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ENERGY AND ENVIRONMENT UPDATE **February 19, 2012**

Energy and Climate Debate

President Obama on February 13 sent Congress a \$3.8 trillion budget request for fiscal year 2013 that, after a week of hearings and analysis, is likely to continue fueling debates over spending and taxes through the end of the year. One of the most interesting highlights of the budget includes the president's varied ways of encouraging clean energy and infrastructure spending this year as the country works to boost the economy and create jobs.

In line with his State of the Union call for an all of the above energy strategy, the president's budget request calls for an elimination of \$4 billion in fossil fuel subsidies and a shift in funding from decreasing military actions in Iraq and Afghanistan to infrastructure projects. Though numerous entire department budgets remain relatively static, clean energy, climate, and environment issues are important components and priorities of the request, which encourages developing new clean energy, advancing research and development funding for clean energy, and promoting advanced manufacturing and jobs.

On the tax front, the administration proposes extending the production tax credit for wind facilities and the investment tax credit for wind facility properties to properties placed in service in 2013; the budget would also provide an additional \$5 billion for the Advanced Energy Manufacturing Tax Credit (48C). The request would expand the tax credit for plug-in electric vehicles and remove the cap on the number of vehicles per manufacturer that can receive the credit, while also proposing a new tax credit for medium and heavy duty vehicles.

The emphasis on clean energy funding in the Department of Energy's overall \$27.2 billion funding request is high. Last Monday, the president proposed spending \$2.3 billion, a 29 percent increase, on renewable energy and energy efficiency programs in the agency's FY2013 budget. The request also includes increased support for advanced manufacturing (up 150 percent from \$115.6 million to \$290 million) and the department's Advanced Research Projects Agency – Energy initiative, and at the same time, the agency is not seeking further loan authority or credit subsidies for its loan guarantee program.

President Obama proposed trimming the Environmental Protection Agency's fiscal 2013 budget by \$105 million, marking the third time the administration has sought to cut the agency's funding to compensate for rising deficit. The request would give the agency \$8.3 billion, a 1.2 decrease from the \$8.4 billion Congress provided in its omnibus spending package last year. The largest cuts would come from the Drinking Water and Clean Water State Revolving Funds.

The FY2013 budget proposal for the Agriculture Department provides \$6.1 billion in direct loans, for energy initiatives, through the Rural Utilities Service program. Up to \$2 billion would be used to help reduce carbon dioxide emissions from fossil fuel power plants, with the balance being used to support rural renewable energy generation, transmission, and distribution.

Though approval of any budget may need to wait until the lame duck session at the end of the year Senate Majority Leader Harry Reid (D-NV) has told Senate appropriators to be ready with fiscal year 2013 bills soon, as he may have to fill floor time this summer with funding or Law of the Sea Treaty debates.

In addition to the budget, the other big piece of congressional action last week occurred February 17 when both houses voted to pass legislation extending a 2 percentage point cut in the employee side of the payroll tax cut through the end of 2012 and repealing billions of dollars in recent changes to corporate estimated tax payments. The House voted 293-132 to pass the bill (H.R. 3630), and the Senate followed soon thereafter to approve the measure on a 60-36 vote. The bill's passage is particularly significant because lawmakers on both sides of the aisle were forced to accept that it would be politically impossible to find \$93.2 billion in acceptable offsets to pay for the payroll tax portion of the bill before the March 1 expiration. The bill also extends federal unemployment insurance benefits and the doc fix, but does not include extensions of any other popular expired or expiring tax breaks, including the 1603 grants in lieu of tax credits program or the production tax credit.

In other news, Speaker of the House John Boehner announced last week that he would delay a vote on the \$260 billion energy and transportation bill until after the Presidents' Day recess. Part of the delay is in the need to find new offsets, as the payroll tax cut deal uses the reduction in pension benefits that was in the highway bill. Speaker Boehner also acknowledged that some members of his caucus have concerns with the plan, and with few Democrats likely to support the legislation, Republicans might not have had the votes. On the other hand, the House passed a plan, 237-187, February 16 to approve the Keystone XL pipeline and expand drilling offshore and in ANWR. Acting on one portion of the much larger transportation and infrastructure strategy, the House also approved amendments directing 80 percent of Clean Water Act citations over the BP oil spill to Gulf restoration efforts, approving a geothermal exploration project, and quickening environmental reviews for renewable energy projects on public lands. Despite roadblocks, including the introduction of many amendments, Senate Democrats vowed last week to finish work on their highway bill (the Moving Ahead for Progress in the 21st Century Act, S. 1813) after they return from the Presidents' Day recess.

