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ENERGY AND ENVIRONMENT UPDATE

April 22, 2013

ENERGY AND CLIMATE DEBATE

This past week, Congress was focused on reviewing the president's proposed Fiscal Year 2014 budget and nominees for several cabinet positions, and we also saw the introduction of the Shaheen-Portman energy efficiency bill that many feel could be enacted this congress. On Wednesday of this week, Senators Coons and Moran are expected to introduce another bill that many believe could be enacted in the 113th Congress – the Master Limited Partnership Parity Act. Sens. Chris Coons and Jerry Moran will be joined by Sens. Stabenow (D-MI) and Murkowski (R-AK). The bill will also be introduced in the House of Representatives by Reps. Ted Poe (R-TX), Mike Thompson (D-CA), Peter Welch (D-VT), and Chris Gibson (R-NY). Also this week, the full House is scheduled to consider a bill, H.R. 527, the Responsible Helium Administration and Stewardship Act, which would privatize helium reserves currently under control of the federal government.

CONGRESS

Moniz Responds to Committee Questions

On April 15, Energy Secretary Nominee Ernest Moniz provided written responses to questions from the Senate Energy and Natural Resources Committee. He advocated for a proposal to conduct a review of national energy policy in order to better prioritize research and development strategies. In 2010, the President's Council of Advisors on Science and Technology (PCAST) put forward the same proposal, a Quadrennial Energy Review, in order to identify anticipated executive and legislative proposals and to provide energy goals. PCAST recommended both an overall federal review and an Energy Department-specific review. Moniz has served on PCAST since 2009.

Boxer Outlines EPW Work, McCarthy Vote Soon

On April 16, Senate Environment and Public Works Chairman Barbara Boxer (D-CA) announced that the committee would vote on the nomination of Gina McCarthy to be Environmental Protection Agency (EPA) Administrator either the week of April 22 or when the Senate returns from recess on May 6. Following the nomination vote, the committee is expected to review the budget, ensure floor action on the Water Resources Development Act, and consider S. 332, the Climate Protection

Act of 2013. However, Republicans on the committee have suggested that the McCarthy nomination may be delayed, with Sen. James Inhofe (R-OK) saying the vote could be in a month and Sen. John Barrasso (R-WY) considering placing a hold on the nomination.

Subcommittees Examine Wind Incentives

On April 16, the House Science, Space, and Technology Subcommittees on Energy and Oversight held a joint hearing on federal incentives for wind energy, focusing on a recent Government Accountability Office (GAO) report. The report found that the incentives for wind energy totaled \$4 billion in Fiscal Year 2011, and that there was duplication and overlapping of federal incentives. American Wind Energy Association (AWEA) interim CEO Rob Gramlich responded that only two of the 82 incentives identified by the report were specifically for wind energy. Republicans on the committee encouraged the phase out of one incentive, the production tax credit (PTC), which provides 2.3 cents per kilowatt hour. AWEA has produced a proposal for a six year phase-out, but opponents of the PTC support its expiration at the end of 2013.

Keystone XL Bill Reported Out of House Committee

On April 16 and 17, the House Subcommittee on Energy and Power and the full Energy and Commerce Committee voted to approve H.R. 3, the Northern Route Approval Act. The legislation would expedite judicial review of the Keystone XL pipeline and would remove the requirement of a presidential permit for pipeline, saying the State Department analysis and environmental review is adequate for approval. On April 16, the Subcommittee on Energy and Power approved the bill by a vote of 17-9; the Republicans on the subcommittee were joined by Rep. John Barrow (D-GA) Rep. Gene Green (D-TX) in support of the bill. On April 17, the House Energy and Commerce full committee voted to send the bill to the floor by a vote of 30-18. Rep. John Barrow (D-GA), Rep. Bruce Braley (D-IA), Rep. Gene Green (D-TX), and Rep. Jim Matheson (D-UT) joined the Republicans in support of the bill. A floor vote is expected to be scheduled in May. Republicans on the committee have said they do not anticipate the Senate to consider the bill.

Committee Reviews FY14 Climate Change Research

On April 17, the House Science, Space, and Technology Committee held a hearing examine the proposed fiscal year 2014 (FY14) budget for science agencies. At the hearing, the committee split along party lines over the budget request for the U.S. Global Change Research Program, an initiative that studies climate change, desertification, forests, ocean acidification, and soils. President Obama's proposed budget requests \$2.7 billion in funding for the program, with money coming from 13 different federal departments and agencies. Republicans criticized the spending, saying it took money from agencies unrelated to climate, while Democrats said the spending was crucial to fighting climate change. The research program is part of the total \$69.6 billion in budget requests the committee will be examining; the subcommittees will consider the budgets for the agencies under their jurisdiction at hearings in the upcoming weeks.

