



ML
STRATEGIES

David Leiter

Sarah Litke

Daniel Phillips

DJLeiter@mlstrategies.com

SLitke@mlstrategies.com

HDPhillips@mlstrategies.com

ML Strategies, LLC

701 Pennsylvania Avenue, N.W.

Washington, D.C. 20004 USA

202 434 7300

202 434 7400 fax

www.mlstrategies.com

ENERGY AND ENVIRONMENT UPDATE

March 25, 2012

Energy and Climate Debate

As the blame game over high gasoline prices continues, President Obama continued his “all of the above” energy policy tour last week with visits to New Mexico, Nevada, Ohio, and Oklahoma. Congress has a busy week, with hearings on energy and environmental protection as well as consideration of several large energy bills, before both Houses leave for the two-week Easter recess on Friday.

On March 21, President Obama renewed his commitment to a clean energy economy while at the Copper Mountain Solar 1 facility in Boulder City, Nevada. The solar project is the largest photovoltaic plant in the nation, including a million solar panels powering 17,000 homes; two more plants nearby are expected to supply an additional 111,000 homes in the future. Later that day, he visited an active oil and gas field on federal lands in Maljamar, New Mexico.

Despite criticism from both sides of the aisle, in Cushing, Oklahoma, March 22, the president announced an executive order to expedite federal reviews and approvals for major infrastructure projects ranging from renewable energy facilities and crude oil pipelines to roads, airports, ports, and waterways, saying that agencies must identify vital infrastructure projects by the end of next month. A steering committee chaired by the Office of Management and Budget’s chief performance officer will review the projects. During his visit to the, the president issued a memorandum directing federal agencies to expedite the permitting process for the Cushing to Texas oil sands pipeline that is the southern segment of TransCanada Corporation’s 1,700 mile Keystone XL pipeline.

The same day, the president highlighted advanced energy projects funded by the Department of Energy’s Advanced Research Projects Agency-Energy at the Ohio State University, specifically siting support for small modular reactors, the smart grid, advanced biofuels, and stronger lightweight materials for vehicles. During his visit, the president announced a \$14.2 million Department of Energy effort to accelerate the development and deployment of stronger and lighter materials for advanced vehicles that will help reduce the nation’s dependence on foreign oil, save drivers money, and limit carbon emissions. The funding will support the development of high-strength lightweight carbon fiber composites and advanced steels and alloys that will help manufacturers improve vehicular fuel economy while maintaining and improving safety and performance.

Senate Majority Leader Harry Reid (D-NV) filed a motion March 22 to limit debate and begin floor action on the Repeal Big Oil Tax Subsidies Act (S. 2204). The legislation, introduced March 19 by Senator Bob Menendez (D-NJ), would extend expired and expiring tax incentives for clean and renewable energy

industries while repealing tax breaks for major oil producers. The procedural vote is expected to occur on March 26 and will require the support of 60 senators to advance toward a final vote in the Senate. Even if the Senate were to approve the measure, it is unclear how this bill would ever make it through the House. Some of the expired tax credits that would be extended through the end of the year include the credit for new and existing energy efficient homes, for certain plug-in electric vehicles, and for energy-efficient appliances. The measure would also extend the expired Section 1603 Treasury grants program, the cellulosic biofuel producer credit, and the 48C Advanced Energy Manufacturing tax credits. The Senate recently voted on a similar amendment from Senator Stabenow to the surface transportation bill (S. 1813), but failed to garner enough votes for adoption. On March 23, the Joint Committee on Taxation weighed in by releasing estimates that the savings from repealing oil and gas tax subsidies would offset the \$11.7 billion needed over the next ten years to extend clean and renewable fuels tax credits, with an additional \$12.3 billion in savings left over.

In other news, now that the Senate has passed its version of the highway bill, the House must reach an agreement by March 31, when current transit funding expires. House Republicans introduced a short-term extension (H.R. 14) last week that could prolong the reauthorization debate until at least June 30, but Democrats hope to move more quickly on the issue by considering the Senate-passed bill. If an agreement is not reached by the deadline, transportation agencies would effectively shut down and the federal government would lose authority on the gas tax.

