



ML Strategies Update

David Leiter, DJLeiter@mlstrategies.com
Sarah Litke, SLitke@mlstrategies.com
Jordan Collins, JMCollins@mlstrategies.com
Neal Martin, RNMartin@mlstrategies.com

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

SEPTEMBER 29, 2014

Energy & Environment Update

ENERGY AND CLIMATE DEBATE

United Nations Secretary-General Ban Ki-moon, more than 162 government representatives, including 126 heads of state and government, and leaders in the business and finance sectors convened a Climate Summit in New York City September 23. Though not an official international negotiation conference, the summit was the largest international climate change meeting since the 2009 Copenhagen Summit, and it aimed to advance the development of an international agreement to address climate change before the United Nations Climate Change Conference of 2015 in Paris, France.

President Obama emphasized the actions he has launched under his climate action plan to reduce greenhouse gas emissions from power plants and other sources as well as the successes the administration has had in renewable energy and energy efficiency efforts, despite Congressional inaction. The United States sent its [submission](#) September 17 to the United Nations, in which it contended that the post-2020 global climate agreement should include near-term pledges from both developed and developing nations to reduce GHG emissions by 2025 to encourage countries to be as ambitious as possible. The United States has pledged that it will make public its post-2020 pledge by the end of March 2015 in order to give negotiators sufficient time for debate prior to the Paris talks. President Obama also used his address to issue an Executive Order requiring federal agencies to factor climate [change-resiliency](#) systematically into international development work, and to encourage multilateral organizations to follow suit. Additionally, the president announced a public-private partnership to disseminate climate data, tools, and training in developing countries. Noting the responsibility the United States and China bear as the world's largest economies and GHG emitters, the United States assisted in launching more than a dozen climate-related partnerships, including the Global Alliance for Climate-Smart Agriculture, the Oil and Gas Methane Partnership, the Cities Climate Finance Leadership Alliance, the Global Green Freight Action Plan, and the Pilot Auction Facility for Methane and Climate Change Mitigation.

United States Secretary of State John Kerry announced a \$15 million grant to the World Bank to begin a carbon auction facility. The facility will pay for every ton of methane that landfills, waste treatment facilities, and livestock operations avoid emitting. The summit was instrumental in stimulating the Carbon Pricing Leadership Coalition at the bank that will continue to work through next December. The coalition comprises 73 national and regional governments responsible for 54 percent of global greenhouse gas emissions, as well as more than 1,000 companies and investors. The public-private financing institution Global Environment Facility announced that it will support developing countries with more than \$3 billion over four years for investments in mitigating climate change and adapting to its impacts, plus \$30 million leveraged from other sources.

Treasury Secretary Jacob Lew said that continued inaction on climate change will force trade offs between higher taxes and larger deficits in the future as in increasing global temperatures and rising sea level strained

infrastructure unprepared for extreme climate conditions.

Environmental Protection Agency Administrator Gina McCarthy touted the agency's work to address greenhouse gas emissions under the president's Climate Action Plan, spoke of the Clean Power Plan's important global impact because it demonstrates the United States' commitment to climate efforts, and stressed the importance of acting to mitigate the negative impacts of climate change while simultaneously undertaking adaptation efforts as soon as possible.

The mayors of Los Angeles, Houston, and Philadelphia announced the Mayors' National Climate Action Agenda, supporting carbon emission reductions, a global climate agreement, and the prioritization of environmental justice in climate plans. A coalition of 200 mayors representing more than 400 million people signed the Compact of Mayors, making commitments to increase energy efficiency programs, climate resilience projects, and resilient financing mechanisms, and to reduce annual emissions 12.4 to 16.4 percent. The compact draws on the new Global Protocol on Community-scale GHG Emissions, being developed by the World Resources Institute, the C40 Cities Climate Leadership Group, and ICLEI/Local Governments for Sustainability to be compatible with international reporting practices. Rio de Janeiro Mayor Eduardo Paes said that the C40 Cities Climate Leadership Group is seeking signatory status for the Paris climate agreement, saying that international climate treaties should be open to cities, states, provinces, and other sub-national units of government to sign along with national governments. California Governor Jerry Brown (D) told the summit that the state has set the pace for clean air initiatives, and now the world's eighth largest economy is making a path for electric vehicles.