Moniz Passes Senate Committee

On April 18, the Senate Energy and Natural Resources Committee voted to approve the nomination of Dr. Ernest Moniz to be Secretary of Energy by a vote of 21-1. Sen. Tim Scott (R-SC) was the only vote in opposition to the nomination; he cited the administration's plan to cut funding by \$200 million to reprocess weapons-grade plutonium as the reason he voted against the nomination. Chairman Ron Wyden (D-OR) said he anticipates the full Senate will vote on the nomination the week of April 22; it is expected that Dr. Moniz will be confirmed.

Shaheen-Portman Reintroduced

On April 18, Sen. Jeanne Shaheen (D-NH) and Sen. Rob Portman (R-OH) reintroduced their bill S. 761, the Energy Savings and Industrial Competitiveness Act ("Shaheen-Portman"). The legislation encourages the adoption of energy efficiency technologies in buildings, in manufacturing, and in the federal government. Included in the bill is an initiative for sustainable manufacturing, a rebate program for energy efficient electric motor purchases, and a supply chain program that promotes efficiency. Language to expand a Department of Energy loan guarantee program, which was in the 112th version, was not included in this bill; a state-based financing program was included instead. The bill will be considered by the Senate Energy and Natural Resources Committee during a hearing on April 23.

Boehner Outlines House Actions

On April 18, Speaker of the House John Boehner (R-OH) said the House will have a particular focus on domestic energy production bills in the upcoming weeks, praising these bills for creating jobs. While he did not mention any bills by name, an aide said the House will likely vote on H.R. 3, the Northern Route Approval Act, in May; that piece of legislation removes the presidential permit for the Keystone XL Pipeline. Other bills that are anticipated to move quickly through committee are H.R. 1582, the Energy Consumers Relief Act, and H.R. 1613, the Outer Continental Shelf Transboundary Hydrocarbon Agreements.

Wyden Urges More Natural Gas Research Funding

On April 18, Senate Energy and Natural Resources Chairman Ron Wyden (D-OR) and Ranking Member Lisa Murkowski (R-AK) voiced their support for more funding to research fossil fuel energy and natural gas technologies at a hearing examining the fiscal year 2014 (FY14) budget for the Department of Energy. Sen. Wyden cited the natural gas boom as a reason why the Department needs to better examine hydraulic fracturing practices and technology. The president's proposed budget cuts funding for the Fossil Energy Research and Development Program by \$95 million, or 18 percent, from 2012 levels. At the hearing, Sen. Wyden and Sen. Murkowski also advocated for more hydropower funding; the budget cut the water power program by 5 percent from 2012 levels.

Subcommittee Reviews FY14 Budget, National Ocean Policy

On April 18, the House Natural Resources Subcommittee on Fisheries, Wildlife, Oceans, and Insular Affairs reviewed the fiscal year 2014 (FY14) budget request for the National Oceanic and Atmospheric Administration (NOAA), the White House Council on Environmental Quality (CEQ), and the U.S. Fish and Wildlife Service. CEQ saw a budget cut from 2012 levels while the budget requests for NOAA and Fish and Wildlife were higher than 2012 levels. When asked if NOAA and Fish and Wildlife could survive with 2 percent budget cuts, leadership for those two agencies said they could cope with whatever amounts are appropriated. At the hearing, CEQ Chairman Nancy Sutley discussed the April 16 National Ocean Policy released by the Obama administration. She said the policy, which coordinates current marine policies without requiring new funding, is voluntary for states.

Subcommittee Questions FY14 FWS Budget

On April 18, the House Appropriations Subcommittee on Interior, Environment, and Related Agencies examined the fiscal year 2014 (FY14) budget request for the U.S. Fish and Wildlife Service. The budget prioritized endangered species protection and energy development as the top issues; the agency saw a \$9.5 million increase from 2012 levels for species protection and a \$7.4 million increase for renewable energy initiatives. The budget also proposed an increase of \$1 million for biological carbon sequestration research; Subcommittee Chairman Mike Simpson (R-ID) said that that there should be better coordination between government agencies on research.

RFS White Paper Released

On April 18, the House Energy and Commerce Committee produced a white paper on the renewable fuel standard (RFS). The bipartisan paper looked at the RFS's impact on the agricultural sector, particularly on rural economics, Environmental Protection Agency (EPA) decisions, and the price of corn, soybeans, and food. The paper will be open for stakeholder comment until April 29.