Congress

Solyndra Subpoenas

After spending the last week threatening to subpoena senior White House officials as part of an investigation of loan guarantees for Solyndra, House Republicans cancelled a February 17 Energy and Commerce Subcommittee on Oversight and Investigations vote to authorize the subpoenas. The group reached a deal to have some of the officials answer questions instead.

CES Forthcoming

Senate Energy and Natural Resources Chairman Jeff Bingaman (D-NM) will introduce legislation setting a national clean energy standard during the week of February 27. The senator is also likely to introduce at some point this session an industrial energy efficiency bill similar to legislation (S. 1639) that he has previously introduced.

Senators Send Energy Tax Letter

Senators Olympia Snowe (R-ME), Jeff Bingaman (D-NM), Dianne Feinstein (D-CA), John Kerry (D-MA), Maria Cantwell (D-WA), and Tom Carper (D-DE) sent a letter to Treasury Secretary Tim Geithner and Acting Director of the Office of Management and Budget Jeffrey Zients February 10 encouraging them to advance tax policies that improve energy efficiency and support clean energy incentives. Specifically, the senators asked the administration to include a performance based residential energy efficiency tax credit,

an extension of the new energy efficient homes tax credit, and the simplification of the energy efficient commercial building deduction in the president's budget request for fiscal year 2013. The group also asked that the administration work with them to develop a set of policies that offers long-term support to the clean energy and energy efficiency sectors, are fiscally responsible, and maintain clean energy jobs in the US.

Inquiry Into Solyndra Aspects of Prologis Conditional Loan Guarantee

On February 17, House Energy and Commerce Committee Chairman Fred Upton (R-MI) and Rep. Cliff Stearns (R-FL), head of the oversight subcommittee, are launching an inquiry into the conditional approval of Prologis Inc.'s \$1.4 billion loan guarantee for its Project Amp which involved installing Solyndra solar panels, despite concerns of Solyndra's viability. DOE then issued a statement defending the Prologis loan guarantee.

Legislation Introduced

Senator David Vitter (R-LA) introduced legislation (S. 2100) February 13 to suspend sales of petroleum products from the Strategic Petroleum Reserve until certain conditions are met.

Congressman Charlie Bass (R-NH) introduced the Smart Energy Act (H.R. 4017) February 15 to spur innovations in energy efficiency technology by targeting the federal government's energy usage and by providing more opportunities for private industry to use energy efficient technologies and systems.

The same day, Representative Ed Markey introduced three pieces of legislation (H.R. 4024, H.R. 4025, and H.R. 4026) to suspend approval of liquefied natural gas export terminals; allow the Secretary of Interior to accept bids on new oil and gas leases on Federal lands only from bidders certifying that all natural gas produced pursuant from such leases be offered for sale in the United States; and to reauthorize the Low-Income Home Energy Assistance Program for fiscal years 2013 through 2016.

Administration

Chinese VP Visit

President Obama and Vice President Joe Biden met with Chinese Vice President Xi Jinping February 14 to discuss a wide range of issues the two countries share. Speaking at a lunch at the State Department, the vice president praised cooperation taking place between the two countries, but also added that it can only be "mutually beneficial if the game is fair," listing areas of tension in the relationship including intellectual property rights, trade, Chinese currency manipulation, technology transfer, and an uneven competitive playing field.

Department of Agriculture

Ethanol Production

Agriculture Secretary Tom Vilsack told the Senate Agriculture, Nutrition, and Forestry Committee February 15 that domestic production of corn ethanol is fast approaching the 15 billion gallon annual gap set by the 2007 renewable fuel standard, but that achieving an even larger quota for non-corn-based advanced biofuels will require a concerted federal effort. He said that without significant progress on the advanced biofuels, it will be impossible to reach the 36 billion gallon total biofuel requirement by 2022. Secretary Vilsack also reiterated that the United States has the potential to produce more than a billion tons of biomass each year to be used for fuel, electricity generation, and other energy applications by mid-century without harming farm and forestry products, and a billion tons of biomass contains energy equal to 30 percent of current annual domestic petroleum consumption. The USDA is hoping to hasten advances in non-ethanol biofuels through programs such as the Biomass Research and Development Initiative, which funds studies on harvesting, transporting, and storing raw feedstock for later conversion to biofuels.

