



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

The House and Senate have a full final week until the July 4 recess. The Senate is scheduled to address President Obama's trade legislation, and the House will focus much of the week on environmental regulation challenges.

After the House passed the Trade Adjustment Assistance Act last week, Senate Majority Leader Mitch McConnell (R-KY) has scheduled cloture votes on the fast track trade measure (H.R. 2146) as well as adjustment assistance for displaced workers (via an amendment to the African Growth and Opportunity Act and the Generalized System of Preferences Bill, H.R. 1295) for June 23.

The lower chamber plans to consider June 25 the \$30.17 billion fiscal year 2016 Interior-Environment appropriations bill (H.R. 2822) that would reduce the Environmental Protection Agency's funding and prohibit several agency regulations via policy riders. See more information below. The House will consider June 24 a measure that would allow states to defer compliance with the Clean Power Plan until after legal challenges are exhausted (Representative Ed Whitfield's (R-KY) Ratepayer Protection Act, H.R. 2042). The House will also consider June 23 the Toxic Substances Control Act Modernization Act of 2015 (H.R. 2576), which would give states more authority over the regulation of toxic chemicals.

Energy and environment issues will see some additional time in several committee hearings.

Senate Energy and Natural Resources Committee Chair Lisa Murkowski (R-AK) and Maria Cantwell (D-WA) are in the midst of negotiations over which of the 114 committee-considered measures, as well as any other potential language, will be included in their broad bipartisan energy package. Senator Murkowski intends to have the four title bill fully drafted before the August recess.

CONGRESS

Collins CPP Letter

Senator Susan Collins (R-ME) sent a letter to the Environmental Protection Agency June 3 urging the agency to reconsider its proposal to use 2012 as the baseline year from which states would be required to reduce CO₂ emissions from their power sector under the Clean Power Plan. She cautioned that the late date discriminates against early adopters that have already made significant emissions reductions and encouraged the agency to work with states that have long been leaders on GHG emission reduction efforts, such as members of the Regional Greenhouse Gas Initiative and others. CO₂ emissions from Maine's power sector declined 58 percent from 2002 to 2012.

House Interior-EPA Spending

The House Appropriations Subcommittee on Interior, Environment, and Related Agencies approved June 10 a measure to fund the Environmental Protection Agency, the Interior Department, and other agencies for fiscal year 2016. The \$30.17 billion spending measure includes an 8.6 percent decrease in Environmental Protection Agency funding, a mostly flat Fish and Wildlife Service and the Forest Service budget, and a 2.8 funding increase for the Bureau of Land Management. The bill includes several policy riders blocking the Environmental Protection Agency's carbon rules for power plants, ozone, fracking, the Waters of the U.S. Rule, and others. The House Appropriations Committee approved the legislation along party lines June 16, and the measure will be brought to the House floor this week.

Ozone Impacts Letter

Senator Bill Cassidy (R-LA) led 22 of his colleagues with medical professional experience in sending a [letter](#) June 17 to the Environmental Protection Agency questioning the science behind the agency's ozone proposal and urging it to consider the potential adverse economic and health impacts. The Environmental Protection Agency has an October 1 deadline to issue a final decision on whether to retain the current 75 ppb standards or revise them to somewhere in the range of 65-70 ppb.

Advanced Battery Storage Hearing

Testifying before a House Science, Space, and Technology Subcommittee on Energy [hearing](#) June 17, Joint Center for Energy Storage Research Director George Crabtree said that the center, one of the Department of Energy's four innovation hubs, is making progress on advanced energy battery storage in cars and the electric grid and is working with companies to hasten battery prototypes to market. The hub is also looking at new battery technology, not just lithium ion technologies. The 2012 hub, at the Argonne National Laboratory, is intended to develop two battery prototypes – one for electric vehicles and another for the electric grid – that can be scaled to manufacturing levels and provide five times the energy and one-fifth the cost of commercial batteries by 2017.

Coal Ash Rule Hearing

Witnesses told the Senate Environment and Public Works Committee June 17 that the Senate should pursue legislation to address remaining concerns with the Environmental Protection Agency's final coal ash rule, particularly implementation and enforcement issues as well as the possibility that the agency could eventually regulate coal ash as a hazardous waste. The House is expected to vote this week on legislation (H.R. 1734) to address concerns with the final rule. The final rule, released in April, is scheduled to take effect October 14.

Senate Interior-EPA Spending

The Senate Appropriations Committee approved along party lines June 18 a \$30 billion measure to fund the Environmental Protection Agency, the Interior Department, and other agencies for fiscal year 2016. The measure also includes \$1 billion in emergency funding for wildfire suppression. Environmental Protection Agency spending would be reduced by \$539 million, while some Interior Department agencies would receive funding increases and others would be reduced slightly. The bill includes several policy riders blocking the Environmental Protection Agency's carbon rules for power plants, ozone, fracking, the Waters of the U.S. Rule, and others.