Reid Appoints Jaczko to Advisory Panel

On April 18, Senate Majority Leader Harry Reid (D-NV) appointed former Nuclear Regulatory Commission (NRC) Chairman Gregory Jaczko to the Congressional Advisory Panel on the Governance of the Nuclear Security Enterprise. The FY13 National Defense Authorization Act (NDAA) created the 12 member panel which is designed to make recommendations to improve the Department of Energy National Nuclear Security Administration (NNSA); that recommendation is due by February 2014. Jaczko resigned from the NRC last summer amid allegations of verbally abusing staff members.

MLP Parity Act

On Wednesday, April 24, a bipartisan group in the Senate and House will reintroduce updated versions of the Master Limited Partnership Parity Act for the 113th Congress. Original cosponsors of the MLP Parity will include Senators Chris Coons (D-DE), Jerry Moran (R-KS), Debbie Stabenow (D-MI), and Lisa Murkowski (R-AK); and Congressmen Ted Poe (R-TX), Mike Thompson (D-CA), Peter Welch (D-VT), and Chris Gibson (R-NY).

A Master Limited Partnership (MLP) is a business structure that is taxed as a partnership, but whose ownership interests are traded like corporate stock on a market. The bill sponsors argue that leveling the playing field and allowing new energy projects to compete with traditional energy projects is an essential part of an all-of-the-above energy strategy. This bipartisan legislation would allow the renewable power, energy efficiency, biofuels and broader clean energy industries the same access to low cost private capital that other energy interests currently receive through MLPs.

Summary of newly eligible renewable electricity and fuels activities

- Solar (PV and CSP)
- Wind
- Hydropower
- Marine/Hydrokinetic
- Fuel Cells
- Electricity Storage
- Combined Heat and Power
- Biomass
- Waste Heat to Power
- Renewable Fuels
- Biodiesel
- Biorefineries (for biofuels and chemicals)
- Energy Efficient Buildings
- Carbon Capture and Storage

Those entities that want to publicly endorse the bill are encouraged to contact Sen. Coons' office before 2pm on Tuesday, April 23.

Bills Introduced

- On April 15, Rep. Mike Pompeo (R-KS) and nine other Republican representatives introduced H.R. 1569, a bill that would end certain energy subsidies and would lower the corporate income tax rate.
- On April 16, Rep. Bill Cassidy (R-LA) introduced H.R. 1582, the Energy Consumers Relief Act of 2013. The bill would prohibit the Environmental Protection Agency (EPA) Administrator from enacting final rules on energy issues that would either cost more than \$1 billion to

implement or would cause severe adverse economic effects. The legislation was designed to increase EPA transparency, promote job growth, and ensure the Energy Secretary played a significant role in energy policies.

- On April 18, Sen. Jeanne Shaheen (D-NH) and Sen. Rob Portman (R-OH) reintroduced S. 761, the Energy Savings and Industrial Competitiveness Act (“Shaheen-Portman”). The legislation would promote residential, commercial, and industry energy savings. Rep. David McKinley (R-WV) and Rep. Peter Welch (D-VT) introduced the House version of the bill, H.R. 1616.

Upcoming Hearings

- On April 23, the Senate Energy and Natural Resources Committee will hold a hearing to consider S. 306, the Bureau of Reclamation Small Conduit Hydropower Development and Rural Jobs Act; S. 545, the Hydropower Improvement Act of 2013; H.R. 267, the Hydropower Regulatory Efficiency Act of 2013; and S. 761, the Energy Savings and Industrial Competitiveness Act (“Shaheen-Portman”).
- On April 24, the House Natural Resources Committee will continue the markup of H.R. 3, a bill to approve the Keystone XL pipeline which was approved by the House Energy and Commerce Committee last week.
- That same day, the Senate Appropriations Subcommittee on Interior-EPA will hold a hearing on the president’s FY 14 budget, with testimony from Acting EPA Administrator Bob Perciasepe and Acting EPA CFO Maryann Froehlich.
- Also on April 24, the House Appropriations Subcommittee on Agriculture will hold a hearing on USDA’s natural resources and environment programs.
- On April 25, the Senate Energy and Natural Resources Committee will hold a hearing to explore drought and the effects on energy and water management decisions.
- That same day, the House Science Subcommittee on Environment will hold a hearing on policy-relevant climate issues in context.
- Also on April 25, the House Science Subcommittee on Environment and Subcommittee on Energy will hold a joint hearing on federal hydraulic fracturing research activities.

ADMINISTRATION

Presidential Order Challenged

On April 15, the Obama administration issued a reply memorandum to the U.S. District Court for the District of Columbia, urging the dismissal of a complaint by Ralls Corp., a company owned by Chinese nationals that attempted to acquire wind farms in the U.S. In September 2012, two presidential orders were released: one to prevent the acquisition of four wind farm companies by Ralls and one to order the divestment by Ralls of the wind farm companies. The company claims the President should, under the Due Process clause, disclose what information he used when issuing the presidential orders. An earlier decision dismissed most of the complaint except the due process question. The reply memorandum said the company did not have any property interest, meaning the President did not have to follow any particular procedure.