Congress

2013 EPA Spending

Environmental Protection Agency Administration Lisa Jackson told the Senate Environment and Public Works Committee March 22 that she would be concerned about the agency's ability to protect human health under the fiscal year 2013 budget House Budget Committee Chairman Paul Ryan (R-WI) proposed March 20. The GOP proposed \$3.53 trillion budget includes significant spending cuts, including about \$3.5 billion in environment and natural resources programs. The president's fiscal 2013 budget proposal includes \$8.3 billion in discretionary funding for the Environmental Protection Agency, a decrease of \$105 million from the fiscal year 2012 enacted level. Senator John Barrasso (R-WY) released a report last week on the health impacts of the high unemployment rate. The report, *Red Tape Making Americans Sick*, recommends that the agency consider all health effects equally, including the cumulative impacts that agency regulations have on the economy and unemployment rate.

Ocean Acidification

House Energy and Commerce Ranking Member Henry Waxman (D-CA) and Energy and Power Subcommittee Ranking Member Bobby Rush (D-IL) sent a letter March 21 to chairmen Fred Upton (R-MI) and Ed Whitfield (R-KY) asking that the committee hold a hearing on a March 2 *Science* article showing that CO₂ deposition is causing oceans to acidify more rapidly than previously thought. The study, *The Geological Record of Ocean Acidification*, concluded that ocean acidification is increasing 10 times faster than at any other point in the past 300 million years.

Mercury Rule Impacts Plant Closings

During a Senate Environment and Public Works Subcommittee on Clean Air and Nuclear Safety hearing March 20, Senator John Barrasso (R-WY) said that electricity companies' decisions to retire coal-fired power plants instead of installing pollution controls to comply with new Environmental Protection Agency mercury standards would harm local communities. At the same time, Gina McCarthy, assistant administrator for air and radiation, reiterated that the rule is expected to lead to the retirement of 4.7 GW of electricity generation, and that companies are closing their plants for reasons other than the agency's rule, including low natural gas prices.

Weatherization Program Defended

Appearing before the House Committee on Oversight and Government Reform March 20, Energy Secretary Steven Chu defended the \$5 billion weatherization assistance program and other programs that received funding under the Recovery Act. When Committee Chairman Darrell Issa (R-CA) called the weatherization program a waste of money, Secretary Chu responded that the program has led to energy

efficiency upgrades of 860,000 homes, 600,000 of which received upgrades using stimulus dollars; the upgrades have resulted in an average savings of \$437 per year for the homeowners.

Offshore Wind Support

Senators Tom Carper (D-DE) and Chris Coons (D-DE) sent a letter March 22 to Senate Appropriations Chair Daniel Inouye (D-HI) and Ranking Member Thad Cochran (R-MS) and Subcommittee on Energy and Water Development Chair Diane Feinstein (D-CA) and ranking member Lamar Alexander (R-TN) calling on them to retain Department of Energy funding for offshore wind development in fiscal year 2013. So doing would continue to fund the demonstration Funding Opportunity Announcement that was recently released. President Obama has requested \$95 million for wind research and development, \$37.2 for offshore wind specifically, within the agency's Office of Energy Efficiency and Renewable Energy for fiscal year 2013.

Blackburn DOE-EPA Consolidation Bill

On March 23, Rep. Marsha Blackburn (R-TN) announced she will introduce a bill combining the Energy Department and Environmental Protection Agency into a single agency with an estimated \$3 billion in savings. The bill would be a House companion to Sen. Richard Burr's (R-NC) Consolidation of the Department of Energy and Environmental Protection Agency Act of 2011 (S. 892). Burr's bill was referred to the Senate Committee on Homeland Security and Governmental Affairs in May 2011, but no action was taken.

Legislation Introduced

Congressman Ted Poe (R-TX) introduced legislation (H.R. 4211) March 19 that would prohibit the drawdown of petroleum from the Strategic Petroleum Reserve unless the President takes certain actions.