Crop Insurance Cuts Defended

Agriculture Secretary Tom Vilsack appeared before the Senate Agriculture Committee February 15 for the first of several farm bill hearings this year. During the hearing, he defended proposed cuts to crop

insurance, saying they were necessary to preserve nutrition funding. The committee will hold its next farm bill hearing February 28 to focus on conservation programs.

Ethanol Group Asks for Tax Provisions in Farm Bill

In a February 14 letter to Senators Debbie Stabenow (D-MI) and Pat Roberts (R-KS), chairwoman and ranking member of the Senate Committee on Agriculture, the Advanced Ethanol Council asked that the farm bill for 2012 include an extension of both the Cellulosic Biofuels Producer Tax Credit and the Special Depreciation Allowance for Cellulosic Biofuel Plant Property. The letter was sent as the committee continues work on a farm bill and a hearing specifically on farm bill related energy issues.

Department of Commerce

Satellites Top Priority

National Oceanic and Atmospheric Administrator Jane Lubchenco said February 16 that satellites to monitor weather and climate are the highest administration funding priority for fiscal year 2013. About \$1.8 billion of the agency's \$5 billion budget would be used for polar orbiting and geostationary weather satellite systems as well as satellite systems for measuring sea level and potentially damaging storms. A portion of the agency's more than \$500 million research and development budget would fund Arctic research on climate change projections as well as marine sensor technologies to monitor and address algal blooms and ocean acidification.

Department of Defense

Army Corps to Streamline Renewable Permitting Structure

On February 21, in a scheduled Federal Register notice, the U.S. Army Corps of Engineers will issue two new nationwide permits, NWP 51 and NWP 52, authorizing land- and water-based renewable energy projects while also reissuing 48 existing permits. The permits will reduce the number of renewable energy generation projects that need Section 404 individual permits, with NWP 51 covering all components of land-based generation and NWP 52 covering water-based hydrokinetic and wind projects.

Department of Energy

\$6.5 Million for Tribal Energy

On February 16, Energy Secretary Steven Chu awarded \$6.5 million to 19 tribal clean energy projects as part of the administration's commitment to strengthening partnerships with Tribal Nations and supporting tribal energy development. The competitively selected projects will allow tribes to advance clean energy within their communities by assessing local energy resources, developing renewable energy projects, and deploying clean energy technologies while saving money and creating new jobs.

Water Heater Plant Opens

The Department of Energy applauded the opening of General Electric Appliance's new revitalized manufacturing facility in Louisville, KY, February 15, that will produce its highly efficient new water heaters. The company moved the operation from China, where it had been producing a former version of the appliance, to the newly opened plant – the first to open in the Appliance Park in over 50 years. The plant revitalization was partially funded through a \$24.8 million manufacturing tax credit.

Efficient Lighting Standards

The Department of Energy's Commercial Building Energy Alliances announced February 15 new voluntary energy-saving specifications for lighting troffers – rectangular overhead fixtures used in commercial buildings – and parking lot and structure lighting. The specification provides minimum performance levels for LED and fluorescent troffers used in commercial buildings, delivering energy savings of 15 to 45 percent. It also sets an optional section on lighting controls, which can increase savings up to 75 percent.

\$1.3 Million for Efficiency Training

The Energy Department and the Department of Commerce's National Institute of Standards and Technology Manufacturing Partnership Program announced February 16 up to \$1.3 million for training programs to provide commercial building professionals with critical skills needed to optimize building efficiency, reduce waste, and save money. The programs will help to reach the Better Buildings Initiative goal of improving energy efficiency nationwide in commercial and industrial buildings by 20% by 2020. Applications are due March 30.

Efficiency Data Centers Webcast

The Department of Energy's Federal Energy Management Program will present a live webcast March 1 titled Achieving Energy Efficient Data Centers with New ASHRAE Thermal Guidelines. The session will benefit professionals interested in operating data centers at wider environmental ranges and greater efficiencies to reduce energy, capital, and maintenance costs.

Department of Interior

Budget Request Defended

During a February 15 hearing before the House Natural Resources Committee, Interior Secretary Ken Salazar defended the agency's energy regulations and efforts to balance development of energy and water resources. The agency's strategy would prepare for new rules on oil and gas drilling, less oil shale leasing, and ecosystem conservation plans.

