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ENERGY AND ENVIRONMENT UPDATE
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Energy and Climate Legislation

With just a few weeks before the July 4th recess, Congress and the Administration packed several climate and energy events into the schedule last week.

On Monday, the Environmental Protection Agency delivered its economic analysis of the American Power Act to Senators John Kerry (D-MA) and Joe Lieberman (I-CT). They found that the bill could cost households between $79 and $146 a year, but would not increase electricity prices for at least the next 15 years.

President Obama delivered his first Oval Office address last Tuesday and spoke largely about the Gulf Coast oil spill; he also used the occasion to call for comprehensive energy legislation that would reduce the nation's use of fossil fuels and increase production of renewable energy. The President has also summoned a bipartisan group of Senators to the White House June 23 in the hope of jump-starting action on an energy bill vote. Senators Kerry, Lieberman, Jeff Bingaman (D-NM), and Dick Lugar (R-IN) are among the anticipated attendees. President Obama also met with top BP executives at the White House for the first time since the oil rig exploded in the Gulf of Mexico on April 20, and they agreed to establish a $20 billion escrow account to reimburse victims of the spill.

On Thursday, Senators Kerry and Lieberman met with a bipartisan group of Senators and five CEOs to discuss a path forward on climate and energy legislation. Immediately following the luncheon session, Senate Majority Leader Harry Reid (D-NV) convened a full Democratic caucus meeting to discuss the issue. But the caucus failed to reach a consensus on climate change legislation after hearing presentations from Senators Bingaman, Maria Cantwell (D-WA), Kerry, Lieberman, and Barbara Boxer (D-CA). Discussion will wait until one of the caucus' policy lunches this Tuesday or Thursday.

One thing that is becoming increasingly clear through these conversations is that the chamber is unlikely to have the votes to pass a measure that sets a price on carbon this year. Majority Leader Reid, who has vowed to bring some form of an energy bill to the Senate floor after the July 4 recess, said late last week that his main goals for energy legislation this year include addressing the Gulf of Mexico oil spill crisis, creating jobs, and reducing pollution. A growing number of Democrats are talking more about the need to move with an energy bill this year, something along the lines of the bipartisan bill that came out of the Senate Energy and Natural Resources Committee last year. But with limited time, a busy legislative calendar, and upcoming elections, passage of a straight energy bill is not certain either.

Senator Jay Rockefeller (D-WV) continues to push for a separate floor vote on his bill (S. 3072) to bar the EPA from regulating greenhouse gas emissions from stationary sources for two year. He believes that the Senate needs the time to consider climate policy before the federal government begins direct regulation of GHGs, and Majority Leader Reid has assured him that the bill will be brought to the floor sometime soon.

With just a couple of weeks between now and the July 4 recess, Senate Democrats will need to decide soon what path to pursue. Upon their return, they will only have about two weeks to work on energy and climate legislation, as well as hold confirmation hearings for Supreme Court nominee Elena Kagan and address a number of other bills before the August recess. One possibility would be for the Senate to pass energy legislation before the August recess and then put off a conference to reconcile the measure with the House-passed comprehensive climate and energy bill until after the November elections.

Senate

Energy Committee Considers Six Bills
The Senate Committee on Energy and Natural Resources considered six bills that could be included in a larger energy package later this summer on June 15. They are S. 3460, which requires the Secretary of Energy to provide funds to States for rebates, loans, and other incentives to eligible individuals or entities for the purchase and installation of solar energy systems for domestic properties, S. 3396, which amends the Energy Policy and Conservation Act to establish a Supply Star program at the Department of Energy, S. 3251, which improves energy efficiency and renewable energy use by Federal agencies, S. 679, which establishes a research, development, demonstration, and commercial application program to promote heavy duty plug-in hybrid vehicles, S. 3233, which amends the Atomic Energy Act of 1954 to authorize the Secretary of Energy to barter, transfer, or sell surplus uranium from DOE's inventory, and S. 2900, which establishes a research, development, and technology demonstration program to improve the efficiency of gas turbines used in combined and simple cycle power generation systems.

