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ENERGY AND ENVIRONMENT UPDATE

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ENERGY AND CLIMATE DEBATE

Immigration, student loans, the budget, and the Farm bill, are the top four issues that Congress will consider before the August recess. That being said, President Obama's recent climate change strategy release ensures that energy and environmental issues will remain on the agenda for the next month. For all of its supporters and detractors, global skepticism persists over America's ability to lead climate change efforts. While not part of the June proposal, the president's proposed \$2 billion Energy Security Trust has been the subject of debate as congressional Republicans are claiming the White House has yet to reach out to them about it.

The House will have two major energy issues to consider over the next month: the Farm Bill and the FY14 Energy and Water Development Bill. Republican leadership is considering splitting the Farm Bill into two separate pieces of legislation to ensure final passage. One bill would focus on agriculture while another would address nutrition. Commodity, forest, renewable energy, and wildlife groups have advocated for the bill to remain intact. A vote on the energy and water appropriations bill is expected this week. Since the House version is \$3.285 billion less than the Senate version, a conference to reconcile the bills will be needed. It is unlikely that this or other appropriations bills will be passed by September 30. Once these two issues are addressed, the House is expected to consider H.R. 761, the National Strategic and Critical Minerals Production Act. At the committee level, the House Energy and Commerce Committee will consider H.R. 1582 Energy Consumers Relief Act; H.R. 1900 Natural Gas Pipeline Permitting Reform Act; and H.R. 2218, the Coal Residuals Reuse and Management Act.

The Senate will spend this week focusing on judicial nominations. The chamber could also consider the energy and water appropriations bill later this week. The nomination of Gina McCarthy to serve as Environmental Protection Agency Administrator is still on the docket, with a vote expected sometime later this month. Questions remain as to which Democrats are against the nomination and which Republicans support McCarthy. Environmental groups, including the Sierra Club and the Environmental Defense Fund, have begun launching ads in states with Republicans rumored to be

considering supporting McCarthy, such as Senators Kelly Ayotte (R-NH), Susan Collins (R-ME), and Rob Portman (R-OH). Both sides are working to avoid a nuclear option.

CONGRESS

Markey to be Sworn in Wednesday

Senator-elect Ed Markey (D-MA) is expected to be sworn in on Wednesday by Vice President Joe Biden.

Upcoming Hearings

- On June 9, the House Energy and Commerce Subcommittee on Energy and Power will hold a hearing to examine H.R. 1900, the Natural Gas Pipeline Permitting Reform Act.
- The same day, the House Energy and Commerce Subcommittee on Energy and Power will begin to markup several pieces of legislation including H.R. 83, a bill to require the Interior Secretary to develop an action plan to address energy needs of the insular areas; H.R. 1582, the Energy Consumers Relief Act of 2013; and H.R. 1900, the Natural Gas Pipeline Permitting Reform Act. The markup will continue on Wednesday.
- On June 11, the House Science, Space, and Technology Subcommittee on Energy will hold a hearing to examine Department of Energy National Laboratories and science activities.

ADMINISTRATION

US to Provide \$7 Billion to Power Africa

While on a trip to Africa, President Obama announced in Cape Town June 30 that the U.S. would commit more than \$7 billion in financial support over the next five years to the proposal Power Africa. The project will develop both traditional and renewable energy sources and will build out transmission lines; the initial countries involved include Ethiopia, Ghana, Kenya, Liberia, Nigeria, and Tanzania.

Spring 2013 Regulatory Agenda Published

The White House published July 3 its [Spring 2013 Unified Agenda](#), which creates deadlines for several environmental regulations including a revised proposed rule for new power plant emissions. That rule by the Environmental Protection Agency is scheduled to be released in September while another proposed rule on petroleum refinery flaring is set to be released in December.

DEPARTMENT OF AGRICULTURE

USDA Praises Midwest Aviation Biofuel Report

Acting Agriculture Undersecretary for Rural Development Doug O'Brien praised on July 2 a recent Midwest Aviation Sustainable Biofuels Initiative report that analyzed the development of the aviation biofuels industry. The report recommended the creation of a biofuels capital investment pool, the development of regional demonstration facilities, and subsidization of the industry.

DEPARTMENT OF ENERGY

\$13 Million for Next Gen Biofuel

The Department of Energy awarded June 24 four next generation biofuels projects \$13 million. The projects are located OK, TN, UT, and WI. The research and development money is part of the agency's goal to produce drop-in biofuels at \$3 per gallon by 2017.

Possible Loan Guarantees for Fossil Fuels

Secretary of Energy Ernest Moniz announced July 2 that the agency is considering opening loan guarantees to fossil fuel projects, specifically carbon capture and fracking projects. The department would expand its existing authority under Section 1703 of the Energy Policy Act of 2005.

Portable A/C Rule Published

The Department of Energy published July 5 a [proposed rule](#) to include portable air conditioners as regulated appliances for energy efficiency. The agency said that since this rule does not require significant action, it is not required to undergo White House scrutiny. The comment period is open through August 5.

Building Design Standards to be Released Tomorrow

The Department of Energy is expected to publish July 9 a final rule setting energy efficiency design standards for new federal commercial and multi-family high-rise residential buildings. The rule, which will take effect 60 days after publication, updates the baseline federal commercial standard.

DEPARTMENT OF INTERIOR

TransWest Express Draft EIS Published

The Bureau of Land Management and the Western Power Administration published June 3 a draft environmental impact statement for the TransWest Express transmission project. The proposed project spans 725 miles from Wyoming to Las Vegas.

