



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

Energy and climate issues will garner substantial attention between now and the August recess, and congressional, Administration, and international efforts will remain high through the end of the year.

After a weekend littered with votes on the measure, the Senate will continue work this week on its multiyear transportation bill (H.R. 22), with the Senate voting July 27 to limit debate on its bipartisan proposal, setting the stage for a final vote later this week, likely Wednesday or Thursday. The House has already passed a five-month, \$8.1 billion stopgap highway bill (H.R. 3038), and chamber leaders are at odds with less than a week to go before highway funding authority expires July 31. While the Senate addresses the highway bill, the House will consider the Regulations from the Executive in Need of Scrutiny (REINS) Act of 2015 (H.R. 427), which would require major legislation with an annual economic impact of \$100 million or more to obtain congressional approval before it could take effect. The measure could delay or halt several planned Environmental Protection Agency rules. The White House reiterated July 27 a threat to veto the measure. The House will adjourn at the end of the week until after Labor Day, while the Senate is still scheduled to be in session through next week.

Following months of hearings and negotiations, Senate Energy and Natural Resources Committee Chair Lisa [Murkowski](#) (R-AK) and Ranking Member Maria Cantwell (D-WA) [released](#) July 22 their broad, bipartisan [energy bill](#), the [Energy Policy Modernization Act of 2015](#). The legislation includes a wide range of policy measures, from expediting the Department of Energy's liquefied natural gas export approval process; to increasing electric grid cybersecurity provisions; to reauthorizing basic and experimental energy research programs; to ensuring grid reliability; to providing for 26 energy efficiency provisions, 19 of which are related to building efficiency; to encouraging advanced vehicles; to updating the Federal Energy Regulatory Commission's hydropower licensing process; and more.

The Senate Energy and Natural Resources Committee will mark up the [measure](#), as well as 19 other energy bills, including the Shaheen-Portman energy efficiency package, much of which is included in the larger bill, July 28 and 30, with another session possible next week as well. Senators have already prepared dozens of amendments to the broad package, with Senator John Hoeven (R-ND) indicating that he has offered amendments on the Keystone XL pipeline, coal ash, Clean Water Act, and fracking issues, among other things, while saving some of the most controversial amendments for a Senate floor debate. Senator Cory Gardner will offer an amendment to address delays in privately run renewable energy projects that are housed on federal land.

Senator Murkowski will attempt also to move a separate measure, the Offshore Production and Energizing National Security Act, before the August break that would combine her plan to lift the 40-year-old ban on crude oil exports with an expansion of offshore drilling and revenue sharing.

Also on July 22, House Energy and Commerce Subcommittee on Energy and Power marked up and approved the lower chamber's four-part bipartisan [energy bill](#). The most controversial measures, including a repeal of the crude oil export ban, language that would have prevented the Department of Energy from implementing furnace efficiency standards, and a repeal of the 2007 law requiring federal buildings to phase out fossil fuel use by 2030, were left out of the package in an attempt to secure sufficient bipartisan support. The package does include measures to streamline the federal citing process for interstate natural gas pipelines and to allow the Department of Energy to take emergency measures to protect grid security, among other things. The full House Energy and Commerce Committee will consider the bill in September, and committee Chair Fred Upton (R-MI) and Ranking Member Frank Pallone (D-NJ) have agreed to only add language that both parties can accept, though the legislation is likely to change significantly in the next couple of months.

After a markup that lasted not even two hours, the Senate Finance Committee approved [tax extenders](#) legislation July 21. The 52 provision, \$95.6 billion package includes a two-year extension – credits that expired at the end of 2014 and going through 2016 – of the production tax credit and a dozen other energy-related tax incentives, including one to promote residential energy efficiency and another to support biofuels production. The energy provisions together would cost \$16.4 billion over ten years. After an initial rush to introduce 105 amendments, including offshore wind language from Senators Tom Carper (D-DE), Bob Menendez (D-NJ), and Ben Cardin (D-MD), domestic solar language from Senator Ron Wyden (D-OR), and PTC phaseouts from Senators Rob Portman (R-OH), Dan Coats (R-IN), and Pat Toomey (R-PA), many members withdrew their amendments when Finance Committee Chair Orrin Hatch (R-UT) set strict germaneness standards. The committee did unanimously approve an amendment to allow credit for domestic biodiesel producers.

