



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

Congress is in recess for two weeks, but returns April 28 to a full agenda.

Senator Jeanne Shaheen (D-NH) said April 10 that her bipartisan energy efficiency package (S. 2074), could see floor time in May, after consideration of the minimum wage bill (S. 2223). Leadership is still negotiating a process to limit floor amendments to the measure. House Energy and Commerce Chair Fred Upton (R-MI) said last October that he would move the bill through his committee if it passed the Senate. The House passed energy efficiency legislation (H.R. 2126) in March that included some aspects of the Shaheen-Portman package.

On the tax extenders front, Senate Majority Leader Harry Reid (D-NV) indicated last week that he would prefer to address tax extenders "sooner rather than later." Senate Finance Committee Chair Ron Wyden (D-OR) said April 8 that the Senate is likely to vote on the Senate Finance Committee reported measure soon after Congress returns from the two-week recess. The Finance Committee voted April 3 to extend more than 50 temporary tax incentives, benefits, and credits through 2015. As with the energy efficiency package, negotiations are underway over how to address amendments, with Finance Committee Ranking Member Orrin Hatch (R-UT) hoping to reduce the package's overall cost through a series of amendments on the floor.

Meanwhile, House Ways and Means Committee Chair Dave Camp (R-MI) continues to pledge a slower approach to addressing the issue. During an April 8 committee hearing on seven business-related tax extenders, Chairman Camp said that a string of markups would eventually follow on the provisions, but did not allude to his timeframe. It is possible, however, that the committee may markup a package that includes these seven provisions sometime in May. The most likely scenario for tax extenders will be that the two houses finalize an agreement during the lame duck session.

The National Renewable Energy Laboratory released a [report](#) April 10 warning that a failure to revive the production tax credit could significantly harm the wind industry. The report finds that wind capacity additions could fall from an average of 8.7 GW per year from 2008-2012 to between 3 GW and 5 GW per year from 2013-2020 if the credit is not extended. The American Wind Energy Association released a [report](#) April 11 concluding that uncertainty over the extension of the production tax credit cost the United States wind industry 30,000 jobs last year. The report found that the uncertainty resulted in a drop in new capacity from 13.1 GW in 2012 to 1 GW last year, a 92 percent reduction.

CONGRESS

McCabe Nomination Hearing

During her nomination hearing before the Senate Environment and Public Works Committee April 8, Environmental Protection Agency Acting Assistant Administrator for Air and Radiation Janet McCabe said that she is willing to listen to a variety of perspectives. During the hearing, Committee Chair Barbara Boxer (D-CA) said that she would do whatever it took to get Administrator McCabe; Ann Dunkin, nominee to be the agency's assistant administrator for environmental information; and Manuel Ehrlich, nominee to serve on the Chemical Safety and Hazard Investigation Board confirmed. Ranking Member David Vitter (R-LA) sent Administrator McCabe a [letter](#) April 11 asking her to answer questions by April 25 regarding her involvement in setting the administration's social cost of carbon estimates, and to provide a list of the individuals who assisted in the effort.

Kornze Confirmed

The Senate confirmed Neil Kornze April 8 to serve as director of the Department of Interior Bureau of Land Management. Director Kornze has served as acting head of the bureau for more than a year, and previously worked as a senior policy adviser to Senate Majority Leader Harry Reid (D-NV).

Natural Gas Export Legislation

The House Energy and Commerce Subcommittee on Energy and Power approved legislation (H.R. 6) April 9 that would approve licenses to export liquefied natural gas to the 159 countries in the World Trade Organization. The full committee is expected to markup the measure soon after the recess. Similar Senate legislation (S. 2083) is moving much more slowly, though Senator Mary Landrieu (D-LA) held her first hearing as chair of the Senate Energy and Natural Resources Committee March 24, focusing on oil and gas exports. The American Public Gas Association sent [letters](#) April 7 to the subcommittee leaders opposing the bill, noting that it will not ensure that Ukraine or other countries dependent on Russian energy will ever receive natural gas from the United States. America's Energy Advantage [warned](#) that the measure would raise the price of natural gas and utility bills, and undermine trade negotiations.

EPA Budget Hearing

Testifying before the Senate Appropriations Subcommittee on Interior, Environment, and Related Agencies April 9, Environmental Protection Agency Administrator Gina McCarthy said that the volume mandates for renewable fuels in 2014 would be final by June at the latest. During the same hearing, Administrator McCarthy defended the agency's proposed requirement that future coal fired power plants employ carbon capture and sequestration technology.

Solar Trade Case Resolution Sought

Seven senators sent a [letter](#) to Vice President Joe Biden April 9 asking him to help resolve a solar trade dispute with China. The Department of Commerce is in the process of investigating dumping and countervailing duty petitions on solar products from China.