Six global energy firms and more than a dozen national governments including the United States, Canada, France, Norway, and Russia, launched the Climate and Clean Air Coalition to Reduce Short-Lived Climate Pollutants' Oil and Gas Methane Partnership to reduce methane emissions from oil and gas operations across the world. Three other partnerships on short-lived climate pollutants launched at the summit to reduce emissions from freight transportation, industries that use hydrofluorocarbons, and municipal landfills. Another oil and gas sector partnership will share best practices to reduce methane.

More than 130 governments, companies, civil societies, and indigenous people endorsed the New York Declaration on forests, promising to halve deforestation by 2020 and end the net loss of forests by 2030. Chief executive officers of Asian Agri, Cargill, Golden Agri-Resources, the Indonesian Chamber of Commerce and Industry, and Wilmar pledged to reduce the effect of palm oil agricultural practices on forests via the Indonesian Palm Oil Pledge.

French President Francois Hollande promised \$1 billion to the Green Climate Fund. Many countries made smaller pledges: South Korea \$100 million, Switzerland \$100 million, Denmark \$70 Million, Norway \$33 million, Mexico \$10 million, Luxembourg \$6.4 million, and the Czech Republic \$5.5 million. The fund now has about \$2.3 billion, and general consensus is that it needs \$10-15 billion by this December in order to be viable going forward. Several island nations urged leaders to make the fund solvent as soon as possible, as climate change increasingly and disproportionately threatens their way of life.

Brazilian President Dilma Rousseff and leaders of other developing nations took the opportunity to say that any international agreement must place much of the climate burden on large developed emitters while allowing developing countries to continue their economic expansion, even as they pledge their support for a binding 2015 global accord. Costa Rica plans to use 100 percent clean energy sources by 2016. Mexico anticipates that a third of its electrical generating capacity will come from renewable energy by 2018. Indonesia pledged to reduce emissions by at least 26 percent by 2020, and Ethiopia said that it would have zero net emissions by 2025. As much discussed, China's head of state did not attend the summit, but Chinese Vice Premier Zhang Gaoli pledged that China is ready to work with other nations toward an international agreement while it works to ensure that its emissions peak as soon as possible.

Following the summit, United Nations Framework Convention on Climate Change Executive Secretary Christiana Figueres said September 24 that there are no similarities between current efforts to reach a global climate agreement in Paris in 2015 and the Copenhagen talks of five years ago, which did not yield a binding climate agreement, as many of the 190 attending nations only took note of the agreement rather than adopting or endorsing it. Now, five years later, the growth in domestic climate policies makes an international agreement more possible. In 2009, about 40 national climate change laws were on the books, while now there are over 500 laws in 60 countries, representing about 80 percent of emissions. Additionally, Executive Secretary Figueres said that countries are experiencing more severe climate impacts now than they were five years ago, and she hopes this will spur them to finalize an international agreement next year. Countries are expected to submit national emissions reduction targets for the post-2020 period by the first quarter of next year. As to the shape of the agreement, Executive Secretary Figueres said that a single global price on carbon would be simpler than a multi-pronged approach toward decarbonization, but that it is not realistic. Using a system of national contributions, the Paris agreement could

include both carbon taxes and emissions trading markets, as well as other forms of carbon pricing, as it brings together different countries' approaches to achieving their climate mitigation targets.

CONGRESS

DOE Power Plant Standard Participation Questioned

The House Energy and Commerce Committee sent Energy Secretary Ernest Moniz a [letter](#) September 23 seeking records of discussions between the Department of Energy and the Environmental Protection Agency related to proposed CO2 standards for new power plants. The committee is investigating whether the proposed performance standards violate the Energy Policy Act of 2005, which prohibits the agency from considering Energy Department-funded carbon capture projects when proposing standards that would require the technology for coal-fired units.