PTC Support Letter

85 companies sent a [letter](#) June 18 to the 20 cosponsors of Representative Kenny Marchant's (R-TX) PTC Elimination Act (H.R. 1901) saying that the measure, which would end the wind production tax credit, unfairly targets the wind industry and would create business uncertainty.

RFS Reset

Environmental Protection Agency Acting Assistant Administrator for Air and Radiation Janet McCabe told the Senate Homeland Security and Governmental Affairs Subcommittee on Regulatory Affairs and Federal Management June 18 that the agency will explore the option in 2017 of permanently reducing future blending requirements under the renewable fuel standard. The agency proposed reducing the 2015 and 2016 blending requirements by 20 percent, triggering an option for it to reduce future blending mandates, and the agency will consider resetting the blending requirements through 2022.

Legislation Introduced

Senator Bob Casey (D-PA) introduced legislation (S. 1581) June 16 to foster market development of clean energy fueling facilities by steering infrastructure installation toward designated Clean Vehicle Corridors.

Senator Lisa Murkowski (R-AK) introduced legislation (S. 1583) June 16 to authorize the expansion of an existing hydroelectric project.

Senator Bill Cassidy (R-LA) introduced legislation (S. 1584) June 16 to repeal the renewable fuel standard.

Senator Lisa Murkowski (R-AK) introduced legislation (S. 1585) June 16 to authorize the Federal Energy Regulatory Commission to issue an order continuing a stay of a hydroelectric license for the Mahoney Lake hydroelectric project in Alaska.

Representative Glenn Grothman (R-WI) introduced legislation (H.R. 2792) June 16 to require that any revision to, or establishment of, a national primary or secondary ambient air quality standard be made by statute.

Senator Sheldon Whitehouse (D-RI) introduced legislation (S. 1601) June 17 to establish an integrated national approach to respond to ongoing and expected effects of extreme weather and climate change by protecting, managing, and conserving the fish, wildlife, and plants of the United States, and to maximize Government efficiency and reduce costs, in cooperation with State, local, and tribal governments and other entities. Representative Matt Cartwright (D-PA) introduced companion legislation in the House.

Representative Matt Salmon (R-AZ) introduced legislation (H.R. 2840) June 18 to prohibit an appropriation of funds for the Science and Technology account of the Environmental Protection Agency.

Upcoming Hearings

The Senate Environment and Public Works Subcommittee on Clean Air and Nuclear Safety will hold a hearing June 23 to consider the Affordable Reliable Electricity Now Act (S. 1324). The legislation from Senator Shelley Moore Capito (R-WV) would allow states to delay compliance or opt out of any future attempts to regulate CO2 emissions, prohibit the Environmental Protection Agency from regulating new power plants unless the emissions standards sought had been demonstrated at six units for at least a year, and require the agency to submit 50 model plans for how each jurisdiction could meet any future regulatory requirements. It would also prevent the finalization of Environmental Protection Agency proposed standards for new, modified, and existing power plants.

The House Science, Space, and Technology Subcommittees on Environment and Energy will hold a joint hearing June 24 to consider the Department of Energy, Energy Information Administration's analysis of the impacts of the Environmental Protection Agency's Clean Power Plan.

ADMINISTRATION

\$4 Billion Clean Energy Partnership

During the White House Clean Energy Investment Summit June 16, Vice President Joe Biden [announced](#) more than \$4 billion in private-sector foundation investments to fund innovative technologies to reduce CO2 emissions, doubling the initial target the administration set in February. He also announced administration actions to ease the path for the long-term funding, including reducing transaction costs, improving financing options, clarifying investment rules, and providing more transparency on federal clean energy research funding. The Department of Energy will establish a Clean Energy Impact Investment Center that will provide information about agency energy and climate programs to investors and the public.

Climate Data Sets

White House and Transportation Department officials posted in a June 17 blog post more than 92 [data sets](#) from six federal agencies containing information relevant to climate change and transportation as part of the administration's climate resilience efforts. The transportation-related resources have been added to the [Climate Resilience Toolkit](#).

Mayoral CPP Support

Special Assistant to the President and Deputy Director of Intergovernmental Affairs at the White House Rogan Patel told the U.S. Conference of Mayors June 19 that the administration is looking to U.S. mayors to support the Clean Power Plan, particularly since many of them are leading the effort to address climate change in the country. 27 mayors outlined the Mayors National Climate Action Agenda in a June 18 [letter](#) to President Obama calling on the administration to negotiate a strong global climate agreement in Paris at the end of the year as well as for federal action to establish binding national greenhouse gas emission limits.

