sulfur Content in Shipping Fuels

On July 15, the European Commission proposed legislation that would bring EU limits on the sulfur content of shipping fuels into line with International Maritime Organization (IMO) standards. Under the proposed legislation, sulfur content would be cut in stages from the current limit of 4.5 percent by weight to 0.5 percent in 2020. In other more sensitive maritime areas, designated as sulfur emission control areas (SECAs), the limit would be cut from the current 1 percent to 0.1 percent by 2015.

U.S. Renewable Energy Company Plans to Submit Chapter 11 Claim Against Canada

On July 14, Mesa Power Group, LLC, a renewable energy developer, announced that it has filed a notice of intent to submit a North American Free Trade Agreement Chapter 11 arbitration claim against Canada for alleged breaches of NAFTA obligations. Chapter 11 allows investors in one NAFTA party to seek money damages in arbitration for measures imposed by another NAFTA party that allegedly violate Chapter 11 obligations. Mesa Power participated in Ontario's renewable energy production program through its ownership of four Ontario wind farm projects. According to the company's filing, Ontario's legislature passed the Green Energy Act in 2009, which created the Feed-In Tariff (FIT program) to encourage renewable energy production in Ontario. According to Mesa Power, Ontario's "last minute" rule changes for awarding power purchase agreements under the FIT program disadvantaged Mesa Power.

South Korea to Cut Green House Gases by 18.2 Percent

On July 12, South Korea approved annual greenhouse reduction goals for industry sectors for the period ending 2020. The yearly goals aim to support the country in reaching its target in cutting greenhouse gas emissions 30 percent from business-as-usual levels through 2020. The overall plan intends to cut greenhouse gas emissions by 18.2 percent between 2010 and 2020 from all industries.

European Commission Approves Biofuel Certification Plans

The European Commission approved seven certification schemes that will be recognized throughout the 27 European Union member states. The seven schemes, which are run by private industry and by various

nonprofit institutions, have been approved to do audits on biofuel producers to ensure that they comply with previously approved EU biofuel sustainability standards. The EU's goal is to have biofuels provide 10 percent of all road transport fuels by 2020 as part of its drive to reduce foreign energy dependence and reduce greenhouse gases. The commission will be producing a new set of "indirect land-use criteria" for biofuels in September, to ensure that production of biofuels is not detracting from food production or from greenhouse gas sinks such as forests.

California's High-Speed Rail Authority Signs Memo Promoting Sustainability

On July 19, the California High-Speed Rail Authority (CHSRA) and five federal agencies signed a memorandum of understanding, entitled "The Memorandum of Understanding for Achieving an Environmentally Sustainable High-Speed Train System for California." The memorandum seeks to promote sustainability in the planned statewide system. The federal agencies that signed the memorandum were the Environmental Protection Agency, Federal Railroad Administration, Federal Transit Administration, Department of Transportation, and the Department of Housing and Urban Development. Five areas of collaboration are identified in the document: sustainable, livable communities; material selection, design, and construction; renewable energy and energy efficiency; water resources management; and a system-wide sustainability policy.

California Air Resources Board to Strengthen Vehicle Emission Standards

On July 19, the California Air Resources Board (CARB) released a proposal at a workshop that would require new passenger cars sold in California in 2025 to emit 75 percent less smog-forming pollution than today's vehicles. The proposal also aims to overhaul the state's landmark zero-emission vehicle program, including measures to build an infrastructure for electric, fuel cell, and other advanced clean-vehicle technologies. CARB also plans to work with the Environmental Protection Agency and National Highway Traffic Safety Administration to develop national greenhouse gas emissions standards for 2017-2025 model year cars and light trucks. The rules by all three organizations are scheduled to be released September 28. CARB's governing board is scheduled to vote on the rule package at its November 17 meeting.

France Designates Hundreds of Millions to Combat Climate Change

France's top environmental official presented a four-year plan to prepare the country for the impacts of climate change. The plan was presented as the U.N. Intergovernmental Panel on Climate Change was meeting July 19-22. France's National Plan for Adaptation to Climate Change for 2011-2015 includes new programs to prepare for human, environmental, financial, and material risks. The plan earmarks \$242.6 million for nearly 230 new measures in areas such as water use, public, health, and infrastructure development.

U.S. Government Financing Supports Indian Renewable Energy Projects

The U.S. government's finance institution, The Overseas Private Investment Corporation (OPIC), plans to invest \$520 million in financing and insuring solar energy projects in India by the end of 2011. OPIC also approved two new private equity funds which will together invest \$360 million in wind, solar, hydropower, and biomass projects in India. The new plans are following the \$300 million South Asia Clean Energy Fund that OPIC approved in 2010. The investments support the India-U.S. Partnership to Advance Clean Energy (PACE) initiative, to which OPIC reaffirmed its commitment during President Obama's visit to India last November. Also, the U.S. Export-Import Bank has confirmed more than \$25 million in solar energy-related financing for Indian projects. The U.S. Export-Import Bank is providing a \$16 million long-term loan to support the exports of First Solar Inc. in Tempe, Ariz., to Azure Power Rajasthan Pvt. Ltd. in India. It is also giving a \$9.2 million long-term loan to support the export of thin-film solar photovoltaic modules from Abound Solar Inc. in Loveland, Colo., to Punj Lloyd Solar Power Ltd. During the first nine months of 2011, the bank approved \$53 million for India-related projects. The bank said that India ranks first among Asian nations in Ex-Im Bank authorizations and exposure is likely to be its largest single country market in 2012.