DEPARTMENT OF ENERGY

EIA 2013 Outlook Partially Published

On April 15, the Energy Information Administration (EIA) released part of its Annual Energy Outlook 2013. The report said the energy use per person is expected to decline between 2011 and 2040 due to increased appliance and vehicle energy efficiency standards; the study predicted that

energy use per capita will be at 1963 levels by 2034, around 270 million Btu per person. The report also said states will meet or exceed renewable energy goals set up by their renewable portfolio standards (RPSs). Through the 2020s the renewable energy surplus will decline as only a little capacity will be added, and technology in the mid-2030s will spur competition between renewable and traditional energy. By 2040, state utilities are expected to generate 619 billion kilowatt-hours of renewable energy, 184 billion kilowatt-hours above RPS standards. In addition, the report anticipated that the U.S. economy will shift away from energy-intensive manufacturing sectors like refineries and towards the service sector. While additional sections will be published in the upcoming weeks, the full report will be released on May 2.

ENVIRONMENTAL PROTECTION AGENCY

EPA Settlement Imminent in TN, MO Cases

On April 11, the Environmental Protection Agency (EPA) announced it would reach two major conclusions on lead pollution issues in Tennessee and Missouri by August 15. The EPA agreed it would approve or disapprove the Tennessee state implementation plan 2008 national ambient air quality standard for lead in addition to determining if the Herculaneum nonattainment area in Missouri met the 1978 lead standard. The announcement came in the proposed consent decree for a case in the U.S. District Court for the Northern District of California; the Center for Biological Diversity and the Center for Environmental Health filed the suit against the agency, saying it did not act by the April 2011 and then October 2008 deadlines for the Tennessee and Missouri issues, respectively.

Greenhouse Gas Emissions Report Published

On April 15, the Environmental Protection Agency (EPA) published its report, *Inventory of U.S. Greenhouse Gas Emissions and Sinks*. The study found that greenhouse gas emissions in the U.S. in 2011, which totaled 6.702 billion metric tons, were reduced by 1.6 percent from 2010 levels and by 6.9 percent from 2005 levels. The report pointed to mild winters, reduced coal use, and vehicle efficiency as reasons why emissions declined. However, overall greenhouse gas emissions have risen since 1990 by 8.4 percent. The 18th annual report was submitted to the United Nations Framework Convention on Climate Change Secretariat.

Power Plant Rule Challenge

On April 17, several environmental groups and states sent a 60 day notice of their intent to sue the Environmental Protection Agency (EPA) for missing the April 13 final rule deadline for a regulation involving new fossil fuel-fired plants. The rule involved new source performance standards for carbon dioxide emissions. The states intending to sue are Connecticut, Delaware, Maine, Massachusetts, New Mexico, New York, Oregon, Rhode Island, Vermont, and Washington. The Environmental Defense Fund, the Natural Resources Defense Council, and the Sierra Club are the environmental groups considering challenging the EPA. In addition, New York City and Washington, D.C. are also intending to sue.

Greenhouse Gas Regulations Appeal

On April 18, several groups appealed to the Supreme Court an appellate court June 2012 decision that upheld the Environmental Protection Agency's (EPA's) authority to generate greenhouse gas regulations for stationary sources. They asserted the EPA can only regulate carbon monoxide, lead, nitrogen oxides, ozone, particulate matter, and sulfur dioxide under the prevention of significant deterioration permitting program; they argued that the EPA could not regulate greenhouse gases. The petitioners included the American Chemistry Council, the American Fuel and Petrochemical Manufacturers, the American Petroleum Institute, the Coalition for Responsible Regulations, Alpha

Natural Resources, Great Northern Project Development, the National Association of Home Builders, and the National Cattlemen's Beef Association.

Industry Comments on Renewable Fuel Credits

On April 18, the American Petroleum Institute (API) and the American Fuel & Petrochemical Manufacturers (AFPM) submitted comments to EPA regarding a proposal to establish a voluntary verification program for renewable fuel credits. The groups say that they "generally support" the proposal – the Renewable Identification Number (RIN) Quality Assurance Program – and acknowledge that it would aid in efforts against fraud in the market for renewable fuel credits, while providing parties that unwittingly purchase invalid RINs with a legal defense. However, API and AFPM did express concerns that the program would move some enforcement responsibility from EPA to third-party auditors.

EPA Advisory Committee Concerned About Early Life Ozone Effects

On April 18, members of EPA's Children's Health Protection Advisory Committee expressed concerns that, as the agency develops a new ozone air quality standard, it may not be considering the effects of ozone on respiratory and other health issues early in life.