DEPARTMENT OF AGRICULTURE

\$6.7 Million for 544 RE/EE Projects

Agriculture Secretary Tom Vilsack announced June 10 that the Department of Agriculture is investing more than \$6.7 million in 544 renewable energy and energy efficiency projects across the country.

DEPARTMENT OF DEFENSE

Army RE Progress

Assistant Secretary of the Army for Installations, Energy, and Environment Katherine Hammack told a conference June 17 that the U.S. Army is about 25 percent of the way toward meeting its goal of installing one gigawatt of renewable energy at its installations by 2025. Through its Net Zero Initiative, the army is increasing its use of renewable energy, reducing its energy use, and improving its energy efficiency. New York's Fort Drum, Kentucky's Fort Knox, and California's Fort Hunter Liggett have achieved Net Zero energy goals.

DEPARTMENT OF ENERGY

\$55 Million for Biofuels and CHP

The Department of Energy [announced](#) June 18 that it is investing \$55 million in Advanced Research Projects Agency-Energy projects to accelerate biofuel crop development and more fuel-efficient residential heat and power generation technologies. The agency will provide \$30 million for the Transportation Energy Resources from Renewable Agriculture program to support six projects developing plant remote sensing, analysis, and breeding methods to grow improved varieties of sorghum used to produce biofuel. The agency will provide \$25 million for the GENerators for Small Electric and Thermal Systems program to support 12 projects developing improved natural-gas powered generators that would lead to more affordable and efficient residential combined heat and power systems.

Efficiency Standards

The Department of Energy announced in its semiannual regulatory agenda June 18 that it plans to update efficiency standards for a number of commercial appliances, including commercial packaged boilers, gas fireplaces, and warm-air furnaces, in the next year.

AC Efficiency Recommendations

The Department of Energy's Commercial Package Air Conditioners and Commercial Warm Air Furnaces Working Group released [recommendations](#) June 18 that would reduce commercial rooftop air conditioner energy use by 30 percent and save up to \$50 billion in energy costs. The recommended standards would avoid 815 MMT CO₂ emissions over 30 years. The agency formed the working group April 1 to reach a consensus on an energy efficiency standard for commercial air conditioners and warm air furnaces as it considers developing such a rulemaking. The same day, the agency released a request for information as it decides whether to amend the current energy conservation standards for residential room air conditioners, which it must do by April 2017.

DEPARTMENT OF TRANSPORTATION

Vehicle Standards Expense

The National Research Council released a report June 18 finding that consumers may face significantly higher prices as automakers use increasingly expensive technology to meet tighter federal fuel economy mandates. Cars and light trucks are scheduled to average 54.5 miles per gallon by 2025, double the current targets. The National Highway Traffic Safety Administration asked the council to study how automakers are coping with the fuel economy targets.

ENVIRONMENTAL PROTECTION AGENCY

Affirmative Defense Litigation

The Southeastern Legal Foundation filed a petition for review June 12 in the U.S. Court of Appeals for the District of Columbia Circuit asking the court to review an Environmental Protection Agency decision requiring 36 states to remove affirmative defense provisions from their state implementation plans and submit revised plans by November 22.

NY CPP Reliability

The New York Independent System Operator released a [report](#) June 15 finding that the Environmental Protection Agency's proposed Clean Power Plan could cause potentially serious reliability concerns for the state because of New York City's reliance on dual fuel oil-gas steam fired electric generating units. The proposed plan assumes that reliability can be maintained even if dual fuel unit electricity output is reduced by 99 percent. The report encourages the final plan to include a reliability safety valve.

Effluent Guideline Benefits

Clean Water Action, Earthjustice, Environmental Integrity Project, Sierra Club, and Physicians for Social Responsibility released a [report](#) June 17 finding that the Environmental Protection Agency underestimated the public health benefits of regulating wastewater effluent from power plants. The Environmental Protection Agency is

scheduled to release the final rule regulating wastewater effluent from power plants this fall.

Jobs Impact Case

Murray Energy Corporation and 11 other coal companies said in a June 17 response to the Environmental Protection Agency's request that the U.S. Court of Appeals for the Fourth Circuit block the U.S. District Court for the Northern District of West Virginia's discovery order in a lawsuit seeking to compel a jobs impact review of clean air regulations that the request is premature and legally flawed.

Federal Truck Standards

The Environmental Protection Agency and the National Highway Traffic Safety Administration [proposed](#) June 19 the second phase of combined emissions and fuel economy standards for medium- and heavy-duty trucks. The proposed rule would set efficiency standards for model year 2021 through 2027 tractors and model year 2018 through 2027 trailers and would prevent a billion tons GHG emissions while costing \$24 billion in compliance costs to the industry.