Department of State

Short Lived Pollutants Coalition

Secretary of State Hillary Clinton announced February 16 that she would joint with Environmental Protection Administrator Lisa Jackson and ministers from Bangladesh, Canada, Mexico, Sweden, and Ghana to announce a coalition dedicated to reducing short-lived climate pollutants. These pollutants include methane, hydrofluorocarbons, and black carbon. Studies have shown that inexpensive controls on methane, HFCs and black carbon could cut half a degree Celsius from the projected global temperature increase by 2030 and avoid millions of deaths annually during the same time frame. The head of the United Nations Environmental Programme will serve as the secretariat for the coalition – and other nations will have the opportunity to join at the next meeting of UNEP on April 23 in Stockholm. The Climate and Clean Air Coalition to Reduce Short Lived Climate Pollutants will have a first year budget of \$5 million, and the U.S. has committed to contributing \$12 million over the first two years of the effort. The coalition will seek to raise public awareness of short-lived climate pollutants and drive increased public and private mitigation efforts.

Environmental Protection Agency

E15 Progresses

Bringing it one step closer to legal domestic distribution, the Environmental Protection Agency announced February 17 that it had found that E15 caused no significant health effects. The agency approved the fuel for use in late model vehicles last year but has not yet completed final registration of the fuel as required under the Clean Air Act. The agency's finding comes less than two weeks after the House Science, Space, and Technology Committee voted to require an additional 18 month study by the National Academy of Sciences before it could register the fuel blend for use in vehicles.

Comments to Backup Generating Engines Proposal

An Environmental Protection Agency proposal aimed at resolving a 2010 legal challenge brought by EnerNOC Inc. and EnergyConnect Inc. received numerous comments last week concluding that the plan to allow stationary engines generating electricity to quadruple their annual operations would increase air pollution and skew competition in electricity markets. Under the proposed settlement agreement, the agency would revise air toxics standards to allow reciprocating internal combustion engines to increase their demand response operations to 60 hours a year, up from 15 hours.

Mercury Standards

The Environmental Protection Agency published final mercury and air toxics standards for power plants February 16, and industry groups and states are expected to challenge the “appropriate and necessary” finding. Lawsuits must be filed in the U.S. Court of Appeals for the District of Columbia Circuit by April 16. Three suits were filed against the agency of the first day, by the National Mining Association, the National Black Chamber of Commerce, and White Stallion Energy Center. Additionally, Senator James Inhofe (R-OK) filed a disapproval resolution nullifying the agency’s mercury rule on February 16.

Comments on Vehicle Emission Rules

In comments received to proposals from the Environmental Protection Agency and the National Highway Traffic Safety Administration to set greenhouse gas emissions and fuel economy standards for model year 2017 through 2025, car manufacturers have expressed support for the rule, but expressed concern that they will not be able to sell the more expensive vehicles, and also suggested that the two agencies consider additional, periodic technical evaluations of the standards in addition to the planned midterm review. The final rules are expected in August.

Ethanol Exemption Arguments Heard

The U.S. Court of Appeals for the District of Columbia Circuit heard oral arguments February 13 in lawsuits challenging an Environmental Protection Agency rule exempting some ethanol facilities from a requirement to demonstrate that they reduce lifecycle greenhouse gases. A coalition of meat industry groups argued that removing the exemption would force some plants to close, reducing the demand for corn used to feed livestock. The Energy Independence and Security Act of 2007 only intended to exempt gas and biomass fired ethanol plants built between 2008 and 2009 from the 20 percent lifecycle standard for those two years, but the agency’s March 2010 rule implementing the renewable fuel standard made the exemption permanent.

Revised Recycling Rates

The Environmental Protection Agency revised last week its 2010 study of municipal solid waste generation, recycling, and disposal, using a more consistent methodology that brought the recycling rate of PET containers up from 21 to 29.2 percent and increased the national recycling rate to 34.1 percent. According to the revised analysis, the recycling rate of selected consumer electronics also fell from 26.6 percent to 19.6 percent.

Superfund Budget Request

The Environmental Protection Agency’s fiscal year 2013 budget request included a proposed \$33 million cut, down to \$532 million, for the remedial superfund program. This cut would halt new cleanups, create a backlog of 35 new construction projects, and hamper EPA’s ability to reach its goal of completing 93,400 superfund remedial site assessments by 2015. EPA requested \$1.176 billion, \$38 million less than last year, for the entire superfund program, including administration, research and technology development.

Activists File Suit Against EPA on Particulate Rule

On February 14, the American Lung Association and the National Parks Conservation Association filed a suit in the U.S. District Court for the District of Columbia seeking to compel the Environmental Protection Agency to conduct a five-year review of the national ambient air quality standards for fine particulate matter in line with existing deadlines. The rule sets the standard for fine particles, 2.5 microns in diameter and smaller, and this challenge follows a similar suit recently filed by a coalition of 11 states. The suit asks for an order compelling EPA to complete the required review no later than Oct. 15, 2012.