ESPC Cost Estimate

The Congressional Budget Office [announced](#) September 24 that the Energy Savings Through Public-Private Partnerships Act of 2014 (H.R. 2689) would not save money over a decade, but could over a longer period. The bipartisan bill directs federal agencies to use more energy savings performance contracts and utility energy service contracts.

Quick Methane Regulation Urged

Senator Sheldon Whitehouse (D-RI) led 15 of his colleagues September 26 in sending a [letter](#) to the White House urging the Obama administration to accelerate efforts to impose regulatory limits on methane emissions from oil and gas production.

ADMINISTRATION

RFS Opposition

During a White House Office of Management and Budget meeting September 22, Renewable Fuel standard opponents urged the Obama administration not to increase the Environmental Protection Agency's 2014 Renewable Fuel Standard requirements.

DEPARTMENT OF ENERGY

Walk-In Cooler Challenge Rejected

Following a challenge from the Air-Conditioning, Heating and Refrigeration Institute this summer, the Department of Energy [announced](#) September 24 that it would not reconsider its efficiency standards for walk in coolers and freezers.

Poneman Departs Friday

Friday, October 3 will be Deputy Energy Secretary Dan Poneman's last day in his post. Secretary Poneman is leaving the agency after more than five years to take a position at Harvard. The Senate recently confirmed Elizabeth Sherwood-Randall for the job, which she will assume October 6.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

\$1 Billion Climate Resilience Competition

The Department of Housing and Urban Development and the Rockefeller Foundation announced September 17 a \$1 billion National Disaster Resilience Competition to assist communities across the country who have undergone major disasters between 2011-2013 as they cope with climate change related severe weather.

DEPARTMENT OF INTERIOR

CA Desert RE Blueprint

The Department of Interior and the California Natural Resources Agency released a [plan](#) last week to promote renewable energy development while conserving the state's deserts. The draft plan covers 22.5 million acres on private and public lands and will serve as a blueprint for wind, solar, and geothermal developers. The draft proposes designating more than two million acres, about three-fourths of which is non-federal, for developing 20 GW of renewable energy projects, and would add about 4.9 million acres of conserved land managed by the Bureau of Land Management.

DEPARTMENT OF TRANSPORTATION

\$3.6 Billion for Climate Resilient Transportation

Secretary of Transportation Anthony Foxx [announced](#) September 22 \$3.6 billion in new disaster relief funding for climate change resilient public transportation infrastructure in communities impacted by Hurricane Sandy.

ENVIRONMENTAL PROTECTION AGENCY

GHG Permitting Suits Rehearing Sought

Texas, Wyoming, and a number of utility groups petitioned the U.S. Court of Appeals for the District of Columbia Circuit September 22 to rehear lawsuits challenging the Environmental Protection Agency's greenhouse gas permitting rules. The petitioners argue that the Supreme Court's recent decision limiting the scope GHG permitting requirements means that the agency did not have the authority to impose federal plans on states.

Fracking-Produced Water Regulations Sought

Public Employees for Environmental Responsibility [asked](#) the Environmental Protection Agency September 23 to restrict releases of fracking-produced water into streams.

Economic Climate Benefits

Speaking at a Resources for the Future event September 25, Environmental Protection Agency Administrator Gina McCarthy said that reducing carbon will bolster the U.S. economy, rather than hamper it. Administrator McCarthy told the group that the agency might revise the Clean Power Plan in response to state concerns. Some states have argued that the rule requires revision because it penalizes those that have already taken steps to reduce CO2 emissions. The agency has already received more than a million comments on the rule; the comment period closes December 1.

CPP's Early Action Penalty

During a Bipartisan Policy Center event September 25, states and utilities charged that the Environmental Protection Agency's Clean Power Plan would penalize states that have already taken steps to reduce their CO2 emissions by not giving them full credit for those early actions.