Land Withdrawn for Solar

The Bureau of Land Management [withdrew](#) July 5 approximately 300,000 acres from new mining claims in order to promote solar energy development. The land, which covers six states, is still open for directional drilling for oil and gas as well as for geothermal and mineral leasing.

ENVIRONMENTAL PROTECTION AGENCY

Additional RFS Sources Added

An Environmental Protection Agency final rule adding giant reed and napier grass to the list of acceptable sources for cellulosic biofuels under the renewable fuel standard went into effect on June 28. Following a comment period during which environmental groups expressed concerns about native species, the agency determined that producers must submit risk mitigation plans to ensure that crops do not become invasive.

Tier 3 Comments Submitted

The American Petroleum Institute and the American Fuel and Petrochemical Manufacturers submitted joint comments to the Environmental Protection Agency June 28 on proposed Tier 3 standards, saying that the rule would cost the industry \$10 billion. The National Association of Clean Air Agencies commented that the agency should finalize the rule by December to ensure compliance can be reached by the 2017 implementation date. Both comments urged the agency to use E10 as a certification fuel rather than the proposed standard of E15.

Emissions Regulations on New Power Plants

The Environmental Protection Agency submitted to the Office of Management and Budget June 28 a proposed rule on new power plant carbon emissions. The rule is currently confidential, but the president set a deadline to publicly release the rule by September 20.

NUCLEAR REGULATORY COMMISSION

Macfarlane Sworn In

Nuclear Regulatory Commission Chairman Allison Macfarlane was sworn in July 1 to serve a five year term.

INTERNATIONAL

Movement on HFC Control in Montreal Protocol

The Open-Ended Working Group of Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer met in Bangkok June 28, agreeing to discuss ways to manage hydrofluorocarbon emissions. In 2009, Canada, Mexico, and the U.S. proposed to amend the Montreal Protocol to address these emissions; Brazil, China, and India have previously blocked the proposal.

Stern Encourages Chinese, Local Action

U.S. Special Envoy for Climate Change Todd Stern announced June 28 that China has become more active in climate change discussions but urged the country to address more far-reaching issues. He also urged people worldwide become more active in climate change action.

IEA CCS Investment Report Released

The International Energy Agency [announced](#) in its July 2 report that \$3.6 trillion is required to launch enough carbon capture and storage technology to prevent catastrophic events associated with climate change. The report recommended improving education on the importance of the technology, promoting financial support mechanisms for demonstration, and creating multilateral financing provisions.

Canadian Monetary Penalties Rule Released

The Canadian National Energy Board and the Canadian Nuclear Safety Commission published final regulations July 3 to encourage energy regulators to review administrative monetary penalties up to \$95,000 for environmental violations. The regulation was first released in February and is aimed at gas, nuclear, and oil facilities as well as pipelines.

UN Report on Weather and Temperature

The U.N. World Meteorological Organization connected extreme weather events between 2001 and 2010 to record high temperatures in a July 3 [report](#). The study tracked the events, including extreme floods and hurricanes, and commented that rising carbon emissions are impacting the environment.

EU Parliament Approves ETS Backloading Plan

The European Parliament approved 344-311 a proposal July 3 to defer the carbon allowance auction of the EU Emissions Trading System. The body rejected an earlier version of the proposal in April; an amended version of the backloading plan was approved in late June by the Environment Committee.

STATES

LA Ruling on Solar Panel Leasing

The Louisiana Department of Revenue released a revenue ruling June 28, finding that leased solar panels must be considered as moveable property and therefore are subject to a lease tax. As a result, the entire state tax credit for solar energy systems is subject to the tax should the lessee purchase the equipment at a fair value.

RFS Storage Tank Guide Released

The Association of State and Territorial Solid Waste Management Officials published at the end of June [a guide](#) to assist regulators in assessing storage tank compatibility with the renewable fuel standard. Issues considered by the guide include inspection requirements, notification guidelines, and storage tracking.

MISCELLANEOUS

Apple to Build Nevada Solar Farm

Apple announced July 1 that it would partner with NV Energy and SunPower to build a large solar farm in Washoe County, NV. The plant, designed to produce 43.5 million kWh of electricity per year, will power Apple's new data center in Reno.

Researchers Begin Testing Wind Power Storage

Energy Northwest announced July 1 that it is testing and evaluating a new system to store excess energy generated from wind farms. The project, currently installed at the Nine Canyon Wind Project in Washington, includes lithium-ion batteries that hold a maximum of 500 kWh of power. Proponents of the project say that these small systems are mobile and can be placed on site at power projects or businesses while being remotely controlled and coordinated.

Report on CA Emissions Goals Released

Next 10 published its report [Electricity Pricing and Electrification for Efficient Greenhouse Gas Reductions](#) on July 1, finding that California's greenhouse gas emissions reduction goals can be reached with changes to the state's electricity pricing structure. The study advocated for improving market certainty and replacing fossil fuel generation with cleaner energy sources.

NRDC Report on Jobs, Energy

The Natural Resources Defense Council released a [study](#) July 2 that analyzed its December 2012 proposal to regulate carbon emissions at existing power plants. The group, which said that the study aligns with the president's recent climate action strategy, commented that regulations would generate 210,000 jobs. Job gains would be seen in the energy efficiency and renewable energy sectors.

LEED v4 Approved

The U.S. Green Building Council approved a [proposal](#) updating the green building rating system on July 2. LEED v4 addresses seven different categories including climate change, green economies, and public health. Two new credits are also created; one involves disclosure of building material ingredients.