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ENERGY & ENVIRONMENT UPDATE September 16, 2013

ENERGY AND CLIMATE DEBATE

Two weeks ago, many had expected the House and Senate to consider spending and foreign relations issues last week. Instead, the House pushed back consideration of the continuing resolution to this week while the Senate postponed consideration of Syria. The Senate took up what it was originally set to consider: Shaheen-Portman. On Tuesday, the Senate began considering [S. 1392](#), the Energy Savings and Industrial Competitiveness Act. The same day, the White House released a [statement of administration policy](#) in support of the bill. Members had agreed to not introduce amendments related to Syria, but non-germane amendments have been introduced, including six Republican amendments, such as one by Senator David Vitter (R-LA), to alter or end the implementation of the Affordable Care Act. Senator John Hoeven (R-ND) introduced an amendment asking the Obama Administration to approve Keystone; Senators Mitch McConnell (R-KY), Mark Begich (D-AK), Heidi Heitkamp (D-ND), and Mark Pryor (D-AR) are some of the co-sponsors. The Senate, still stuck on the Obamacare amendments, concluded business on Thursday without voting on the bill. This week, debate is expected to continue on Shaheen-Portman, and the House will likely consider [H.R. 1526](#), the Restoring Healthy Forests for Healthy Communities Act.

Off Capitol Hill, the White House is scheduled to release the Environmental Protection Agency's emissions standards for new power plants on Friday. Environmental groups have been pushing for more stringent rules while coal groups have been advocating against the inclusion of carbon capture and sequestration requirements.

On the nominations front, President Obama on Tuesday nominated Acting Assistant Energy Secretary for Fossil Energy Chris Smith and Acting Assistant Energy Secretary for Congressional and Intergovernmental Affairs Bradley Crowell to officially serve in those positions. The same day, he nominated Beth Cobert to serve as Office of Management and Budget Deputy Director for Management, Esther Kia'aina to serve as Department of the Interior Assistant Secretary for Insular Affairs, and Victoria Wassmer to serve as Environmental Protection Agency CFO.

CONGRESS

House Dems Letter on BLM Fracking Rule

Representative Jared Polis (D-CO) led a September 10 [letter](#) to Secretary of the Interior Sally Jewell, requesting that the Bureau of Land Management revised proposed rule for fracking include several provisions. Cosigned by 14 Democratic members, the letter urged the regulation to promote safe drilling practices, require chemical disclosure before fracking occurs, update well construction requirements, and ban the use of pits for storage.

Whitfield Drafts EPA Emissions Standards Bill

House Energy and Commerce Subcommittee on Energy and Power Chairman Ed Whitfield (R-KY) announced September 10 that he is drafting legislation to limit Environmental Protection Agency emissions standards for new power plants. He will introduce the bill once the regulations are proposed; the agency has until September 20 to publish the rules.

Meeting with Agriculture Groups on Climate Change

Senators Al Franken (D-MN) and Sheldon Whitehouse (D-RI) and Representatives Joe Garcia (D-FL) and Henry Waxman (D-CA) met with agriculture industry stakeholders on September 12 who urged them to not require mandates to address climate change. The industry recognizes both the existence and the impacts of climate change, but they said strategies must be economically feasible for the farming community. The group also discussed biotechnology promotion, incentives for cellulosic and advanced biofuels, the Renewable Fuel Standard, and water use.

Vitter Letter on Carbon Tax

In a September 13 [letter](#), Senate Environment and Public Works Ranking Member David Vitter (R-LA) asked the Treasury Department to turn over documents related to carbon tax conversations by September 20. 329 documents have already been handed over to the committee. The agency has identified over 13,000 documents with the word “carbon” in them, but it has said they do not relate to a possible carbon tax.

AGs, Whitfield on Upcoming EPA Rule

In anticipation of the Environmental Protection Agency upcoming rule for existing power plants, 17 state attorneys general and Representative Ed Whitfield (R-KY) released a letter and [white paper](#) stating that the rule will exceed the agency’s Clean Air Act authority. The group said the rule will downplay the role of states and will harm the economy. Represented states include AK, AL, AZ, FL, GA, KS, KY, MI, MT, ND, NE, OH, OK, SC, SD, WI, WV, and IN.