Briefing Seeks to Vacate CSAPR

On February 14, the San Miguel Electric Cooperative Inc., along with Industrial Energy Consumers of America, the Southeastern Legal Foundation Inc., and Putnam County, GA, filed a brief asking the U.S. Court of Appeals for the District of Columbia Circuit to vacate the Environmental Protection Agency’s Cross-State Air Pollution Rule on the grounds that the agency has done an insufficient evaluation of how various power plant emissions regulations will affect compliance options. The briefing argues that EPA did not address the effects of an unreliable electric grid on communities’ health and welfare.

Navistar to Appeal Heavy Duty Diesel Engine Ruling

On February 17, Navistar Inc., filing in the U.S. Court of Appeals for the District of Columbia Circuit, appealed a federal court's dismissal of Navistar's suit seeking to compel the Environmental Protection Agency to recall certain heavy-duty diesel engines from model-year 2010.

Nuclear Regulatory Commission

Challenge to Plant Approval Dismissed

On February 17, a three-judge panel of the U.S. Court of Appeals for the District of Columbia Circuit dismissed a petition by the Blue Ridge Environmental Defense League asking that the court review internal documents related to the Nuclear Regulatory Commission's decision to reinstate construction permits for the Tennessee Valley Authority's Bellefonte Units 1 and 2 in Alabama. The court said it did not have the authority to review internal documents related to the NRC approving TVA's request to reinstate the plants' construction permits in March 2009. Based on current economic conditions and new EPA regulations, TVA decided to resume building the 1,260 MW Bellefonte Unit 1 at a cost of \$4.9 billion and an estimated completion date sometime between 2018 and 2020.

States

NY Fracking Bills

The New York State Legislature is considering bills to limit fracking in natural gas drilling while the Department of Environmental Conservation prepares to issue final rules to control the practice. More than two dozen bills on fracking have been introduced in the current legislative session, including measures to ban or place a temporary moratorium on fracking, grant local governments authority to prohibit fracking, and permit fracking waste to be classified as hazardous.

CA Office Supports Cap and Trade

The California Legislative Analyst's Office released a report February 9 supporting the design of the state's economywide greenhouse gas emissions trading program while offering suggestions to improve the operation of the program. The report concluded that in designing the program, the California Air Resources Board made a reasonable effort to balance the policy tradeoffs inherent in programs involving emissions leakage, offset credits, enforcement, and market volatility and oversight, and recommended changes that would shift the liability for failed offset credits from users to producers of the offset projects and eliminate holding limits on allocations.

Cape Wind PPA

On February 15, as part of the proposed merger agreement between utility companies Northeast Utilities and NSTAR, the Massachusetts government is requiring the merged entity to enter into a 15-year contract to purchase 27.5% of the proposed Cape Wind's electricity. The whole agreement must be approved by the Massachusetts and Connecticut governments, with decisions expected in April, and the merger's Cape Wind provision is contingent on the project breaking ground by 2016. The 130-turbine project is expected to produce up to 468MW of energy once fully operational.

State Renewable Portfolio Standards Driving Industry

On February 15, panelists participating in a webinar hosted by the American Council on Renewable Energy concluded that state renewable portfolio standards were currently driving the renewable energy industry, but even that may be insufficient to ensure the industry's survival in the next decades in the face of expiring tax provisions at the federal level and the loss of Treasury's cash grant program.

International

EU ETS Aviation List Updated

The European Commission published an updated list February 11 of airlines and aviation companies subject to the European Union's Emissions Trading System for greenhouse gases. The new list includes Norway and Iceland as program participants. On February 16, the Commission found that the revisions would be considered only if European Union member states indicate that they are likely to back the changes.

UN Secretary General Urges Focus on Sustainability in Business

On February 14, U.N. Secretary-General Ban Ki-moon, in a speech at the opening of a three-day global summit of business leaders preparing for the Rio+20 conference in Brazil in June, asked that the world's business community should do more to promote sustainability and to work with U.N. programs of that nature like the Global Compact corporate responsibility initiative. He also suggested that as many representatives of the business community as possible join the Corporate Sustainability Forum, to be held on the sidelines of Rio+20, exploring innovative public-private sustainability partnerships.