Senators Propose Amendments to Tax Extenders Bill
Senators Cantwell, Feinstein, proposed on Tuesday extending the 1603 grants in lieu of tax credits program for another two years as part of the $140 billion tax extenders bill. The amendment would also allow municipal utilities and other non-profit power producers that do not pay taxes to take advantage of the program for the first time. An extension of the program would create at least 65,000 jobs in the solar power industry and tens of thousands of jobs in other sectors. On Thursday, Senator Baucus introduced an amendment to help offset a new pared-down version of the tax extenders bill; the amendment will levy a 49-cent-per-barrel tax on oil producers to increase the oil spill liability trust fund.

Oil Spill Hearings Continue
The Judiciary Committee marked up legislation (S. 3466) last Thursday that would require restitution for violations of the Clean Water Act. The Justice Department is conducting a criminal investigation into the Gulf Coast oil rig explosion. The Federal Financial Management Subcommittee of the Senate Homeland Security Committee held a hearing last Wednesday to assess how much money the government has spent thus far on the cleanup of the spill, as well as the future viability of the Oil Spill Liability Trust Fund.

Legislation Introduced
On June 16, Senators David Vitter (R-LA) and Roger Wicker (R-MS) introduced legislation (S. 3489) to terminate the moratorium on deepwater drilling issued by the Secretary of the Interior.

The same day, Senator Lautenberg introduced legislation (S. 3492) to amend the Outer Continental Shelf Lands Act to require the drilling of emergency relief wells.

Also on the 16th, Senator Scott Brown (R-MA) introduced legislation (S. 3497) with Senator Dianne Feinstein (D-CA) to amend the Outer Continental Shelf Lands Act to require leases entered into under the Act to include a plan that describes the means and timeline for containment and termination of an ongoing discharge of oil.

On June 18, Senators Mark Udall (D-CO), Jeanne Shaheen (D-NH), and Bingaman introduced legislation (S. 3509) to amend the Energy Policy Act of 2005 to promote the research and development of technologies and best practices for the safe development and extraction of natural gas and other petroleum resources.

Upcoming Hearings

The Senate Energy and Natural Resources Committee will hold a hearing on June 24 to examine legislation concerning the overhaul of the Minerals Management Service and oil drilling safety plans.

House

Supplemental Spending Bill on Agenda
House Democratic leaders will use this week to finalize plans for moving the fiscal year 2010 supplemental appropriations bill (H.R. 4899) through the chamber and negotiating a final agreement with the Senate before the July 4 recess. Congress is under heightened pressure to pass the bill before then as the military could run out of war funding in July. The legislation is a possible vehicle for several domestic programs as well, including saving education and law enforcement jobs; it could also include some technical fixes to the DOE Loan Guarantee program.

Bipartisan Groups Seeks Biomass GHG Regulation Details
On June 16, a bipartisan group of 63 House members sent a letter to EPA Administrator Lisa Jackson seeking details on how the agency will consider a decision to regulate greenhouse gas emissions from biomass combustion. Two days prior, the EPA said that it would solicit public comment on its decision to include biomass combustion in its regulations of stationary source greenhouse gas emissions.

Subcommittee Considers Clean Energy Manufacturing and Export Legislation
The Commerce, Trade, and Consumer Protection Subcommittee of the House Energy and Commerce Committee met last Wednesday to discuss legislation (H.R. 5156) that would boost the US' position in the global clean energy technology sector. The measure, introduced by Congresswoman Doris Matsui (D-CA) would create a $15 million clean energy manufacturing and export-assistance fund.

Oil Spill Hearings Continue
Several House Committees continued to hold hearings on the cause of and response to April's Gulf Coast oil rig explosion and spill. A House Natural Resources Subcommittee heard from top officials of the US Geological Survey, the National Oceanic and Atmospheric Administration, and other federal and university scientists as federal scientists continue to make assessments of the size and scope of the spill. Two other committees examined the health impacts of the ongoing spill as well as the chemical dispersant sprays used in the region. The House Natural Resources Energy and Mineral Resources Subcommittee began reviewing the Minerals Management Service's current regulations for offshore oil and gas operations and recommendations for strengthening them.