House Ways and Means Committee Chair Paul Ryan (R-WI) is continuing an effort to make some of the tax extenders permanent as part of a broader effort to reform the U.S. tax code. The House has voted several times this year to make some of them permanent, and Representative Ryan hopes to address the rest of them beginning in September.

The Environmental Protection Agency will release the final Clean Power Plan next month, and it may come earlier in the month rather than later, as previously thought. See updates in the Environmental Protection Agency section, below.

When the United States assumed chairmanship of the Arctic Council earlier this year, Secretary of State John Kerry outlined three focus areas: improving economic and living conditions for Arctic communities; Arctic Ocean safety, security, and stewardship; and addressing the impacts of climate change. President Obama and foreign ministers from at least 20 other countries will participate in the Arctic ministerial meeting in Alaska next month, with about 400 attendees at the conference in total, and the event is going to focus largely on climate change.

Pope Francis will travel to the United States in September for the 2015 World Meeting of Families. He will meet with President Obama and first lady Michelle Obama at the White House September 23 and address a joint session of Congress September 24 in Washington, before traveling to New York the following day to address the United Nations General Assembly and meet with United Nations Secretary General Ban Ki-moon. One of the issues high on the agenda will be climate change, including Pope Francis' recent encyclical *Laudato Si*.

International climate negotiators will continue to meet throughout the fall to further prepare the negotiating text for the end of the year global climate negotiations in Paris. See updates on last week's talks in the International section, below.

CONGRESS

RFS Biodiesel Increase

Senator Chuck Grassley (R-IA) led 35 of his colleagues in sending a [letter](#) July 20 to Environmental Protection Agency Administrator Gina McCarthy seeking to increase the amount of biodiesel required in the pending renewable fuel standards for 2016 and 2017. The group contended that the domestic biodiesel industry is capable of additional growth, deeming increases of at least 2 billion gallons in 2016 and at least 2.3 billion gallons in 2017 appropriate. The June proposed rule calls for 1.8 billion gallons of biodiesel in 2016 and 1.9 billion gallons in 2017.

Social Cost of Carbon Documents Requested

Senate Environment and Public Works Committee Chair James Inhofe (R-OK) led nine of his colleagues in sending a [letter](#) July 21 to Environmental Protection Agency Administrator Gina McCarthy seeking all documents related to the agency's participation in the development, via an interagency working group that helps to calculate the figure, of the social cost of carbon figure since its 2009 inception. The senators asked the agency to provide the requested documents by August 11, and the agency is considering the request.

CPP Delay Sought

Eighteen House and Senate Republicans sent a [letter](#) July 22 to White House Office of Management and Budget Office of Information and Regulatory Affairs Administrator Howard Shelanski contending that states should not have to comply with the Environmental Protection Agency's Clean Power Plan until all legal challenges to the rule are resolved. The office is reviewing the proposed rule now, and the Environmental Protection Agency is scheduled to finalize it in August.

Social Cost of Carbon Figure Opposed

During a House Natural Resources Committee hearing July 22 on social cost of carbon calculations, committee Republicans [criticized](#) the Obama administration for continuing to rely on their current \$36/ton cost estimate to justify power plant greenhouse gas standards and other climate regulations. The White House [revised](#) the [figure](#) earlier this month. House Natural Resources Committee Chair Rob Bishop (R-UT) is considering introducing a stand-alone bill or language to appropriations legislation to prohibit the Environmental Protection Agency and other agencies from using social cost of carbon figures to support their regulatory efforts.

House Approves Coal Ash Legislation

The House passed legislation (H.R. 1734) from Representative David McKinley (R-VA) July 22 changing the way the Environmental Protection Agency regulates the management and disposal of coal ash. The measure prohibits the agency from regulating coal ash as a hazardous waste under the Resources Conservation and Recovery Act. The agency decided not to do that in its final rule, but coal ash recyclers are concerned that the agency may someday overturn that decision. The White House [threatened](#) the previous day to veto the measure should it reach President Obama's desk.

RFS Repeal Urged

The House Science, Space, and Technology Subcommittees on Energy and Oversight held a hearing July 23 to examine changes in the energy market since the renewable fuel standard was put into effect as well as its economic and environmental impacts. Committee Republicans led by Representatives Randy Weber (R-TX) and Barry Loudermilk (R-GA) urged Congress to repeal the standard. University of Minnesota Associate Professor of Bioproducts and Biosystems Engineering Jason Hill testified before the committee that corn ethanol pollutes more than gasoline when measured over the production and use full cycle, and it has higher emissions of five significant pollutants that contribute to fine particulate matter and ozone levels.