Representatives Peter Welch (D-VT) and David McKinley (R-WV) introduced the Home Owners Managing Energy Savings Act (HOMES Act, H.R. 4230) March 20. The legislation would authorize \$2 billion in federal rebates over four years to homeowners who increase their home energy efficiency. Specifically, the bill would allow a \$2,000 rebate for window replacement and other efficiency efforts undertaken by homeowners who can demonstrate that the improvements led to at least at 20 percent savings in annual energy costs; for each additional 5 percent, they would be eligible for an additional \$1,000 rebate for a total of \$8,000 possible. The legislation would also establish a Home Energy Savings Retrofit Rebate Program, and homeowners would be able to transfer the rebates to the contractor performing work that improves energy efficiency.

Senator Bob Menendez (D-NJ) introduced legislation (S. 2211) to ban the exportation of crude oil produced on federal land.

Senator Jeff Merkley (D-OR) introduced legislation (S. 2216) March 21 to amend the Farm Security and Rural Investment Act of 2002 to authorize the Secretary of Agriculture to make loans to entities that will use the funds to make loans to consumers to implement cost-effective energy efficiency measures to promote energy cost savings and rural development.

Congressman John Yarmuth (D-KY) introduced legislation (H.R. 4231) to amend the Internal Revenue Code of 1986 to repeal certain tax breaks for gas and oil companies and to refund the revenue savings to registered vehicle owners.

Senator Al Franken (D-MN) introduced legislation (S. 2225) March 22 to amend the Farm Security and Rural Investment Act of 2002 to reauthorize and improve the Rural Energy for America program.

Senator Rand Paul introduced legislation (S. 2226) to prohibit the Environmental Protection Agency Administrator from awarding any grant, contract, cooperative agreement, or other financial assistance under section 103 of the Clean Air Act for any program, project, or activity carried out outside the country. The Gasoline Regulations Act of 2012 would create a multi-agency panel to study agency rule impacts on gas prices and force the agency to address the feasibility and cost of ozone rules. Congressman Ed

Whitfield (R-KY) introduced companion House legislation (H.R. 4255). House Energy and Commerce Subcommittee on will hold a hearing March 28 to consider the legislation.

Senator Jon Tester (D-MT) introduced legislation (S. 2229) to authorize the issuance of right-of-way permits for natural gas pipelines in Glacier National Park.

Upcoming Hearings

The Senate Finance Subcommittee on Energy, Natural Resources, and Infrastructure will examine the impact on industry of expiring renewable energy tax incentives at a March 27 hearing. Ethan Zindler, head of policy analysis for Bloomberg New Energy Finance; John Purcell, vice president of wind energy for Leeco Steel; and Benjamin Zycher, visiting scholar with the American Enterprise Institute will testify.

The Senate Environment and Public Works Subcommittee on Green Jobs and the New Economy will hold a hearing titled "The EPA's Work with Other Federal Entities to Reduce Pollution and Improve Environmental Performance."

The House Appropriations Subcommittee on Interior, Environment, and Related Agencies will hold hearings on proposed fiscal year 2013 appropriations for departments under its jurisdiction March 27 and 28.

The House Appropriations Subcommittee on Energy and Water Development will hold hearings on proposed fiscal year 2013 appropriations for energy and water development March 27 and 28.

The House Natural Resources Committee will hold a series of oversight hearings titled "Harnessing American Resources to Create Jobs and Address Rising Gasoline Prices."

The House Appropriations Subcommittee on Commerce, Justice, Science, and Related Agencies will hold a hearing March 28 to consider American manufacturing and job repatriation.

The House Energy and Commerce Subcommittee on Energy and Power will hold a hearing titled "The American Energy Initiative" with a focus on gas prices.

The House Transportation and Infrastructure Subcommittee on Water Resources and Environment will hold a hearing on the fiscal 2013 budget request for activities of the Environmental Protection Agency.

The Senate Energy and Natural Resources Committee will hold a hearing March 29 on current and near-term future price expectations and trends for motor gasoline and other refined petroleum fuels.