GHG Reduction Benefits

The Environmental Protection Agency released a [report](#) June 22 detailing the benefits of reducing greenhouse gas emissions in an effort to support its case for global climate action. Using Climate Change Impacts and Risk Analysis project data, the report considers the benefits of global greenhouse gas mitigation across agriculture, electricity, ecosystems, forestry, infrastructure, public health, and water resources, and details the risks of failing to act. The White House will hold a summit tomorrow and events throughout the week on the impact of climate change on public health.

FEDERAL ENERGY REGULATORY COMMISSION

Grid Reliability Improvements

The Federal Energy Regulatory Commission proposed June 19 two rules that aim to bolster efforts to plan and reliably operate the bulk electric grid. The first revises the North American Electric Reliability Corporation's Transmission Operations and Interconnection Reliability Operations and Coordination reliability standards. The second would streamline existing requirements under the Emergency Preparedness and Operations and Protection and Control reliability standards.

INTERNATIONAL

Chinese Environmental Tax

China's State Council Legislative Affairs Office released June 10 a draft Environmental Protection Tax Law to replace the nation's ineffective pollution fee system. The environmental tax, not expected before 2017, would primarily target heavily polluting industries and oversight would come from local tax and environmental authorities. Comments are due July 9.

EU Fossil Fuel Emission Reductions

Eurostat published provisional [figures](#) June 15 finding that greenhouse gas emissions from fossil fuels dropped by five percent in the European Union in 2014 compared to 2013. Slovakia reduced fossil fuel emissions by 14.1 percent and Denmark reduced fossil fuel emissions by 10.7 percent, while emissions fell in 22 of the bloc's 28 countries and rose in six.

IEA Subsidy Report

The International Energy Agency released its Energy and Climate Change [report](#) June 15 finding that fossil fuel subsidies are overwhelming efforts to reduce pollution. The report concludes that tax breaks, subsidized fuel prices, and other government support create an incentive to pollute worth \$115/MT CO₂, compared with an average \$7 cost to buy emission permits in carbon markets.

INDC Increases Necessary

The International Energy Agency [announced](#) June 15 that the CO₂ emission reduction commitments that countries have pledged to date ahead of the end of the year global climate negotiations in Paris are not sufficient to achieve the international goal of holding global warming to 2 degrees Celsius. The agency did say that the commitments should be sufficient to form the basis of increasing climate ambition that will make it possible to stay within the threshold.

Global Climate Negotiations

French Ambassador to the United States Gerard Araud said June 17 during an Atlantic Council forum on the links

between climate change and national security issues that international climate negotiators might resume their talks toward an end of the year global climate agreement on the sidelines of the United Nations General Assembly meeting in New York this September.

Papal Encyclical

The Vatican released Pope Francis' long-awaited encyclical on climate change and the environment, "[Laudato Si](#)," June 18. In the midst of a broader message, the encyclical puts the climate debate in moral terms, calling for people to better protect "our common house," and highlighting the climate issue as part of an effort to care for the poor. Political leaders around the world have had mixed responses to the encyclical, with American Democrats praising it, with Republicans arguing that Pope Francis should focus on other issues.

German Efficiency

Germany became June 18 the 27th of 28 European Union member states facing a legal challenge for an alleged failure to implement the European Union Energy Efficiency [Directive](#). National legislation is crucial for the European Union's commitment to improve energy security and reduce greenhouse gas emissions.

RE Status Report

REN21 released a [study](#) June 18 finding that renewable energy has grown more quickly than fossil fuels in the electricity sector last year, with a record 135 GW of capacity added from wind, solar, hydropower, and other clean energy sources. Renewable energy now accounts for 28 percent of the world's electric generating capacity but only a small fraction of how we heat and cool buildings, 8 percent, and fuel our transportation, 3.5 percent.

EU-China Climate Agreement

The European Union and China will sign an agreement June 29 to address climate change and promote low emission technologies and developing carbon markets and sustainable cities in advance of the end of the year global climate negotiations in Paris.

STATES

FL Tax Package

Florida Governor Rick Scott (R) signed June 16 a \$400 million tax cut package (H.B. 33A) focused in large part on the state's communication service tax that also includes the expansion of credits for corporate research and development and brownfield rehabilitation.

OK Earthquakes

Stanford University published a [study](#) in Science Advances June 18 finding that Oklahoma's recent earthquake growth is primarily due to dramatic increases in wastewater injections of water coexisting with oil and gas beneath the ground, rather than flowback water from fracking operations.

NY Green Tax Credits

The New York state Legislature cleared a bill last week making it easier for homeowners to get green tax credits. Streamlining the application expands access to tax credits and provides an incentive for homeowners in the state to build environmentally friendly homes. Governor Andrew Cuomo (D) is expected to sign the measure into law.

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