California Enacts Property Tax Exclusion to Incentivize Development of Solar Energy

California enacted legislation (A.B. 15), which clarifies the construction of an active solar energy system on new property is not considered "newly constructed" property, and, therefore, is not subject to ad

valorem taxation. Although “newly constructed” real property is subject to ad valorem tax, active solar energy systems are excluded from the tax because they are not classified as “newly constructed” property. The new construction exclusion measure was implemented to encourage taxpayers to develop solar energy systems.

EU Diplomatic Corps Should Focus More On Climate Risks

A yet to be released EU Commission paper will make a number of recommendations to strengthen the European External Action Service (EEAS), an independent institution that functions as a foreign service for the European Union. EEAS was created by an updated EU treaty that came into force at the end of 2009. The paper will argue that dedicated climate officials should be appointed to diplomatic representations in some countries, and characterized climate change as a systemic risk that will be a “threat multiplier” and will lead to “tensions over land, water, food and energy prices.”

NARUC Resolutions Urge a Range of Improvements

A July 20 resolution from the National Association of Regulatory Utility argues that regulators should require utilities to provide educational materials and programs for customers as they expand smart grid offerings. The resolution called for power companies to include affordable, multifamily housing complexes in efficiency projects and for the federal government to encourage commercial-scale carbon capture and storage and alternative-fuel vehicle projects. NARUC recommended that state commissioners ensure that any proposed projects would reduce peak energy demand, and recommends that smart grid implementation plans include consumer education programs, particularly if the projects include new tools such as dynamic rate structures that change with real-time energy consumption and other tools to track energy use. NARUC also called on utilities and other energy efficiency program administrators, in a separate resolution, to ensure that energy efficiency funds collected from utility bills be fairly distributed to all customer sectors. Other resolutions call for the federal government to increase funding and support for carbon capture and sequestration programs for power plants and alternative vehicle research, development, and deployment.

Sierra Club Receives \$50 Million From Bloomberg to Fight Coal-Fired Plants

On July 21, the Sierra Club's campaign to fight coal-fired power plants received a \$50 million donation from Bloomberg Philanthropies, which it will use to expand its Beyond Coal Campaign to persuade industry to abandon coal-fired plants and move toward more renewable energy sources. The Sierra Club is pushing the United States to retire one-third of the nation's coal-fired power plants by 2020, and the \$50 million pledge will fund a significant portion of the 4-year, \$150 million campaign and expand its current 15-state campaign to 45 states.

American Airlines Focuses Purchase Contracts Focus on Fuel Efficiency

On July 20, American Airlines purchased 460 new aircraft from U.S.-based Boeing and Europe-based Airbus to be built and delivered between 2013 and 2022, all of which will be at least 35 percent more fuel-efficient than the models being replaced.

Michigan Delegation Calls 5% Increase In Fuel Economy Standards Overly Aggressive

In a July 21 letter, each member of Michigan's congressional delegation, except Rep. John Conyers (D-MI), told President Obama they are “deeply concerned” about the prospect of a 56.2 miles per gallon by 2025 fuel standard for cars and light trucks. The standards would increase the fuel economy by 5 percent annually between 2017 and 2025. The Michigan delegation, citing a recent report from the Center for Automotive Research, a nonprofit research service, argued too stringent fuel economy requirements could eliminate 260,000 automotive manufacturing jobs and add as much as \$10,000 to the price of new vehicles. The EPA and National Highway Traffic Safety Administration have been meeting with automakers to negotiate the next round of corporate average fuel economy standards for model year 2017 through 2025 vehicles, and those rules will likely be proposed in September.

China Seeks to Double Biomass Capacity

On July 11, the National Development and Reform Commission of China announced it is aiming to increase its capacity for biomass power generation from the current 5.5 million kilowatts to about 13 million kW by 2015. The majority of China's biomass generation taps agricultural and municipal solid

waste sources, and the new biomass and other localized renewable energy pilot projects will be established in about 200 “rural green counties.” Communities in these counties would also be part of a 1,000-town “solar model village” pilot project which will install solar water heating systems and other small solar panel systems said an official.

Renewable Energy Resource Equipment Manufacturing Facility Tax Credit Enacted

Oregon passed a bill (H.B. 2523) creating a new income tax credit for the certified costs of a renewable energy resource equipment manufacturing facility, defined as any structure, building, installation, excavation, device, machinery, or equipment. The credit can be taken against the corporate income tax and the corporate excise tax. The total amount of the credit cannot exceed 50 percent of the certified cost of the facility, the credit is allowed for 10 percent of the certified costs in each of five years, and any unused credit can be carried forward for up to eight years.