The Senate Indian Affairs Committee will hold a roundtable titled "Stewards of our Homelands: The Role of Native Peoples in Environmental Protection."

The House Armed Services Subcommittee on Readiness will hold a hearing titled "What is the Price of Energy Security: From Battlefields to Bases."

Department of Commerce

Preliminary CVD Determination

The Department of Commerce issued an affirmative preliminary determination March 20 in the countervailing duty investigation of imports of crystalline silicon photovoltaic cells. The department determined that solar imports from China would face tariffs of up to 4.73 percent. The agency signaled out two Chinese firms, Trina Solar and Suntech, for their own tariffs, 4.73 percent and 2.9 percent, respectively. All other solar products from China will face a 3.61 percent tariff. As the announcement is preliminary, the figures could be revised before being applied later this year. In a January 27 decision, the International Trade Administration determined that critical circumstances exist in the CVD investigation.

NOAA Wind and Habitat

The National Oceanographic and Atmospheric Administration released a report March 20 that aims to help New York State officials to identify favorable wind energy development sites in the Atlantic Ocean while protecting offshore bird and fish habits. The study, *A Biogeographic Assessment of Seabirds, Deep Sea Corals, and Ocean Habitats of the New York Bight*, covers New York's offshore waters and was the product of collaboration between the agency's National Centers for Coastal Ocean Science and the state's Ocean and Great Lakes Program.

Department of Energy

\$10 Million for Electric Cargo

Department of Energy Secretary Steven Chu announced March 20 up to \$10 million available this year to demonstrate and deploy electric transportation technologies for cargo vehicles. The agency's support for the development and demonstration of innovative vehicle technologies is helping to reduce the country's reliance on gasoline and diesel and diversifying the nation's energy portfolio. The funding opportunity is open to local governments and private companies, with federal funds matched in a 50 percent cost share; applications will be accepted until May 15, and at least one award will be made by September 30.

Grid Improvements, RE Support

Energy Secretary Steven Chu sent a memorandum March 16 to the Bonneville Power Administration, the Western Area Power Administration, the Southwestern Power Administration, and the Southeastern Power Administration explaining his plan to identify goals to help modernize the nation's electric power grid through capital improvement investments and rate policies. He plans to support changes that would provide incentives for energy efficiency programs, demand response programs, variable resource integration, and preparation for the deployment of electric vehicles and asked the administrations to make more investments in communications and control technologies, develop more reliability, coordinate better with grid operators, and develop stronger cyber security.

Green Leasing

The Energy Department launched the Green Lease Library March 20, an online resource to help the commercial building sector implement green leases, or rental agreements that encourage energy efficiency. To support the launch, the Office of Energy Efficiency and Renewable Energy will hold a webinar March 26 to provide guidance and strategies for using green leases.

\$35 Million for Bioenergy

The Departments of Agriculture and Energy, through the Biomass Research and Development Initiative, announced up to \$35 million, paid over three years, to support research and development in advanced biofuels, bioenergy, and high-value biobased products. For fiscal year 2012, interested applicants must propose projects that integrate science and engineering research in feedstock development, biofuels and biobased products development, and biofuels development analysis. The Initiative expects to fund five to seven projects over three to four years; applications are due April 23.

Ball State Geothermal

On March 20, the Energy Department congratulated Ball State University for its campus-wide ground-source geothermal system, the country's largest geothermal heating and cooling system. Building on significant investment from Indiana and the University, the Energy Department provided key support for the project with a \$5 million grant through the Recovery Act.

Technology Deployment Webcast

The Department of Energy will present a live webcast, *Selecting and Evaluating New and Underused Energy Technologies*, on April 5. The session will benefit federal energy managers and other professionals interested in using an online tool, the Technology Deployment Matrix, to select clean energy technologies to deploy at agency facilities.

Department of Interior

Wind Guidelines Released

On March 23, the Department of Interior released the U.S. Fish and Wildlife Service Land-Based Wind Energy Guidelines for wind-energy project developers, as well as state and federal regulators, detailing voluntary methods designed to minimize impacts on bird and wildlife populations. The guidelines, which cover the whole gamut of wind projects, advocate a tiered approach, with developers first looking for low-impact sites for development and then taking steps to mitigate those impacts. This final guidance replaces interim guidelines from 2003.