What some called "Oil Week in Washington," which included a presidential address to the nation, the release of damaging documents about BP's safety record, and the testimony of several oil and gas company CEOs at the Energy and Environment Subcommittee of the Energy and Commerce Committee, culminated with the testimony of BP CEO Tony Hayward on Thursday at the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee. Prior to the hearings, Congressmen Henry Waxman (D-CA) and Bart Stupak (D-MI) sent a letter to BP CEO Tony Hayward criticizing him for putting the company's financial self-interest ahead of safety and common sense in the lead-up to the rig explosion. After a difficult hearing, and in response to a letter from Congressman Peter Welch (D-VT), BP suspended dividend payments to shareholders for the rest of the year. Additionally, a day after he appeared before the committee, Mr. Hayward, turned over the day-to-day operations on the Gulf oil spill to company executive Bob Dudley. Not all of Congress is opposed to BP or offshore oil drilling. Citing a down regional economy, some House and Senate members from Gulf Coast states urged President Obama last week to lift the moratorium on deepwater offshore drilling.

Legislation Introduced
On June 14, Congressman Bill Cassidy (R-LA) was joined by 32 cosponsors in introducing legislation (H.R. 5519) to terminate the moratorium on deepwater drilling and to require the Secretary of the Interior to ensure the safety of deepwater drilling operations.

Also last Monday Congressman Mike Castle (R-DE) introduced legislation (H.R. 5521) to extend credits related to the production of electricity from offshore wind.

On June 16, Congressman Pete Olson (R-TX) was joined by 16 cosponsors to introduce legislation (H.R. 5525) to terminate the moratorium on deepwater drilling issued by the Secretary of the Interior.

Upcoming Hearings
The Energy and Environment Subcommittee of the House Science and Technology Committee will hold a hearing June 23 called Deepwater Drilling Technology, Research, and Development.

The Insular Affairs, Oceans, and Wildlife Subcommittee of the House Natural Resources Committee will hold a hearing June 24 on the April 18 Gulf Coast oil rig explosion.

Department of Energy

$76 Million for Advanced Energy-Efficient Building Technologies and Training Programs
Energy Secretary Steven Chu announced 58 awards totaling more than $76 million in Recovery Act funding last week to support advanced energy-efficient building technology projects and the development of training programs for commercial building equipment technicians, building operators, and energy auditors.

$600 Million for Industrial CCS
The Department of Energy announced June 10 $612 million for carbon capture and storage demonstration projects at a new methanol plant, an oil refinery, and an ethanol plant. CCS research thus far has been primarily focused on power plants. The funding will be matched by $368 million in private funding. The projects were selected to test large-scale industrial CCS, as the Obama Administration has set a goal of having between 5 and 10 commercial CCS projects in operation by 2016. The International Energy Agency found last week that national governments are making significant progress toward launching up to 80 CCS projects in the coming years as they work to reduce global GHG emissions.

FERC Seeks Comments on Transmission Costs
The Federal Regulator Commission announced last Thursday that it will take comments on a proposed rule designed to resolve conflicts over who should pay for new transmission lines. In an effort to remove a barrier to the integration of wind energy generation and smart grid technology on the nation's electric grid, the rule would require transmission planning to take into account state-mandated renewable portfolio standards.

Tailored Weather Forecasts Could Save Billions
An official with the National Renewable Energy Laboratory told a House hearing June 16 that improving weather forecasts to meet the needs of renewable energy generators could save the industry billions of dollars and lead to an increase in the amount of clean energy that is integrated into the country's power system. Forecasters tailored to solar, wind, and ocean energy projects could help operators deal with the uncertainty of intermittent resources.

Department of Labor

Train Military Veterans for Green Jobs
The Labor Department awarded $9 million in grants June 15 to train military veterans for green jobs. The competitive grants, provided through the Veterans' Workforce Investment Program, will allow local governments, nonprofits, and work force investment boards in 19 states and DC to begin providing about 4,000 veterans with job skills assessments, counseling, training, placement assistance, and follow-up services on July 1, 2010.

Environmental Protection Agency

States Back Proposal to Revoke Emissions Aggregation Rule
The National Association of Clean Air Agencies announced last week that they will back an EPA proposal to revoke a 2009 rule that they believe complicates decisions about when industrial plans need to install

updated pollution controls under new source review provisions of the Clean Air Act. The state agency asked the EPA to reinstate its prior policy requiring case-by-case determinations and to issue additional guidance for regulators.