Keystone Support Letter

Eleven Senate Democrats sent a [letter](#) April 10 to President Obama, calling on him to approve the proposed Keystone XL pipeline and make a decision on the project by May 31.

Grid Security Hearing

North American Electric Reliability Corporation president and CEO Gerry Cauley told the Senate Energy and Natural Resources Committee April 10 that utilities are acting appropriately to address multiple threats to the grid. He also said that last year's attack on the Metcalf substation in California was a turning point in how the corporation, as well as the Federal Energy Regulatory Commission, considers physical security. FERC Chair Cheryl LaFleur and Commissioner Phillip Moeller also testified.

Administration Energy Policy Defense

Testifying before the House Science Committee April 10, Energy Secretary Ernest Moniz reiterated that science shows that carbon capture and storage technologies are ready for commercialization. He also defended the administration's all of the above energy strategy, saying that it does not pick winners and losers.

Coal Ash Language

Senator John Hoeven (R-ND) said April 10 that coal ash management language would be a good candidate for inclusion in energy efficiency or surface transportation reauthorization language. The House passed the Coal Residuals Reuse and Management Act (H.R. 2218) last July.

Ethanol Repeal Advised

Representative Peter Welch (D-VT) said April 10 that the renewable fuel standard has been a flop and that the corn ethanol blending mandate should be repealed. Representative Welch co-sponsored legislation (H.R. 1462) last year to eliminate the corn ethanol blending requirement, leaving in place the requirement that petroleum refiners blend advanced biofuels into the fuel supply.

Careful Keystone Decision Urged

Senators Barbara Boxer (D-CA), Sheldon Whitehouse (D-RI) called on President Obama April 11 to resist political pressure for swift approval and fully consider the health impacts of the proposed Keystone XL pipeline before making a decision on the project.

Climate Legislation Slated for 2015

Senator Sheldon Whitehouse (D-RI) said April 10 that Congress is on the verge of moving an important piece of climate legislation in 2015 in response to Environmental Protection Agency rules to limit greenhouse gas emissions from power plants. Senator Whitehouse cautioned that progress would require political pressure for action from American companies.

Clinton to Keynote Reid's Energy Summit

Senate Majority Leader Harry Reid (D-NV) announced April 11 that former Secretary of State Hillary Clinton would keynote this summer's National Clean Energy Summit in Las Vegas. The conference will take place September 4, and is sponsored by Majority Leader Reid and the Center for American Progress. It is co-sponsored by the Clean Energy Project, MGM Resorts International, and the University of Nevada, Las Vegas.

Upcoming Hearings

The Senate Energy and Natural Resources Committee will hold a hearing in May on the Keystone XL pipeline and other energy infrastructure.

ADMINISTRATION

Keystone Rejection Urged

A group of more than 100 scientists and economists sent a [letter](#) April 7 to President Obama and Secretary of State John Kerry urging them to reject the Keystone XL pipeline project, warning that it would worsen climate change impacts.

DEPARTMENT OF ENERGY

\$4 Million for University Water Power

The Department of Energy announced April 11 \$4 million to engage research universities in the effort to accelerate the development of marine and hydrokinetic energy in the United States. The three-year funding will support research projects designed to capture wave and tidal energy, while supporting the growth of a competitive workforce.

Broad QER Launched

Opening the first public meeting for the Department of Energy's Quadrennial Energy Review April 11, Energy Secretary Ernest Moniz said that the review will focus on the challenges facing the country's energy infrastructure. White House Office of Science and Technology Policy Director John Holdren said that the first QER would serve as a multi-year roadmap on energy infrastructure; focusing on short-term and long-term objectives, potential executive actions; identifying needs and resources for energy transportation systems; and outlining legislative proposals. The task force will complete its first report by the end of next January.

Bulb Standards Proposed

The Department of Energy [proposed](#) April 11 strengthening energy conservation standards for a number of general service fluorescent lamps and incandescent reflector lamps. The new standards consist of efficiency increases of between 1.2 and 12.9 percent, and will save hundreds of millions of dollars per year.

DEPARTMENT OF INTERIOR

Public Land PV Approved

The Bureau of Land Management [approved](#) April 7 the Ocotillo Sol Project, a 20MW solar project on public lands 82 miles east of San Diego, California. Construction on 102 acres will begin this fall.

ENVIRONMENTAL PROTECTION AGENCY

2013 RFS Delay Questioned

During oral arguments April 7, U.S. Court of Appeals for the District of Columbia Circuit Judge Thomas Griffith questioned the Environmental Protection Agency about its delay in issuing the 2013 renewable fuel standard blending requirements. Monroe Energy, the American Petroleum Institute, and American Fuel and Petrochemical Manufacturers have asked the court to issue a decision prior to the June 30 deadline to demonstrate compliance with the standard. The agency had a statutory deadline to issue the standards by November 30, 2012, but did not finalize the rule until August 15, 2013.