Department of Labor

Green Goods and Services

The Bureau of Labor and Statistics released their first ever Green Goods and Services report last week, which found 3.1 million jobs, or 2.4 percent of total U.S. employment in 2010, were associated with the production of green goods and service. The bureau identified 333 industries from the 1,193 detailed industries in the 2007 North American Industry Classification System that potentially provide goods and services within one or more of the following groups: energy from renewable sources, energy efficiency equipment, pollution reduction and removal, organic agriculture, and governmental and regulatory administration.

Environmental Protection Agency

E15 Should Be Approved

The Renewable Fuels Association said March 19 that the Environmental Protection Agency should quickly begin approving the commercial sale of gasoline containing up to 15 percent ethanol after it approved a plan to prevent misfueling in older vehicles. The agency approved the industry's misfueling mitigation plan in a March 15 letter.

Mountaintop Mine Permit Authority

U.S. District Judge Amy Berman Jackson ruled March 23 that the Environmental Protection Agency exceeded its authority by revoking permits for what could now become West Virginia's largest mountaintop removal mine. Judge Jackson declared that the Army Corps of Engineers' water pollution permit for the Spruce No. 1 mine in Logan County is in full force.

New Chemical Regs

The Environmental Protection Agency proposed March 20 that companies be required to report to the agency all new uses, including in domestic and imported products, of five groups of potentially harmful chemicals. The five chemicals include polybrominated diphenylethers (PBDEs), benzidine dyes, a short chain chlorinated paraffin, hexabromocyclododecane (HBCD), and phthalate di-n-pentyl phthalate (DnPP). The agency is also proposing additional testing on the health and environmental effects of PBDEs.

Controls for SW Plants Sought

The National Parks Conservation Association and Diné CARE, a Navajo tribal environmental group, filed a complaint for declaratory and injunctive relief March 19 in the U.S. District Court for the District of Columbia alleging that the Environmental Protection Agency failed to require modern pollution controls for two power plants in Arizona and New Mexico. The group contends that the agency should have issued federal implementation plans establishing best available retrofit technology for the plants, and is seeking an order from the court directing the agency to issue haze-reducing pollution controls at the plants.

API Concerned About Tier 3 Rule

The American Petroleum Institute released a report March 22 finding that an Environmental Protection Agency proposed rule to reduce sulfur content in gasoline would increase the manufacturing costs of gas by 6 to 9 cents per gallon. The proposed rule, not yet released, would establish Tier 3 standards for gasoline and light-duty vehicle emissions. Observers are expecting the Tier 3 sulfur standard to be 10 ppm; the current limit is 30 ppm. In contrast with the report, EPA Assistant Administrator for Air and Radiation Gina McCarthy wrote in a February 27 letter that the rule would cost 1 cent per gallon. The

standards would revise the Tier 2 vehicle emissions standard and gasoline sulfur control requirements, which was finalized in 2000.

Government Accountability Office

E-Waste Management Participation Limited

The Government Accountability Office released a report March 19 that concluded that federal agencies have made progress in properly managing used electronics, but participation in initiatives like the Federal Electronics Challenge remains limited. The study, *Actions Needed to Provide Assurance That Used Federal Electronics Are Disposed of in an Environmentally Responsible Manner*, found that participation in the Federal Electronics Challenge, a voluntary program that encourages federal agencies to purchase and manage electronic products in an environmentally conscious way, grew from 12 agencies and 61 facilities in November 2005 to 19 agencies and 235 facilities by last September. In spite of the growth, only a third of the federal workforce participates in the program.

Federal Energy Regulatory Commission

Waste-Energy Recovery Investment Needed

Federal Energy Regulatory Commission Chairman Jon Wellinoff said March 21 that his agency is in the preliminary stages of considering a variety of options to provide incentives for industry investment in waste-energy recovery technology. During the same American Council on Renewable Energy webinar, Marilyn Brown, professor of energy policy at the Georgia Institute of Technology, said that her research indicated that 15 percent greater investment in combined heat and power facilities, which use waste-energy recovery technology, could create \$1.6 billion in residential and \$2.4 billion in commercial electricity savings by 2035.