Bills Introduced

- On September 10, Senators Mary Landrieu (D-LA), Ron Wyden (D-OR), and Lisa Murkowski (R-AK) introduced [S. 1491](#), the United States-Israel Energy Cooperation Enhancement Bill. The legislation expands joint grant programs between the two countries in an effort to strengthen energy cooperation.
- On September 12, Senator Jeff Merkley (D-OR) introduced [S. 1501](#), a bill to establish a Financing Energy Efficient Manufacturing Program in the Department of Energy to provide financial assistance to promote energy efficiency and onsite renewable technologies in manufacturing and industrial facilities.
- The same day, Representatives Bill Pascrell (D-NJ) and Steve Stockman (R-TX) introduced [H.R. 3084](#), the Qualifying Renewable Chemical Production Tax Credit Act of 2013. The bill would create a tax credit for renewable chemical production.

Upcoming Hearings

- On September 17, the Senate Energy and Natural Resources Committee will consider the nominations of Ron Binz to serve as Federal Energy Regulatory Commission Chairman, Beth Robinson to serve as Under Secretary of Energy for Management and Performance, and Michael Connor to serve as Deputy Secretary of Interior.
- The same day, the Senate Energy and Natural Resources Committee will consider a committee funding resolution for the period October 1, 2013 through February 28, 2015.
- On September 18, the House Energy and Commerce Subcommittee on Energy and Power will hold a hearing to review President Obama's climate action strategy.
- The same day, the House Energy and Commerce Subcommittee on Environment and the Economy will hold a hearing on pre-emption under the Toxic Substances Control Act.
- On September 19, the Senate Commerce, Science, and Transportation Committee will consider the nominations of Dr. Jo Emily Handelsman to serve as Associate Director for Science in the Office of Science and Technology Policy, Dr. Robert Simon to serve as Associate Director for Environment and Energy in the Office of Science and Technology Policy, and Dr. Kathryn Sullivan to be Under Secretary of Commerce for Oceans and Atmosphere and Administrator of the National Oceanic and Atmospheric Administration.
- The same day, the Senate Energy and Natural Resources Committee will hold a hearing to examine Alaskan wildlife management authority.
- The same day, the House Energy and Commerce Subcommittee on Commerce, Manufacturing, and Trade will examine bureaucracy associated with the Keystone XL pipeline.
- The same day, the House Foreign Affairs Subcommittee on Europe, Eurasia, and Emerging Threats will mark-up [H.Res. 284](#), expressing the sense of the House with respect to promoting energy security of European allies through opening up the Southern Gas Corridor.
- The same day, the House Natural Resources Subcommittee on Water and Power will hold a hearing to look into hydropower investments and development.
- The same day, the House Science, Space, and Technology Subcommittees on Environment and Oversight will hold a joint hearing to examine management of weather and climate satellites.
- On September 20, the House Natural Resources Subcommittee on Energy and Minerals will hold a hearing to look into energy independence opportunities in California.

DEPARTMENT OF AGRICULTURE

Advanced Biofuel Payment Program Awards

Speaking at the September 12 National Advanced Biofuels Conference, Acting Under Secretary of Agriculture for Rural Development Doug O'Brien announced that the Advanced Biofuel Payment Program would award nearly \$15.5 million to 188 recipients. Established under the 2008 Farm Bill, the program supports advanced biofuel production from renewable biomass feedstocks other than corn kernel starch; \$211 million has been awarded to 290 companies since its inception.

DEPARTMENT OF ENERGY

Letter on Future Renewable Generation Estimates

In a September 10 letter to Energy Information Administration Administrator Adam Sieminski, over 90 organizations asked the agency to examine the methodology for calculating future renewable

energy generation. The groups, including the Union of Concerned Scientists and the Natural Resources Defense Council, said the estimates in the 2013 Annual Energy Outlook are unreasonably low.

Dominion Cove Point LNG Export Terminal Approved

The Energy Department conditionally [approved](#) Dominion's Cove Point liquefied natural gas export terminal on September 11. The facility, located in Maryland, has the capacity to export up to 770 million cubic feet of natural gas per day to non-free trade agreement countries for the next 20 years. Cove Point is the fourth export terminal to be approved. Following the announcement, Senate Energy and Natural Resources Chairman Ron Wyden (D-OR) said the agency should use the most recent data on natural gas demand and production when reviewing future applications, and Ranking Member Lisa Murkowski (R-AK) praised the approval but urged the agency to review pending applications more quickly.