EU Ship Fuel Standards

On February 16, the European Parliament's environment committee voted 48–15 to follow the United States' example and surpass International Maritime Organization standards by only permitting ships using fuel with very low levels of sulfur. Since January 2012, the IMO has restricted sulfur in marine fuel to 3.5%, with the limit scheduled to decrease to 0.1% for sensitive "sulfur emission control areas" (SECAs) in 2015 and to 0.5% for all areas in 2020. Under this proposal, the EU would pursue the same strategy as the US, which has surpassed the IMO regulations by designating most of the water within 200 miles of the national shoreline as SECA. The committee approved the draft legislation, proposed by the Commission in July 2011, and it will become final once the European Parliament, scheduled to vote on the measure in May, and the EU Council agree on the regulations.

Mexican Climate Initiatives

Mexican President Felipe Calderón's administration, via a 2007 climate change strategy and 2009's Special Climate Change Program, is working to meet its 2020 target for a 30% reduction of carbon dioxide emissions from baseline projections. Mexico has minimum goals in place to cut 50 million metric tons annually in greenhouse gas emissions starting in 2012. Mexico is also aiming to increase its renewable power capacity to 5,700MW by 2017.

Miscellaneous

CCS Making GHG Progress

The Center for Climate and Energy Solutions released a study February 14 finding that projects that capture and store carbon dioxide emitted by coal-fired power plants and industrial processes are slowly making a dent in greenhouse gas emissions. The report, *A Greenhouse Gas Accounting Framework for Carbon Capture and Storage Projects*, concluded that the 15 large projects now either in operation or under construction around the world have the capacity to store more than 35 million tons of CO₂ annually, and the center touted the report as the first comprehensive framework for calculating the degree to which such projects can actually reduce global emissions.

KPMG Report on Environmental Costs of Business

On February 14, KPMG released *Expect the Unexpected: Building Business Value in a Changing World* arguing that external environmental costs in 11 surveyed sectors rose from \$566 billion in 2002 to \$846 billion in 2010 and those costs are doubling every 14 years. Climate change, water and energy scarcity, and volatile fuel prices will all drive up the cost of doing business while providing new business opportunities, according to the report.

Pacific Northwest Transportation & Climate Change Report

On February 3, the Region X Northwest Transportation Consortium released the report *Climate Change Impact Assessment for Surface Transportation in the Pacific Northwest and Alaska* evaluating potential impacts on Alaska and the Pacific Northwest's transportation infrastructure from climate change, and suggesting possible adaptation responses. The Consortium consists of the Alaska Department of Transportation & Public Facilities, Idaho Transportation Department, Oregon DOT, and Washington state DOT, as well as the University of Alaska Transportation Center, National Institute for Advanced Transportation Technology, OTREC, and TransNow. The report analyzed 5 pilot projects sponsored by the Federal Highway Administration that explore infrastructure vulnerability and risk assessment as well as a case study designed to identify Alaska, Idaho, Oregon, and Washington's critical road, rail, and airport infrastructure.

ACEEE Study of Ratepayer Funding

The American Council for an Energy-Efficient Economy released a report called *A National Survey of State Policies and Practices for the Evaluation of Ratepayer-Funded Energy Efficiency Programs* analyzing the oversight of utilities' ratepayer-funded energy efficiency programs in 44 states and the District of Columbia. Utilities oversee 37% of the programs, utilities and the utility regulatory commission together monitor the programs in 36% of the states, and the government or a third-party are responsible in the remaining 27%. Independent contractors or consultants conduct evaluation studies in 79% of the states, with the remaining 21% using utility or government agency staff. Among the surveyed states, 45% have statutory requirements for the evaluation of programs, with the same number relying on orders from regulatory commissions, and 10% have no formal policy requirement. The report also shows a range of 6 to 15 cents per kilowatt-hour for adding new electricity supply, but only a 1.6 to 3.3 cent per kilowatt-hour cost range for efficiency improvements. Per capita, Vermont and Massachusetts spend the most on energy efficiency at \$58 per capita, whereas California spends \$40, Connecticut \$39, and Minnesota \$38. The report called for evaluation and reporting guidelines and greater transparency, while stopping short of recommending a national standard given concerns about implementation, among other things.

University of Texas Fracking Study

On February 16, the Energy Institute at the University of Texas at Austin released a study finding that hydraulic fracturing has no direct connection to groundwater contamination and that many reports claiming fracking-related contamination involve the mishandling of fracking wastewater or above-ground spills. The Energy Institute had assistance from the Environmental Defense Fund in developing the study's scope of work and methodology, but the study did not examine Environmental Protection Agency data related to a natural gas field in Pavillion, WY whose fracking activities the agency says is responsible for groundwater contamination.