Personnel

The Senate Energy and Natural Resources Committee questioned four presidential nominees for positions at the Federal Energy Regulatory Commission, the Energy Information Administration, and the Interior Department March 20 on a wide range of issues. The committee plans to move ahead as soon as possible with votes on the nominees, and members expect the four to clear the committee and the Senate soon. The nominees include John Norris and Anthony Clark for FERC; Adam Sieminski to be administrator of the EIA, and Marcilynn Burke to be Interior Assistant Secretary for Land and Minerals Management.

States

NM Carbon Cap Repealed

New Mexico's Environmental Improvement Board repealed a rule March 16 that was approved in 2010 under Governor Bill Richardson's (D) administration that capped carbon emissions from large generating facilities in the state. Following up on the board's February 6 repeal of cap and trade rules, the board voted 5-0 to repeal Rule 100, which established annual limits of 25,000 MT CO₂ emissions for stationary source generating facilities.

SD Wind Law Veto Upheld

The South Dakota House upheld Governor Dennis Daugaard's veto of legislation (H.B. 1228) March 19 that would have offered tax refunds for large-scale wind projects built after January 1, 2013. The tax refund, rather than being based on taxes paid, would have been based on the facility's nameplate capacity multiplied by \$45/kWh. The measure also would have offered tax refunds to power plants that spent more than \$50 million on environmental upgrades between 2013 and 2017.

CA Transportation Plans Praised

The California Air Resources Board outlined two transportation plans March 22 from the Southern California Association of Governments and Sacramento Area Council of Governments for their approaches to meet California's vehicle-related greenhouse gas emissions reduction targets for 2020 and

2034. Both transportation plans include sustainable communities strategy required under 2008 legislation (S.B. 375) to integrate transportation, land use, housing, and environmental planning with the state's climate policies. The board needs to review the proposed plans and then the final plans to ensure the sustainable communities strategy achieve the per-capital vehicle emissions reduction targets it established in 2010. The two year plans are among the first CARB must consider over the next two years.

MD Natural Gas Industry

The Maryland House of Delegates passed two measures March 20 that would address natural gas exploration and production in the Marcellus Shale formation, though such deep-shale drilling has not yet been allowed to proceed pending completion of a study by 2014. Both measures await action in the state Senate, where similar bills regarding study fees (S.B. 798/H.B. 1204) and presumptive liability (S.B. 636/H.B. 1123) are pending, with the General Assembly's April 9 adjournment quickly approaching.

California Electric Vehicles Settlement and Executive Order

On March 23, California Gov. Jerry Brown (D) announced that the California Public Utilities Commission signed off on a \$120 million agreement with NRG Energy Inc. to fund electric charging stations throughout the state, in order to facilitate the state's goal of having 1.4 million electric vehicles on the road by 2025. The agreement came as part of a settlement between Dynegy Inc. and the Department of Water Resources over electricity contracts. The terms of the agreement must still be finalized, but will require NRG to fund 200 public, fee-based, fast-charging stations, over four years, in the San Francisco area, Los Angeles area, San Diego, and the San Joaquin Valley, as well as another 10,000 plug-in facilities in homes, offices, universities, and hospitals throughout the state. The governor also issued an executive order calling on all the state's major cities to have adequate zero-emission vehicle infrastructure by 2015.

International

Quebec Budget Further Reduces GHGs

Quebec proposed a budget for fiscal 2012-2013 that includes a \$2.7 billion climate change action plan to reduce GHG emissions using funding from a cap and trade system announced last December. The government plans to formally introduce the climate plan, two-thirds of which would be allocated to the transportation sector, including \$1.5 billion for mass transit and alternative transportation initiatives, and the rest going to other projects, including green buildings and bioenergy, soon in the country's Quebec's National Assembly. As the province has the lowest annual emissions per capital among the provinces at 10.4 MT CO₂e in 2009, the cap and trade system is scheduled to take effect next January.