Methane Strategy Forthcoming

Environmental Protection Agency Administrator Gina McCarthy said September 25 that the agency is developing its strategy for addressing methane emissions, including potential regulations, in anticipation of releasing it this fall, but cautioned that its release is not imminent. President Obama directed the agency in March to reconsider whether methane from oil and natural gas systems should be directly regulated as part of its broader strategy to reduce methane emissions. If the agency determines that additional controls are necessary and feasible, it will finalize regulations by March 2016.

CPP's International Impact

Environmental Protection Agency Administrator Gina McCarthy said September 25 that the international community views the Clean Power Plan as a strong signal that the United States is serious about addressing climate change. Administrator McCarthy met with government officials from Hong Kong and Germany to discuss environmental issues the same day.

IL CCS Permitted

The Environmental Protection Agency announced September 26 that Archer Daniels Midland Company has become the second facility in the nation to receive an underground injection permit for carbon sequestration. The [permit](#) allows the company to inject more than 5 MMT CO2 beneath a facility near Decatur, Illinois.

Universal CPP Participation

Environmental Protection Agency Administrator Gina McCarthy said September 26 that all states, even those skeptical of climate change, will work with the agency to develop state compliance plans under the Clean Power Plan. Administrator McCarthy reiterated that the final rule will be legally defensible, and that states recognize that developing their own compliance plans offers them the greatest flexibility.

Stationary Engine Rule Increases Emissions

Delaware and several utilities told the U.S. Court of Appeals for the District of Columbia Circuit September 26 that the Environmental Protection Agency's 2013 national emissions standard for hazardous air pollutants for reciprocating internal combustion engines is unnecessary and increases air pollution. The group argued that the rule distorts energy markets by allowing the engines to provide emergency electricity for up to 100 hours a year.

FEDERAL ENERGY REGULATORY COMMISSION

Order 745 Invalidation Delay Sought

The Federal Energy Regulatory Commission asked the U.S. Court of Appeals for the District of Columbia Circuit September 22 to delay a court ruling invalidating Order 745, the demand-response compensation rule. The commission contends that the decision could negatively impact electricity prices and grid reliability, and is weighing an appeal to the Supreme Court.

Order No. 1000 Case Rehearing Requested

The Large Public Power Council filed a challenge September 29 to the U.S. Court of Appeals for the District of Columbia Circuit's decision affirming the Federal Energy Regulatory Commission's Order No. 1000. The group, which represents more than two dozen of the country's non-profit publicly owned electric utilities challenged the unanimous August 15 decision on cost allocation.

LNG Exports Approved

The Federal Energy Regulatory Commission [approved](#) September 29 the Dominion Cove Point liquefied natural gas project. Dominion must adhere to 79 [conditions](#) to mitigate potential adverse impacts. Along with the Maryland facility, the commission approved related facilities at an existing compressor station and at sites in Virginia. Cove Point is expected to begin export operations in June 2017.

GOVERNMENT ACCOUNTABILITY OFFICE

Fluid Information Collection Varies

The Government Accountability Office released a [report](#) September 23 finding that information the Environmental Protection Agency and several states collect on the characteristics of fluids injected into class II wells varies.

NUCLEAR REGULATORY COMMISSION

Opposition to Continued Storage Rule

More than a dozen groups [petitioned](#) the Nuclear Regulatory Commission September 29 to stop issuing final licensing decisions because of the agency's approach to its Waste Confidence rule. The groups [contend](#) that the Continued Storage rule, which goes into effect October 20, ought to include language addressing the safety of disposing spent nuclear fuel. The commission suspended its final licensing decisions after the U.S. Court of Appeals for the District of Columbia Circuit vacated the agency's Waste Confidence rule in 2012, but after the agency approved a new rule this summer, the commission lifted the suspension.

INTERNATIONAL

German Nuclear Lawsuit

RWE sued the German federal state Hesse and the German federal government August 25 for 235.3 million euros in damages allegedly caused by a temporary moratorium on nuclear energy in 2011.