Legislation Introduced

Representative Diane Black (R-TN) introduced legislation (H.R. 3135) July 21 to amend Section 413 of the Energy Independence and Security Act of 2007 with respect to energy efficiency standards for manufactured housing.

Representative Dan Lipinski (D-IL) introduced legislation (H.R. 3140) July 21 to require Federal oil and gas leases to report and pay royalties on oil and gas production based on the actual volume of oil and gas withdrawn under a lease.

Senators Harry Reid (D-NV) and Dean Heller (R-NV) introduced legislation (S. 1825) July 22 to require the Secretary of Energy to obtain the consent of affected State and local governments before making an expenditure from the Nuclear Waste Fund for a nuclear waste repository.

Upcoming Hearings

The Senate Energy and Natural Resources Committee will hold a business meeting July 28 on 20 items, including the bipartisan broad energy bill from Committee Chair Lisa Murkowski (R-AK) and Ranking Member Maria Cantwell (D-WA), the Energy Policy Modernization Act of 2015; Shaheen-Portman energy efficiency legislation (S. 720); the nomination of Jonathan Elkind to serve as assistant Energy secretary for international affairs; Senator Murkowski's OPENS Act, which would lift the U.S. crude oil export ban; and others.

The Senate Banking, Housing, and Urban Affairs Committee will hold a hearing July 28 to consider lifting the crude oil export ban.

The House Energy and Commerce Subcommittee on Energy and Power will host a roundtable discussion July 28 on the potential impacts of the Environmental Protection Agency's proposed ozone rule on U.S. manufacturing and jobs.

The House Oversight and Government Reform Committee will hold a hearing July 29 to consider Environmental Protection Agency management issues.

The House Science, Space, and Technology Subcommittee on Energy will hold a hearing July 29 about the

Nuclear Regulatory Commission's licensing process at which Chairman Stephen Burns will testify.

The House Science, Space, and Technology Subcommittees on Oversight and Energy will hold a joint hearing July 30 to examine the vulnerabilities of America's power supply.

ADMINISTRATION

Paris Priority

President Obama said July 21 that one of the top priorities for his remaining 18 months in office is getting a global climate change agreement signed at the end of the year United Nations Framework Convention on Climate Change summit in Paris.

Wassmer Nominated

President Obama nominated July 23 Victoria Wassmer to serve as Department of Energy undersecretary of energy for management and performance. Energy Secretary Ernest Moniz created the position, but it has never been filled, after then-NASA CFO Beth Robinson withdrew her nomination last summer after waiting almost a year. Ms. Wassmer currently serves as assistant administrator for the Federal Aviation Administration's finance and management office, and held other senior positions within the agency during the past two presidencies, as well as at the White House Office of Management and Budget in the late 1990's-early 2000's. The Senate Environment and Public Works Committee approved her nomination last year to serve as chief financial officer for the Environmental Protection Agency, but her nomination never reached the Senate floor.

American Business Act on Climate Pledge Launched

Thirteen large American companies unveiled climate change pledges totaling at least \$140 billion in new low-carbon investment during an event at the White House July 27. During an event with Secretary of State John Kerry and senior White House officials, the companies committed to reducing their emissions and investing in renewable energy as part of the Obama administration's [American Business Act on Climate Pledge](#). The pledge also formally commits the companies into supporting the Paris climate change negotiations. The companies include Alcoa, Apple, Bank of America, Berkshire Hathaway Energy, Cargill, Coca-Cola, General Motors, Goldman Sachs, Google, Microsoft, PepsiCo, UPS, and Walmart.

DEPARTMENT OF COMMERCE

Hottest Recorded June

The National Oceanic and Atmospheric Administration published [data](#) July 21 finding that June 2015 is the hottest June on record. The statement reflects similar announcements from the National Aeronautics and Space Administration and the Japan Meteorological Agency. Average global temperatures were 1.58 degrees F over 20th century average temperatures for the month. June is the fourth month with the highest recorded temperatures in 2015, with the year on track to be the hottest year on record.