India's Budget Includes Climate Efforts

According to the *Economic Survey*, a document India's Finance Ministry releases the day before the annual federal budget is proposed, efforts to address climate change challenges and foster sustainable development should be important elements of the country's Twelfth Five-Year Plan (2012-17). India's budget for the fiscal year beginning April 1 was released March 16, and the "Sustainable Development and Climate Change" chapter outlined steps the country is taking to reduce and reverse environmental degradation, while making a case for global action to tackle climate change in accordance with the principle of common but differentiated responsibilities among developed and developing countries.

Technology Transfer Center Competition

The U.N. climate secretariat said March 19 that nine groups, including the Global Environment Facility and a consortium directed by the United Nations Environment Program, are competing to host a new international center to promote the transfer of clean energy technologies to developing nations. The Climate Technology Center is part of an effort by the 195 parties to the U.N. Framework Convention on Climate Change to promote the transfer of low-carbon technologies to developing nations to address global climate change. The center, which will address issues including intellectual property protection, was formally launched last December at the climate talks in Durban.

Global Aviation Emissions Negotiations

Speaking at the annual Aviation and Environment Summit March 21, Mary Veronica Tovsak-Pleterski, director for European and International Carbon Markets with the European Commission's Directorate

General for Climate Action, said that the European Union is ready to secure a global deal on reducing air transit emissions, but that it will not suspend application of its Emissions Trading System to encourage a multilateral solution. She noted that a global solution through the International Civil Aviation Organization is the best path forward, but stressed that the EU would not exercise its flexibility powers unless progress was made with the ICAO.

Aviation Biofuels Partnership

European-based Airbus, U.S. manufacturer Boeing, and Brazil's Embraer signed a memorandum of understanding March 21 at the Aviation and Environment Summit in Geneva pledging to work together on the development of drop-in, affordable biofuels. The three planemaker giants will pool their resources to promote the large-scale production and use of biofuels in the aviation sector.

Blueprint for Chinese Climate Change Law

On March 20, China's National Development and Reform Commission's climate change office released a draft climate change law authored by the Chinese Academy of Social Sciences. The Academy's draft recommends a total carbon emissions control system, low-carbon initiative standards, a market-based carbon emissions trading system, a system to hold government accountable for carbon intensity reduction, exemptions for certain key industries, and establish a carbon tax. Furthermore, the draft calls for special funds subsidizing areas most impacted by climate change, greater deployment of clean technology via a green credit system, and a clear penalty regime for businesses not in compliance.

China Releases Gas Plans

On March 19, China's National Development and Reform Commission unveiled its plans to run pilot exploration and production programs to tap shale natural gas deposits during the current Five-Year Plan (2011–2015), with full-scale development during the 13th Five-Year Plan (2016–2020). The commission is aiming to produce 6.5 billion cubic meters of shale gas by the end of 2015, and between 60 billion and 100 billion cubic meters annually by 2020.

China's Efficiency Audit Guidelines

On March 19, China's National Development and Reform Commission published an energy efficiency evaluation and auditing handbook for fixed-asset projects, for use by all levels of government and business.

Japanese Commission Provides Options for Energy Strategy

The Basic Issue Subcommittee of the Energy Commission, which reports directly to the Ministry of Economy, Trade and Industry's Agency of Natural Resources and Energy, released a report detailing four options for Japan's energy industry through 2030. The first option would be to continue with Japan's pre-Fukushima plan to boost nuclear to 45.2% of the country's portfolio, but none of the 25 commissioners supported this option. The second option lessened the increase of nuclear to 35% of the nation's portfolio with renewables rising from 10.2% in 2010 to 23% by 2030, but gained the support of just a single commission member. Seven ministers supported the third option, which eliminated nuclear power and called for a boosting of renewable energy to between 23% and 72% of the country's energy portfolio. The fourth proposal received the support of nine members, which reduces nuclear power's share to between 20% and 25, down from 26.5% in 2010; raises the share of renewable energy to between 13% and 37%; and reduces the energy from fossil fuel generation to 32% of total energy used, down from 56.9% in 2010. The four options will be reconciled and published as a single recommendation in the near future.