Canadian Mobile Emissions Standards

Canada announced September 22 regulatory [initiatives](#) to reduce GHG emissions and other pollutants from cars and trucks sold and driven in the country. The plan brings most vehicle pollution standards in line with United States requirements by 2025.

EU Off-Road Vehicle Standards Proposed

The European Commission proposed tougher standards September 25 on emissions of air pollutant from tractors, bulldozers, harvesters, and other non-road mobile machinery. If adopted, the revised limits would apply beginning January 1, 2017.

STATES

Carbon Market Recruiting

Quebec Premier Philippe Couillard said September 23 that California and Quebec are recruiting Ontario and several U.S. states to join North America's largest carbon market. Quebec is discussing a regional market with the governors of New England states and leaders in Ontario while California is wooing Oregon and Washington. California spent nearly a decade looking for other U.S. states to help it establish a regional carbon market before beginning its own last year.

CO Fracking

The Fort Collins City Council approved a resolution (2014-082) September 23 directing the city attorney to appeal with the Colorado Court of Appeals in its defense of a five-year fracking moratorium within city limits. The city is

seeking a stay of the August 7 order.

VA Fracking Standards

An advisory panel of Virginia's Department of Mines, Mineral and Energy recommended September 24 that the multi-layer aquifer underlying the state's Coastal Plain needs additional permanent protections against fracking contamination.

CA Solar Project Pulled

BrightSource Energy and Abengoa Solar withdrew September 26 their plans for the Palen solar project, two 250 MW solar thermal towers in the California desert, after receiving preliminary approval from state regulators two weeks prior. The companies said that the investment tax credit, which reduces significantly at the end of 2016, was a major factor in the decision, as the project is unlikely to be completed by then, resulting in difficult financing.

Profitable DE Electric Vehicles

University of Delaware Professor Willett Kempton proposed in a 1990 paper that electrical vehicles could help pay for themselves by selling power back to the grid. When no one ran with his idea, he decided to develop the technology himself. Now, the pilot project he created at the university in conjunction with NRG Energy Inc. brings in roughly \$110 a month per electric vehicle. The operation uses software to link at least nine electric vehicles together into a virtual power plant on wheels that can draw energy from the grid and discharge it when needed.

\$8 Billion CA RE Project

Four companies are proposing a 21st Century Hoover Dam of renewable energy, storage, and transmission to power Los Angeles. The \$8 billion project would include a 2.1 GW wind farm in Wyoming, a 525 mile long transmission line, and a \$1.5 billion storage facility. Duke-American Transmission, Dresser-Rand Group, Pathfinder Renewable Wind Energy, and Magnum Energy Inc. will propose the project to the Southern California Public Power Authority early next year. The California Energy Commission anticipates that Los Angeles' energy demand will rise by as much as 18 percent by 2024.

MISCELLANEOUS

RE100 Launched

Ikea, Mars Inc. and about a dozen other companies launched September 22 a [campaign](#) to convince other businesses to join them in powering their facilities entirely with renewable energy. The RE100 campaign aims to have 100 of the world's largest businesses committed to 100 percent renewable power by 2020.

CO2 Market Rise Peaks Linkage Interest

Participants at an International Emissions Trading Association and Harvard University Climate Week event said September 22 that the [rise of carbon markets](#) across the world is driving increased company and government interest in linking those markets together.

Natural Gas Not As Beneficial As Some Believe

Environmental Research Letters published a [study](#) September 24 finding that natural gas produces fewer GHG emissions than coal, but may not be as beneficial a way to reduce emissions and address climate change as many contend. The study concluded that abundant natural gas reduces the use of coal and renewable energy, and overall power demand rises with gas supply without a climate policy.

Southwest Airlines to Use Biofuels

Southwest Airlines announced September 24 that it plans to purchase some biofuels made from waste wood for use in its San Francisco Bay airports beginning in two years. The company has agreed to buy about 3 million gallons a year from Red Rocks Biofuels.

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