DEPARTMENT OF ENERGY

GHG Pledge Questioned

Former Department of Energy Office of Climate Change Policy and Technology Director Stephen Eule told an American Council for Capital Formation forum July 21 that according his calculations, many of which he drew from the Obama administration's projections, the United States is likely to fall short of its pledge to reduce greenhouse gas emissions up to 28 percent by 2025 even if all of the administration's regulations are fully implemented. His estimates conclude that full implementation of the regulatory actions already outlined would leave the country 29-24 percent short of its 2025 pledge.

ENVIRONMENTAL PROTECTION AGENCY

Waste Site RE Benefits Unclear

The Environmental Protection Agency's Office of Inspector General released a [report](#) July 16 finding that the agency does not have the mechanisms in place to measure the outcomes of its \$4 million program to promote renewable energy on contaminated lands, its RE-Powering America's Land Initiative.

COS Changes

Environmental Protection Agency Chief of Staff Gwendolyn Keyes Fleming left the agency July 21 for a legal adviser position at Immigration and Customs Enforcement. Prior to serving as Administrator Gina McCarthy's chief of staff for over two years, she spent almost three years as Environmental Protection Agency Region 4 administrator. Matt Fritz, who previously served as the agency's deputy chief of staff for operations and prior to that as Administrator McCarthy's chief of staff when she was Connecticut Department of Environmental Protection

Commissioner, will serve as acting chief of staff.

CPP Cost Savings

Synapse Energy Economics released a [report](#) July 23 finding that if states use renewable energy and energy efficiency to comply with the Environmental Protection Agency's forthcoming Clean Power Plan, they can save on consumer and business electricity bills, ranging from \$0.50 to \$94. Additionally, the report concluded that states that invest early in renewable energy would realize the most significant energy cost savings.

CPP Non-Compliance Threatened

Mississippi Governor Phil Bryant (R) sent a letter July 23 to Environmental Protection Agency Administrator Gina McCarthy advising her that the state will not comply with the Environmental Protection Agency's Clean Power Plan unless the final rule includes significant changes. Indiana, Louisiana, Texas, and Wisconsin have also threatened non-compliance, and Oklahoma has committed to ignoring the rule. Administrator McCarthy and senior agency officials have repeatedly noted that the final version of the rule will include significant changes, pursuant to public comments. Failure to submit a state implementation plan would require the agency to issue a federal implementation plan to achieve emissions reductions within noncompliant states.

GOVERNMENT ACCOUNTABILITY OFFICE

Federal Green Building

The Government Accountability Office released a [report](#) July 23 finding that most federal agencies are having difficulty meeting the green building goals designed to make them more efficient and reduce their environmental impacts. President Obama ordered that all new construction and major renovations of federal buildings meet the green building principles by the end of 2015, with at least 15 percent of existing buildings and leases over 5,000 gross square feet meeting the same standards by then; the latter deadline has been extended to 2025. The report concluded that the White House Council on Environmental Quality's revisions to green building requirements, due in August, might address some of the program's most significant challenges.

INTERNATIONAL

Global Energy Subsidies

The International Monetary Fund issued a report July 17 estimating that China is the largest contributor to global energy subsidies, at \$5.3 trillion, or 6.5 percent of the world's gross domestic product. Ukraine tops the list as a percentage of gross domestic product, and Qatar as measured per capita.

Israeli Solar

Israel finalized a \$1 billion deal July 19 to build what will become the second 121 MW solar power plant under construction on a portion of the southern Negev desert. When completed in early 2018, the two plants as well as a smaller 30MW photovoltaic plant on the site will provide two percent of the country's total electricity production. The country has a target of obtaining 10 percent of its electricity from renewable sources by 2020.

Paris Climate Talks

French Foreign Minister Laurent Fabius said July 21 that two days of informal climate discussions in Paris were constructive in progressing toward a global climate agreement in Paris at the end of the year. Representatives from about 45 countries met in Paris July 20-21 for discussions intended to trim the draft negotiating text.

Vatican Climate Summit

60 mayors and local governmental leaders from around the world convened at the Vatican July 21-22 to discuss ways to combat global climate change and alleviate its impact on the world's poor. Participating mayors pledged to reduce emissions in their own communities and urge global leaders to enact a strong international climate agreement in Paris at the end of the year.

Dangerous 2 Degrees

Former National Aeronautics and Space Administration Goddard Space Institute Director James Hansen and 16 other atmospheric scientists and glaciologists published a [study](#) July 23 in *Atmospheric Chemistry and Physics* finding that the international climate goal of limiting global warming to below two degrees Celsius is dangerous and could lead to a 16 foot sea level rise by 2100.