Guangdong Emissions Targets

The Chinese province of Guangdong's 12th Five Year Plan (2011-2015) pledges an 18% reduction of energy consumption per unit of gross domestic product (GDP) by 2015, a 14.8% reduction in sulfur dioxide emissions, a 12% reduction in chemical oxygen demand in wastewater, a 13.3% reduction in ammonia nitrogen levels in water, and a 16.9% reduction in atmospheric nitrogen oxides emissions, all compared with 2010 levels. No figure for carbon intensity was announced, but vehicle tailpipe emissions were also tightened. By 2015, the province wants all gasoline fuel up to China V standards and all diesel fuel up to China IV standards.

Miscellaneous

Wind Production Helped by PTC

Bloomberg New Energy Finance found March 19 that annual wind energy installations in the United States would sharply decline – from 9.5 GW of installed capacity expected in 2012 to 0.5 GW in 2013 – if the production tax credit for the wind energy installations is not extended. The tax credit, a 2.2 cent/kWh incentive that expires at the end of this year, is likely to receive bipartisan support, and numerous measures, including the March 15 American Energy and Job Promotion Act (S. 2201), would extend the tax credit for a number of years.

CRS on GCCI Funding

The Congressional Research Service released a report, *The Global Climate Change Initiative: Budget Authority and Request, FY2010-FY2013*, March 15 finding that the president's fiscal year 2013 budget request of \$770 million for international climate change activities is likely to face strong scrutiny given fiscal constraints and increased climate science skepticism. The administration established the Global Climate Change Initiative in 2010 to improve the coordination of international climate programs, which are primarily administered by the Departments of State and Treasury and the U.S. Agency for International Development. The budget request for the initiative includes \$203 million to assist vulnerable nations adapt to rising sea levels and other climate impacts, \$390 million for clean energy, and \$177 million for sustainable landscapes, as well as programs to promote low-carbon energy technologies through international finance institutions.

Fracking Harms Nearby Residents

The University of Colorado released a study, *Human Health Risk Assessment of Air Emissions from Development of Unconventional Natural Gas Resources*, March 19 concluding that air pollution resulting from fracking may contribute to acute and chronic health problems for those living near oil and gas drilling operations. In a three years of monitoring people living within a half mile of wells, the School of Public Health found a number of potentially toxic petroleum hydrocarbons in the air near oil and gas wells, including benzene, ethylbenzene, toluene, and xylene, and found that exposure to air pollutants during well completion activities presents the greatest harm.

NYC RE Landfill Facilities

New York City officials announced March 20 that the city is seeking contractors to design, build, install, and operate solar and wind power facilities at the city's closed Fresh Kills landfill on Staten Island. The facilities would provide 20 MW of electricity, doubling the city's current renewable energy capacity. About 75 acres at Fresh Kills are available for lease for development of large-scale facilities.

City Emissions Protocol

On March 20, the C40 Cities Climate Leadership Group and ICLEI-Local Governments for Sustainability released the Global Protocol for Community-Scale Greenhouse Gas Emissions, draft guidelines for measuring and reporting greenhouse gas emissions for cities. The protocol will allow cities to monitor and compare emissions over time. The protocol contains measurement and reporting guidelines for states, cities, counties, districts, or other entities as well as an implementation framework and a plan to update the standard on an ongoing basis. Public comments will be accepted through April 20, with a final version to be released May 15 at U.N. climate talks in Bonn.

Previous Decade Warmest in History

On March 23, the World Meteorological Organization, of the United Nations, released a preliminary report finding that the last decade will likely soon be confirmed as the hottest in recorded history. The report said that global land and sea temperatures increased by an estimated 0.46 degrees Celsius (or 0.82 degrees Fahrenheit) between 2001 and 2010, and that nine of those years were among the ten warmest on record, with 2010 being the warmest year on record. The final 2001-2010 figures will be published by the WMO later this year.