Challenges for Water Infrastructure

Appearing before a U.S. Water Alliance event April 7, Environmental Protection Agency Administrator Gina McCarthy said that climate change and an increasing population have imposed a new normal on utility infrastructure, calling on the country's water and utility managers and state and local officials to prepare water infrastructure systems for continued changes and challenges. The Office of Water will soon release a second version of "Promoting Technology Innovation for Clean and Safe Water," which embraces the agency's commitment to promoting technologies that reduce energy consumption at drinking water and wastewater utilities.

Grid Reliability Challenged

Speaking at the U.S. Chamber of Commerce April 8, FirstEnergy Corp. CEO Anthony Alexander said that Environmental Protection Agency regulations and renewable energy requirements threaten the reliability of the electricity grid and will increase electricity prices.

RIN Quality Assurance

The Environmental Protection Agency The American Petroleum Institute, the American Fuel and Petrochemical Manufacturers, and Exxon Mobil [urged](#) the Environmental Protection Agency and the Office of Management and Budget April 9 to eliminate biodiesel producers' ability to separate and sell renewable identification numbers as part of an upcoming quality assurance rule. The agency will finalize the rule in coming months.

Ozone Standard Review Requested

The Utility Air Regulatory Group asked the U.S. Supreme Court April 10 to review how the Environmental Protection Agency set the 2008 ozone air quality standard. The group charged that the U.S. Court of Appeals for the District of Columbia Circuit, which upheld the agency's national ambient air quality standard last July, disregarded the Supreme Court's direction to establish standards at levels that are neither lower nor higher than necessary to protect the public health.

GOVERNMENT ACCOUNTABILITY OFFICE

ATVM Loans Provide Cost Saving Potential

The Government Accountability Office [released](#) a report April 8 identifying the Department of Energy's Advanced Technology Vehicles Manufacturing loan program as an area where Congress could save money, due to its inactivity. The most recent loan closed March 2011, and many of the applications the agency received did not meet the program's eligibility requirements for improving fuel efficiency.

INTERNATIONAL

UN GHG Credits Merger

The United Nations Framework Convention on Climate Change took the first step recently toward standardizing the accreditation systems for Joint Implementation and Clean Development Mechanism projects. Both project types provide countries and companies with credit for reducing emissions when they invest to develop energy or infrastructure projects in other countries. JI projects are in developed countries, while CDM projects are located in developing or transitioning economies. The convention published a recommendation April 1 from the JI Supervisory Committee that the two systems be combined. The Subsidiary Body for Implementation will meet in June to approve the change.

Russian GHG Reduction Plan

Russian Prime Minister Dmitry Medvedev signed a plan April 7 to reduce greenhouse gas emissions in major sectors of the economy that will help shape its negotiating plan during international climate treaty negotiations. President Vladimir Putin signed an executive order last September requiring the country to keep emissions to 75 percent of the 1990 level, capping the nation's emissions at 2.5 MMT a year. Companies will be required to track and report their GHG emissions, and reporting requirements are expected within the year.

European Renewable Energy Support

The European Commission unveiled new [rules](#) April 9 governing state aid for renewable energy. The rules include a slower phase out of subsidies for wind and solar power, and more leniency for energy intensive industries. The plan was delayed for months because of disagreements with Germany of the nation's plan to revamp its Energy Transition scheme, which is designed to help the country phase out nuclear power.

Supply Chain Traceability Guide

The United Nations Global Compact and BSR, a sustainability advisory group, released a [guide](#) April 9 to help companies improve supply chain sustainability traceability. Businesses that implement traceability systems can potentially benefit in a number of areas, including operational efficiencies and risk reductions, though greater collaboration is necessary to reduce associated costs.

Clean Economy Transition Assistance

New Climate Economy program director Jeremy Oppenheim told delegates at the spring meetings of the International Monetary Fund and World Bank Group April 10 that the group is examining "forces of disruption," such as Tesla Motors, Nest, and OPower, that can support the transition to a low-carbon economy. The group, a research project of the Global Commission on Economy and Climate, which seven countries formed last September to examine the costs and benefits of addressing climate change, will present its findings the week before a United Nations leaders' climate change summit in September.

Chinese Pollution Tax Pending

China's State Council Legislative Affairs Office released a report April 10 concluding that the nation will hasten the development of environmental tax legislation that could penalize heavy polluters to help the central government pay for programs to address air, soil, and water pollution. The State Administration of Taxation, the Ministry of Finance, and the Ministry of Environmental Protection have submitted proposals, which would likely create pilot programs that tax high-polluting industries, such as steel, coal, glass, aluminum, and chemical companies.