EPA Issues New Effluent Guidelines

On April 19, the EPA issued new effluent guidelines regarding the regulation of discharges of toxic pollutants from nuclear, coal, oil, and natural gas-fired power plants. The changes are the first since 1982 and are aimed at addressing mercury, zinc, phosphorus, selenium, and other pollutants discharged to surface waters via coal ash ponds, wastewater, and flue gas desulfurization systems installed in power plants to control the emission of sulfur dioxide. The proposed standards would be phased in from 2017 to 2022.

EPA Official Cautions Solar Developers on Landfill Projects & Liability

On April 19, the director of EPA's Emergency & Remedial Response Division for Region 2, speaking at event hosted by the American Law Institute, said that solar developers need to ensure that they have addressed environmental liability issues when developing solar farms on closed landfills. At issue is how damage to the landfill cap and any resulting liability issues would be handled.

DEPARTMENT OF THE INTERIOR

Fracking Environmental Risks Challenge

On April 18, the Center for Biological Diversity and the Sierra Club filed a suit against Interior Secretary Sally Jewell and the Bureau of Land Management (BLM) over hydraulic fracturing leases in California. The groups assert that Secretary Jewell and BLM did not fully consider the environmental risks of fracking when they approved the auction of 17,000 acres in Fresno, Monterey, and San Benito counties for oil and gas development; the groups filed a similar suit a few months ago in an attempt to cancel the leases.

NUCLEAR REGULATORY COMMISSION

San Onofre Finding Published

On April 16, the Nuclear Regulatory Commission (NRC) released the preliminary finding on SoCal Edison's proposal for the San Onofre facility. The NRC concluded that the plan to restart a reactor "involves no significant hazards consideration." The finding is open for comments for the next 30 days.

FEDERAL ENERGY REGULATORY COMMISSION

Possible Cybersecurity Standard Expansion

On April 18, the Federal Energy Regulatory Commission (FERC) released a proposed rule to improve cybersecurity. The proposal includes plans to conduct vulnerability assessments, encourage incident reporting and response planning, improve systems security management, and tackle electronic security perimeter issues. The proposal also includes the creation of a tiered classification system for the electric grid. FERC will be collecting comments on the rule up to 60 days after its publication.

Order 1000 Compliance Filing Actions

On April 18, the Federal Energy Regulatory Commission (FERC) conditionally approved compliance filings for, conditionally accepted compliance filings for, and granted waivers to six different entities under Order 1000, a rule to encourage long-distance transmission facility construction that incorporates public policy goals like renewable energy generation. FERC conditionally approved the compliance filings for the California Independent System Operator and the New York Independent System Operator, organizations that coordinate the grid in their respective states. The compliance filings for South Carolina Electric and Gas Co. and NorthWestern Corp. were conditionally accepted; FERC rejected the utilities' cost allocation methodology. Lockhart Power Co. and Alcoa Power Generating Inc. were granted waivers because their transmission systems are limited. All six entities have been requested to submit revisions to their filings within 120 days.

DEPARTMENT OF AGRICULTURE

USDA, FAA Aviation Biofuels Collaboration

On April 15, the U.S. Department of Agriculture (USDA) and the Department of Transportation's Federal Aviation Administration (FAA) announced a five year extension of an agreement to develop commercial aviation biofuels. The goal of the collaboration is to produce 1 billion gallons of drop-in aviation biofuel annually by 2018 in order to decrease dependence on foreign oil, solve environmental issues, and stimulate the biofuels industry. The two departments previously had a three year agreement, the "Farm to Fly" initiative.

Jurisdiction Questions in Power Plant Case

On April 16, the U.S. Court of Appeals for the District of Columbia Circuit hinted during oral arguments that a case involving the requirement of an environmental assessment of a Kansas coal-fired power plant might not fall in its jurisdiction. The U.S. District Court for the District of Columbia said in a January 2012 decision that the U.S. Department of Agriculture (USDA) Rural Utilities Service must create an environmental impact statement before approving any action at the plant; the Service had already given approvals and provided financial assistance for the Holcomb Expansion Project prior to the case. The appellate court said it does not normally hear appeals made by a private company about cases remanded to government agencies.

STATE DEPARTMENT

Public Comment Ends on Keystone XL Project

On April 22, the State Department public comment period on a supplemental environmental review of the Keystone XL pipeline ended. The department will now review the comments and prepare a final environmental impact statement. Once the final statement is issued, the department will start

the process for making a national interest determination on whether to issue a cross-border permit for the project, which would run from Canada down to Texas. The determination is subject to a 90-day interagency review, with the president making the final decision on the project.