Moniz Dedicates ESIF, Announces NFCTEC

Energy Secretary Ernest Moniz visited the National Renewable Energy Laboratory on September 11 to dedicate the Energy Systems Integration Facility, the first U.S. research facility on clean energy grid integration and deployment. Secretary Moniz praised the anticipated collaboration between the lab, manufacturers, private industry, and utilities. The following day, Secretary Moniz announced the creation of the National Fuel Cell Technology Evaluation Center to act as a data center for independent analyses of advanced hydrogen and fuel cell technologies; the center will be housed at the facility.

DOE, NASCAR MOU Signed

Deputy Under Secretary for Science and Energy Michael Knotek signed a memorandum of understanding September 11 between the Department of Energy and NASCAR to promote advanced biofuels, electric vehicle charging stations, natural gas technology, and solid-oxide fuel cells. The two will work to commercialize clean energy technologies, and the memorandum said future partnerships between the two, national laboratories, private industry, and universities might arise to conduct clean energy and automobile research.

Refrigerator, Cooler Standards Published

The Department of Energy published two proposed energy efficiency standards on September 11 for refrigerators and freezers. The first [standard](#) targets commercial refrigerators and the [second](#) focuses on walk-in coolers and walk-in freezers. A public meeting on the two rules has been scheduled for October 9. The two standards could result in \$28.4 billion in savings by 2046.

OIG Report on Biorefinery Assistance

The Energy Department Office of the Inspector General, in its September 12 audit *Follow-Up Audit of the Department of Energy's Financial Assistance for Integrated Biorefinery Projects*, followed department investments in biorefineries to date. The report suggested the failure to meet production goals was tied to poor market conditions, poor financial conditions, and a lack of technical readiness for commercial development. The Inspector General recommended the agency validate biomass technology before awarding funding and implement peer review processes. The audit is attached.

Energy Advisory Board Meets

Secretary Ernest Moniz's Energy Advisory Board met September 13. Secretary Moniz intends to maintain the quick pace of releasing energy efficiency standards. Chief of Staff Kevin Knobloch added that the agency is working closely with the Office of Management and Budget to advance the

rulemakings in a timely fashion. Lt. Gen. Brent Scowcroft said the agency should investigate the possibility of a carbon tax.

DEPARTMENT OF TRANSPORTATION

Albuquerque Selected for Transportation, Climate Change Pilot Project

In a September 12 [announcement](#), the Federal Highway Administration said that it had selected the city of Albuquerque to conduct a pilot project related to transportation and climate change. The project will use strategies to reduce CO2 emissions and prepare for climate change impacts. A similar project has already been conducted in Cape Cod, MA, but this plan will focus on an inland region.

ENVIRONMENTAL PROTECTION AGENCY

OIG Report on Foreign Grants Strategic Planning

[EPA's International Program Office Needs Improved Strategic Planning Guidance](#), a September 9 report by the Environmental Protection Agency Inspector General, found that agency needs to better manage anticipated environmental outcomes of foreign grants. Specifically, the report recommended the Assistant Administrator for International and Tribal Affairs create a strategic planning guidance to track outcomes.

FOIA for Coal Ash Impoundment Action Plans

Earthjustice, in a September 9 Freedom of Information Act request, asked the Environmental Protection Agency to provide verification that utilities have provided a remedy to coal ash impoundment integrity issues. Following inspections of nearly 500 coal ash impoundments several years ago, utilities were required to submit action plans; the environmental group said there is no verification that the action plans have been implemented.

Public Health Groups Defend CSAPR

In a September 11 brief to the U.S. Supreme Court, public health groups defended the vacated Cross-State Air Pollution Rule. The American Thoracic Society, the Institute for Policy Integrity, atmospheric scientists, and air quality modeling professionals asked the court to uphold the Environmental Protection Agency's efforts. The rule was vacated by the U.S. Court of Appeals for the District of Columbia Circuit in August 2012.

FEDERAL ENERGY REGULATORY COMMISSION

Wellinghoff on Grid Investment

Addressing an Environmental and Energy Study Institute briefing September 12, Federal Energy Regulatory Commission Chairman Jon Wellinghoff, said that there should be a balance between a centralized grid and distributed generation. Investments, which should be driven by the market and not by the agency, should support both the larger grid and smaller pockets as renewable energy becomes more popular.

NUCLEAR REGULATORY COMMISSION

Macfarlane on Government Shutdown and NRC

Speaking at a September 11 Platts Energy Podium event, Nuclear Regulatory Commission Chairman Allison Macfarlane commented that should the government shut down when the fiscal year ends,

the commission has contingency plans in place to continue operating. She explained that sequestration has significantly impacted operations and capabilities at the agency.