IPCC Report Released

The United Nations Intergovernmental Panel on Climate Change released a report April 13 warning that countries must make significant changes in their energy consumption, use of technology, and even ways of life to avert catastrophic climate change impacts. The Working Group III concluded that the only options that could potentially ward off the worst of the harm would require cutting into economic growth in the coming decades. The [summary](#) for policymakers does not offer a precise dollar figure, but cautions that partial action will not get the job done, and that time is running out. The Third Working Group of the panel concluded five days of talks in Berlin two days prior, during which it sought to identify methods for sufficiently reducing emissions to avoid the worst impacts of climate change. The panels will release a final piece, the Synthesis Report of the IPCC Fifth Assessment Report, in October. The Working Group I released its results, on the physical science of climate change, last year, and Working Group II released a report on the impacts, adaptation, and vulnerability from climate change, on March 31.

STATES

WA Tax Levy Limit

Washington enacted [legislation](#) (H.B. 1634) March 12 to include solar, biomass, and geothermal facilities that generate electricity in the state's property tax levy limit calculation. The facilities may be classified as real or personal property.

AK Fracking Revisions

The Alaska Oil and Gas Conservation Commission finalized April 7 revised and expanded state fracking regulations. The regulation will soon go to the state's law department for review and then the lieutenant governor for certification. The final regulation mandates public disclosure of chemicals but allows for trade secrets to be submitted confidentially to state regulators.

MD Wind Turbine Moratorium

Maryland Governor Martin O'Malley (D) said April 7 that he is not yet convinced about a measure to set a 13-month moratorium on tall wind turbine development within 56 miles of the U.S. Naval Air Station Patuxent River base. The measure is on his desk.

CA Senate Committee Approves Fracking Moratorium

California Senate Natural Resources and Water Quality Committee approved April 8 legislation (S.B. 1132) that would place a moratorium on fracking in California. The committee also advanced a measure (S.B. 1319) that would update the state's oil response program to address the risks of importing crude oil by rail. Both bills move to

the Senate Committee on Environmental Quality for further action.

ME Solar Bill Vetoed

Maine Governor Paul LePage (R) vetoed legislation April 11 that would restore a rebate program for people who buy solar power systems. The bill would have provided \$1 million for the program, which would have lasted more than two years, as well as allowed low-income residents to purchase heat pumps. It would have cost residents about 60 cents a year on their utility bills.

SUSTAINABILITY

IL Wind Project for IKEA

IKEA announced April 10 the purchase of a wind project in eastern Illinois as part of its initiative to offset energy use with renewable energy generation.

MISCELLANEOUS

AWEA Hires Carper COS

The American Wind Energy Association hired April 7 Jim Reilly, Senator Tom Carper's (D-DE) chief of staff, as its new senior vice president for federal legislative affairs.

GE Fracking Study

General Electric announced April 7 that carbon dioxide is not likely to soon replace water in fracking because of technical challenges and limited infrastructure. The company is studying the issue under a \$10 billion research program. The delay means companies will continue to use more than 2 million gallons of water for each fracked well, stressing water supplies and delaying fracking's expansion to water-stressed areas.

RE Cap and Trade Effective

The Institute for Policy Integrity released a [report](#) April 7 finding that a cap and trade program for renewable energy would ensure greenhouse gas emissions reductions from the transportation sector by allowing market forces to determine the most cost effective approach to GHG reductions. The report concludes that such a program would be more predictable and effective than the Environmental Protection Agency's proposal to reduce the 2014 renewable fuel standard volumes.

Global Carbon Cap Urged

Royal Dutch Shell PLC and Unilever NV joined 68 other companies April 8 in urging global governments to cap carbon emissions since the industrial revolution to 1 trillion MT. The Prince Charles's Corporate Leaders Group on Climate Change cautions that the emissions cap is necessary to stabilize the increase in temperatures since the 19th century to 3.6 degrees Fahrenheit. The companies also called on governments to transform the current energy system and create a fossil fuel plan, including considering carbon capture and storage.

Global Wind Capacity Growth

The Global Wind Energy Council released a [report](#) April 9 finding that global wind energy installations will generate at least 47 GW this year. The report projected that global installed wind energy capacity would double to 600 GW by the end of 2018. The 2014 projections, an 11.7 GW increase from the previous year, are attributed to a strong Chinese market and a recovering United States wind industry.

Climate Changes and Power Outages

Climate Central released a [report](#) April 10 finding that the average annual number of weather-related power outages has doubled since 2003, due to extreme weather caused by climate change and an aging grid serving increased electricity demand.

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