DEPARTMENT OF TREASURY

IRS Defined Wind PTC Language

On April 15, the Internal Revenue Service (IRS) released its definition for qualifying language in the wind production tax credit (PTC). In January, Congress changed the language of the PTC, attempting to allow more projects to qualify. The IRS explained that wind projects that have a “physical work of a significant nature” or that have qualified for particular safe-harbor provisions by January 1, 2014 qualify for the PTC. Preliminary activities such as clearing a site, licensing, permitting, and researching do not count as physical work. If the project meets the physical work requirement and shows that at least 5 percent of the total project cost has been incurred, it will qualify either for a tax credit of \$0.023 for every kilowatt-hour produced for the first 10 years of the project or an investment tax credit equal to 30 percent of the project’s cost when construction is complete. An analysis by ML Strategies of the IRS notice is attached.

DEPARTMENT OF TRANSPORTATION

FHWA Projects to Study Effects of Climate Change on Transportation

On April 17, the Federal Highway Administration (FHWA) announced new funding for 19 transportation agencies to identify infrastructure at risk from climate change and extreme weather. The vulnerability assessment pilot project grants are the second round of grant funding from FHWA to aid transportation agencies nationwide determine the vulnerability of their transportation assets. State transportation agencies receiving grants include, AZ, CA, CT, IA, ME, MD, MA, MI, MN, NY, OR, TN, and WA.

INTERNATIONAL

Chinese Companies to Co-Invest in Renewables Projects

On April 10, China Wind Power and CNNC Rich Energy, a renewables subsidiary of China National Nuclear Corporation, signed a Strategic Cooperation Agreement to provide 700 MW of renewable capacity by 2015. The goal of the agreement is to provide China with 500 MW of wind energy and 200 MW of solar energy. China Wind Power already has projects with 28 GW of wind and 5 GW of solar capacity.

European Commission Fuel Economy Proposal Published

On April 15, the European Commission released a proposal to amend a 1996 European Union Directive on permitted dimensions of trucks in order to improve fuel economy. The proposal includes lengthening truck cabs to reduce air resistance and increasing maximum weight to install heavier yet more efficient batteries. The Commission said the proposal could reduce fuel costs by 5,000 euros per 100,000 kilometers, or \$6,540 per 62,137 miles. If approved by the European Parliament and EU Council, the new vehicles could start being produced in 2018.

European Commission Climate Change Strategy Paper Published

On April 16, the European Commission published its strategy paper on climate change action plans titled: *An EU Strategy on Adaptation to Climate Change*. The Commission advocated that the European Union should focus on greenhouse gas emissions to reduce the risk of climate change.

The report advocated for the adoption of strategies to manage extreme weather events. The report also suggested that the European Union create a law requiring adaptation plans either if not all of the countries have created strategies or if these plans are deemed inadequate. Of the 27 European Union member states, 12 countries do not currently have any adaptation strategy to deal with the impacts of climate change; these countries are Bulgaria, Cyprus, the Czech Republic, Estonia, Greece, Italy, Latvia, Luxembourg, Poland, Romania, Slovakia, and Slovenia.

European Commission Pushes Non-Financial Disclosures

On April 16, the European Commission proposed changes to European Union accounting laws requiring disclosure of non-financial information such as environmental and social policies, risks, and results. The amendments would apply to companies with 500 or more employees, or about 18,000 total companies in the European Union; they were not applied to small- and medium-sized companies because they were deemed too costly for those businesses. Opposition to the proposal includes those saying it would demotivate the market or if is too weak to create any real change. The proposals must be approved by the European Parliament and the Council of Members.

European Parliament Ratifies ETS Airlines Deferral

On April 16, the European Parliament approved a proposal to delay the introduction of international airline's into the Emissions Trading System (ETS) by a vote of 577-114 with 21 abstaining. The proposal, an informal agreement made by EU members back in March, was designed to let the International Civil Aviation Organization (ICAO) host internal discussions on greenhouse gas reduction mechanisms. According to a 2008 law, airlines had to submit 2012 emissions and permits by the end of April 2013; the deferral means airlines must submit 2013 data by the end of April 2014. Flights within the EU, however, must hand in allowances for 2012 emissions by April 30.

European Parliament Votes Down ETS Auction Deferral

On April 16, the European Parliament rejected a proposal to delay the auctioning of 900 million emission allowances in the emissions trading system (ETS) until 2019-2020 rather than the scheduled date of 2013-2015. The proposal would amend the ETS Directive to allow the European Commission to change the timing of auctions. One allowance allows the emission of one metric ton of carbon dioxide, and there is currently a surplus of allowances. The surplus has been tied to the recession slowing industrial production. The proposal was designed to generate a short-term price hike; the EU carbon price has fallen to a level determined to be too low to stimulate investment. The Parliament voted 334-315 against the proposal with 63 abstentions; the plan was sent back to the environment committee.