Waste Confidence Proposed Rule, Draft GEIS Released

The Nuclear Regulatory Commission released September 12 a [draft generic environmental impact statement](#) on its proposed Waste Confidence rule. The [proposed rule](#) and document will provide the framework for how nuclear waste is stored. The statement divides storage into three frames: short-term, long-term, and indefinite. Public comment on the two documents will be accepted through November 27.

INTERNATIONAL

Canada's Keystone Pitch to U.S.

Canadian Minister of Natural Resources Joe Oliver and U.S. Secretary of Energy Ernest Moniz met September 9 to discuss several energy issues, including the Keystone XL pipeline. Minister Oliver presented the strengths of the project and discussed other issues of interest to both countries. He said that the Canadian government wants to work with the U.S. on the pipeline but denied making concessions to achieve an agreement.

UNEP, INTOSAI MOU Signed

The U.N. Environment Program and the International Organization of Supreme Audit Institutions signed a memorandum of understanding September 9, agreeing to oversee 280 multilateral environmental agreements. The U.N. Environment Program said the International Organization of Supreme Audit Institutions can assist with reviewing the progress of implementation for several major agreements, including the Kyoto Protocol and the U.N. Framework Convention on Climate Change.

European Parliament Seeks Cap on Crop-Based Biofuels

Intending to ease competition with food production, the EU Parliament voted September 11 to cap the transportation industry's consumption of biofuels that come from crops at 6 percent. This vote was one step in the EU's attempt to back away from a requirement that 10 percent of energy for road and rail transportation come from renewable sources. The EU Parliament also voted for farm and industry waste to account for at least 2.5 percent of energy for road and rail transport by 2020.

China to Limit New Coal Plants

China announced September 12 that it will prohibit new coal-fired power plants from being built in the Beijing, Shanghai, and Guangzhou regions. The plan includes a goal to reduce the amount of power from coal to below 65 percent by 2017. In 2011, coal comprised 68.4 percent of energy use.

STATES

New England, Canada Clean Energy Pledge

At the Conference of New England Governors and Eastern Canadian Premiers annual meeting September 8 and 9, participants pledged to advance clean energy strategies, including energy efficient vehicles, hydropower development, and climate change mitigation efforts. The [resolution](#) covered a wide variety of clean energy issues. Participating states were CT, MA, ME, NH, RI, and VT; participating provinces were New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, and Quebec.

CA Fracking Bill Passes Legislature

SB 4, a bill to require permits for fracking as well as public disclosure of fracking fluid, passed the California Assembly on September 1, with the Senate passing the bill later that day. Prior to Senate approval, a spokesperson for Governor Jerry Brown (D) said that he plans to sign the bill if it passes the Senate again. The Senate approved the measure in May but had to vote on it again because added amendments streamlined the permitting process. Several environmental groups have withdrawn support of the bill because of the amendments.

MISCELLANEOUS

Social Cost of Carbon Petition Signed

A September 3 petition asked the Office of Management and Budget to reanalyze its social cost of carbon and to not use current estimates to evaluate climate change impacts, charging that the current cost calculation was not transparently conducted. The America's Natural Gas Alliance, the American Chemistry Council, the American Petroleum Institution, the National Association of Home Builders, the National Association of Manufacturers, the Portland Cement Association, and the U.S. Chamber of Commerce signed the petition.

Climate Bonds Market Doubled

[*Bonds and Climate Change: The State of the Market in 2013*](#) was released September 11 by the Climate Bonds Initiative, reporting that the global climate bonds doubled from \$174 billion in 2011 to \$346 billion in 2012. CEO Sean Kidney praised the growth, saying such investment is needed to prevent the more serious impacts of climate change.

Wal-Mart to Disclose Product Chemicals

At the September 12 Global Sustainability Milestone Meeting, representatives from Wal-Mart announced that the company would disclose product chemicals starting in 2015. It also announced that it will begin phasing out as many as 10 priority chemicals next year; the exact chemicals were not confirmed. The company will seek Environmental Protection Agency Design for the Environment certification for private label products.

Water and Energy Report

[*Water Constraints on Energy Production: Altering Our Current Collision Course*](#), a September 12 report prepared by Synapse Energy Economics for the Civil Society Institute, advocated for the development of non-water-intensive renewable energy sources like wind and solar. It also promoted investment in energy efficiency. The report said the country is currently using water without considering the amount used or pollution issues.