Ethanol Waiver Decision This Fall
The EPA said June 17 that it expects to make a decision this fall on whether to allow higher blends of ethanol in gasoline. The decision will come after the Department of Energy completes testing whether more ethanol damages engines, and is expected to complete those studies by the end of September. The EPA has indicated that it is preparing to grant a partial Clean Air Act waiver for higher ethanol blends in new vehicles if the DOE testing provides that it would not harm them.

Federal Trade Commission

Light Bulb Standards
The Federal Trade Commission announced June 18 that it plans to change the main standard measurement of light bulbs from watts to lumens, effective mid-2011. The change comes as the US begins to phase out its use of conventional incandescent bulbs in favour of compact fluorescent bulbs. The final rule also outlines a new labelling standard for light bulb packages that will contain information about the bulb's brightness, energy cost, appearance, wattage, and mercury content.

Personnel

Last week, during his first Oval Office address, President Obama announced that Michael Bromwich will lead the effort to overhaul and restructure the Interior Department's former Minerals Management Service. Mr. Bromwich is a former federal prosecutor and inspector general for the Justice Department, and will leave his job as a partner in the Washington office of the New York law firm Fried, Frank, Harris, Shriver & Jacobson to serve in the yet-to-be-titled post. The President also named Navy Secretary Ray Mabus as the Gulf Coast Recovery Czar.

Miscellaneous

Coalition Relaunches Climate Leadership Ads
A coalition of 93 businesses, environmental organizations, and faith groups relaunched a newspaper ad campaign last week calling for action and leadership of climate legislation. The group urges Democrats and Republicans to unite behind bipartisan comprehensive climate and energy legislation that "increases our security and limits emissions, as it preserves and creates jobs."

Canadian Energy Efficiency Amendments
Natural Resources Canada said June 12 that proposed amendments to the nation's Energy Efficiency Regulations would establish new reporting and compliance standards for six products, including compact audio, televisions, and television combination units, and video, and increase the stringency and scope of existing minimum energy performance standards for an additional eight products, including digital television adapters, electric boilers, portable air conditioners, and single package vertical air conditions and heat pumps.

Mayors Endorse Green Construction Codes
The U.S. Conference of Mayors announced last week that it will back the International Green Construction Code, which is currently being developed by the International Code Council with input from the American Institute of Architects, ASTM International, and others. The code includes energy, water, air-quality, and safety benchmarks that states and cities may adopt as mandatory provisions for commercial buildings. The Conference also called last week for the federal government to boost its support for natural gas vehicles by renewing tax credits and expanding federal research into natural gas engines.

UT Begins 10-Year Strategic Energy Initiative

On June 8, Utah Governor Gary Herbert (R) launched a formal planning process and working group to develop a 10-year energy initiative for the state. The initiative will focus on developing new technologies that combine Utah's traditional fuels with future renewable energy opportunities while ensuring continued access to clean and low-cost energy and creating jobs.

Japan Plans Passage of Climate Bill
Japan will attempt to pass its long-delayed emission reduction targets in advance of the next Conference of Parties meeting in Mexico at the end of this year. The government had hoped to pass the bill during the current session of Parliament, but time ran out; the bill will now be resubmitted to Parliament after the expected July 11 election.

Dutch Plan to Track Adaptation Contributions
In an effort to boost transparency, the Dutch Environment Ministry announced last week that it will establish a website where developed countries can register their contributions to help developing countries adapt to the effects of climate change. The website will be launched at the end of the summer and will provide information on the amount of fast-start financing contributed, the channels through which it was delivered, that the projects and countries where it is spent.

Eastern Corridor to Curb Transportation Emissions
Eleven states from Maine to Maryland will work together to reduce greenhouse gas emissions from the transportation sector. Leaders of transportation and energy agencies in the area announced a new initiative last week to develop a three year work plan by fall of this year outlining how the region can reduce mobile GHG emissions. That plan will be followed by long term policy proposals that could be implemented by state agencies or legislatures, including reducing driving and increasing the density of commercial and residential housing hubs.

IEA and NEA Call for Nuclear Power Expansion
The International Energy Agency and Nuclear Energy Agency of the Organization for Economic Cooperation and Development released a report last week called the Nuclear Energy Technology Roadmap that showed that roughly 25 percent of the world's electricity could come from nuclear power by 2050 if current generating capacity were tripled. No major technological breakthroughs would be needed for the increased generation.