Clean Energy Ministerial Meeting Held

On April 16 and 17, 23 energy ministers attended the 4th Clean Energy Ministerial meeting. Representatives from India pledged to increase the country's renewable energy capacity to 55,000 megawatts by 2017; it currently stands at 25,000 megawatts. At the meeting, the International Energy Agency (IEA) released its *Tracking Clean Energy Progress* report. The report found that carbon dioxide emissions per unit of power have remained steady over the past two decades despite the recent renewable energy boom. In 1990, 2.39 metric tons of carbon dioxide was released per ton of oil-equivalent; in 2010, that measurement was at 2.37 metric tons. The report advocated for low-carbon energy technologies. The report also found that from 2011 to 2012 solar capacity grew globally by 42 percent and wind capacity grew 19 percent. Focusing on the U.S., the report said the shale gas revolution reduces greenhouse gas emissions in the short-term but is a regional phenomenon. Energy Secretary Steven Chu, who was in attendance at the meeting, said

the revolution was both good and bad because it did pose the risk of increasing pollution in the water tables.

Global Wind Energy Report Released

On April 17, the Global Wind Energy Council (GWEC) released its report *Global Wind Report Annual Market Update 2012*, examining global installed wind power capacity. The report found that by the end of 2012 global capacity was 282.5 gigawatts. The leaders in new capacity additions were the United States with 13.12 gigawatts, China with 12.96 gigawatts, and the European Union with 11.9 gigawatts. It is the first year since 2009 that the U.S. surpassed China in capacity additions. The report cited climate change mitigation, energy security, local economic development, and local pollution issues, and price stability as to why wind power has excelled. However, the report warned that policy uncertainty could harm the wind industry; the study pointed to the European Union carbon price and U.S. production tax credit as two such examples.

India Opposes U.S. Renewable Energy Incentives

On April 17, India claimed American incentives like credits and rebates for renewable energy at the state and local level violate global trade rules. India cited incentives in Austin, Los Angeles, the state of California, and the state of Michigan, saying these programs are contingent upon the use of domestic products. The complaint, which was forward to the World Trade Organization (WTO), said the programs violate the Agreement on Trade-Related Investment Measures (TRIMs) and the General Agreement on Tariffs and Trade (GATT) because they do not provide the same treatment to goods made in different countries. The claim has been seen in response to the February 6 WTO dispute settlement initiated by the U.S. over a national solar program in India.

Linking Cap-and-Trade Regimes

On April 17, U.N. Framework Convention and Climate Change Executive Secretary Christiana Figueres gave the keynote speech at the Navigating the American Carbon World conference in San Francisco, highlighting the importance of linking different carbon trading systems across the globe. At the conference, public officials from California and Quebec discussed plans to link their governments' respective greenhouse gas emissions trading programs at the Navigating the American Carbon World conference in San Francisco. The California Air Resource Board began consideration of regulations tying the programs together on April 19. Representatives from British Columbia also expressed interest in adopting a cap-and-trade program to be linked with other regional programs.

Mauritania Solar Plant Goes Online

On April 18, the clean energy company Masdar opened its 30,000 solar photovoltaic (PV) panel planet, the Sheikh Zayed Solar Power Plant, in Nouakchott, Mauritania. The plant cost \$32 million and will generate 15 megawatts of solar PV power. Masdar has said the plant, which is the largest PV plant in Africa, will generate 10 percent of the current electricity load delivered in Mauritania and will displace 21,000 tons of carbon emissions annually in the country. The company first designed the plant as part of the United Nation's Year of Sustainable Energy for All, an initiative designed to double energy efficiency and clean energy capacity in order to help those who cannot afford it.

National Trust's Renewable Energy Roadmap Revealed

On April 18, the United Kingdom conservation group National Trust outlined its goal to generate half of its power from renewable energy sources and to reduce energy consumption by 20 percent by 2020. The group owns nearly 62,000 acres of land across the UK. The overall plan includes 27 percent hydropower, 21 percent biomass, 1 percent heat pumps, and .5 percent solar; National

Trust Chairman Simon Jenkins has frequently expressed opposition to wind power on national trust sites because they are deemed too sensitive. The Trust anticipates a return of capital of 10 percent as a result of this switch.

WTO China Rare Earths Ruling Due in November

The World Trade Organization (WTO) announced its dispute panel will release a ruling on a case involving rare earths exports from China by November 21. The U.S., the European Union, and Japan petitioned the WTO, saying Chinese export duties, export quotas, and restrictions for rare earths violate international trade rules and the country's 2001 WTO accession agreement. China responded to the July 2012 allegation that the restrictions improve economic development and protect natural resources. These resources are often used in manufacturing, especially for energy efficient lighting, hybrid car batteries, and wind turbines. A previous WTO ruling on a case filed by the U.S., the European Union, and Mexico found China at fault for raw material restrictions.