Indian Solar

SunEdison announced July 23 that it would provide 180 MW of solar power to Tata Power Delhi Distribution Ltd., India's largest utility. The 20-year power purchase agreement is the largest the company has signed under the

open-access solar framework, which allows clean energy providers to sell directly through the national grid to consumers. India has set a goal to install 170 GW of clean energy by 2022 in an effort to reduce its dependence on coal.

Climate Negotiating Document Streamlined

Co-Chairs of the United Nations Framework Convention on Climate Change 's Ad Hoc Working Group on the Durban Platform for Enhanced Action released a streamlined [negotiating text](#) July 24 intended to form the basis for a global climate agreement at the end of the year summit in Paris. The slightly shorter text draws a sharper focus in several key areas but leaves difficult decisions on collective commitments to the two remaining negotiating sessions, August 31-September 4, and October 19-23, between now and the November 30-December 11 summit.

Kenyan INDC

Kenya submitted its [Intended Nationally Determined Contribution](#) to the United Nations July 24, pledging to reduce its greenhouse gas emissions 30 percent below business as usual levels by 2030. To meet its target, the nation plans to reduce its use of wood fuels; increase solar, wind, and geothermal energy; invest in climate-smart agriculture; expand forests to cover at least ten percent of its land area; and embed resilience efforts into sectors across its economy. Other developing nations, including Morocco, Gabon, and the Marshall Islands, have submitted their pledges already.

STATES

OH RES

Ohio's Energy Mandates Study Committee held its final meeting July 20, and members have until September 30 to deliver recommendations to the state's House and Senate leaders. When they do, the state's clean energy requirements are more likely to be reduced than repealed. The statehouse passed legislation last summer requiring the committee to recommend a path forward on renewable energy efforts in the state; the measure also placed a two-year freeze on state standards for renewable energy and energy efficiency. Current law requires electricity utilities to make annual increases in their purchases of renewable energy, working toward a 12.5 percent goal by 2027.

NYC Interim GHG Target

New York City Mayor Bill de Blasio committed July 21 during a Vatican conference on climate change to reduce the city's greenhouse gas emissions 40 percent by 2030. The benchmark is on target for the city's larger goal of reducing emissions 80 percent by 2050.

RI Offshore Wind

Deepwater Wind held a Steel in the Water event July 27 marking the beginning of the domestic offshore wind industry with construction under way for the Block Island Wind Farm three miles off the coast of Rhode Island. Five foundations will eventually each support 6 MW Alstom SA turbines, with 330-foot towers, and the farm will be fully operational by the end of next year. Deepwater Wind is developing another wind farm nearby, between Block Island and Martha's Vineyard, with more than 1 GW of planned capacity, though construction will not begin until the Block Island project is complete. Offshore wind projects have delivered significant amounts of power to Europe since the 1990's, with nearly 2,500 turbines connected to the grid.

MISCELLANEOUS

DG Solar Revenues May Triple

Navigant Research released an [analysis](#) July 21 finding that global revenues from distributed solar photovoltaic power will more than triple in the next decade as the technology becomes viable without subsidies. The report forecasts installation revenue to rise to \$151.6 billion in 2024 from \$40.6 billion last year.

Clinton Climate Agenda

As much as possible, we focus on policy rather than politics in this update, but as the presidential race heats up, if candidates unveil thorough energy and environment agendas, we will share them with you. Hillary Clinton [unveiled](#) July 26 detailed climate change goals, including moving the economy along a deep decarbonization path by 2050 and producing enough renewable energy to power every American home by 2027, which translates to obtaining 33 percent of the country's power from clean sources, or over Tom Steyer's 50 percent goal if including nuclear power, by then. As part of the effort to increase solar capacity to 140 GW by the end of 2020, the [plan](#) calls for installing 500 million solar panels by the end of her first term if she is elected president, a 700 percent increase from current levels. She called for extending federal clean energy tax incentives, promised to defend the Environmental Protection Agency's forthcoming Clean Power Plan, and pledged to launch a Clean Energy Challenge to award competitive grants and incentives for state action and leadership. She also pledged to unveil further a comprehensive energy and climate strategy over the next several months that will call for reducing domestic oil

consumption, updating the nation's energy infrastructure, ensuring "safe and responsible" fossil fuel production, improving building efficiency, and protecting coal miners. She continued to discuss her climate plan July 27 at the Des Moines Area Regional Transit Authority station.

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