Canadian GHG Emissions

On April 18, Environment Canada, in its 2013 National Inventory Report to the United Nations Framework Convention on Climate Change, said that overall Canadian greenhouse gas emissions increased slightly in 2011, as a result of higher emissions from oil and gas, while certain industry sectors, including agriculture, land use, and forestry, saw a decline in GHG emissions.

STATES

California and Quebec Link Cap-and-Trade Programs

On April 16, the California Air Resources Board (CARB) approved the proposal to link the state's and Quebec's cap-and-trade programs. The resolution allows companies to buy offsets in one area in order to comply with standards in the other. Several environmentalists testified at the CARB hearing; many praised the plan, but a few said the proposal needs to ensure flexibility.

California Cap-and-Trade Taxes Challenge

On April 16, a coalition of businesses and trade groups led by the Morning Star Packing Co. filed suit in the California Superior Court in Sacramento County against the California Air Resources Board (CARB) over the emissions cap-and-trade program's greenhouse gas allowance auction. The coalition questioned whether CARB has the authority under the Global Warming Solutions Act of 2006 to host the auction and requested the auction be deemed an illegal tax. While all the plaintiffs excluding Morning Star Packing have not participated in an auction, they claimed these auctions have led to higher fuel and energy costs.

California Reduces Emissions

On April 17, the California Department of Transportation issued a report titled "CalTrans Activities to Address Climate Change," showing that measures to reduce greenhouse gas emissions has cut the department's annual total by 108,711 tons. This is the equivalent of 31,000 vehicles being removed from the roadway.

SUSTAINABILITY

TEEB for Business Coalition Environmental Costs Report Released

On April 15, the Economics of Ecosystems and Biodiversity (TEEB) for Business Coalition released its report *Natural Capital at Risk: The Top 100 Externalities of Business* which analyzed the environmental costs of doing business. Prepared by Trucost, the report found that the

environmental impact of business, such as health costs related to air pollution and loss of natural resources, account for \$4.7 trillion in the global economy per year. The Coalition, which includes the World Business Council for Sustainable Development and the World Wildlife Fund (WWF), recommended that companies mitigate exposure to risks in order to support their supply chain and improve investment.

Sustainability Reporting Draft Framework Released

On April 16, the International Integrated Reporting Council released the draft framework of a proposal to combine financial and sustainability reporting for companies. The council advocated for the combined reports, saying it prevents the misallocation of resources and therefore lowers capital costs. The draft said companies should examine financial, human, intellectual, manufactured, natural, relationship, and social capital. The proposal includes reporting environmental challenges like climate change. The framework will be open for public comments until July 15, and the council will release the final version in December.

Investors and Sustainability Report Released

On April 16, Ernst & Young released its report on investors' opinions on sustainability reporting titled: *How Today's Investors Are Framing Conversations on Corporate Sustainability*. The report found that 45 percent of all shareholder proposals in 2013 through April 1 focused on environmental and social issues, particularly employee diversity, sustainability reports, and oversight of political spending and lobbying. The report also found that the average shareholder voting support for environmental and social proposals was at 19 percent in 2012, up from 10 percent in 2005. A quarter of the proposals received at least 30 percent support which is the level at which many boards take note of an issue.

MISCELLANEOUS

UC Berkley Law School Studied CA Fracking Oversight

On April 11, the law school at the University of California, Berkley released its report *Regulation of Hydraulic Fracturing in California: A Wastewater and Water Quality Perspective*. The report found that the state's current law and past proposals do not provide enough oversight of hydraulic fracturing to protect surface water from contamination. Recommendations put forward by the report include creating tax exemptions to encourage wastewater recycling, monitoring the disposal of fracking waste, requiring a 30 day advance notice of hydraulic fracturing, and requiring companies to disclose chemicals including ones considered trade secrets.

National Research Council Critiques Federal Climate Change Action

On April 15, the National Research Council released its report *A Review of the Draft 2013 National Climate Assessment* which critiqued a federal advisory council's draft *National Climate Assessment*. The National Research Council praised the objectives to further study the potential impacts of climate change but felt the government should provide more guidance and information on practical steps to adjust to climate change. The Council also encouraged the final report to study the potential infectious disease threats associated with climate change as well as the impacts to cities beyond sea-level rises and storm surges. The *National Climate Assessment* is written by representatives from 13 federal agencies, and the final report is due out in early 2014.

RGGI Review Released

On April 16, Potomac Economics released its report *Annual Report on the Market for RGGI CO₂ Allowances: 2012*, studying the acquisition, price, and trading trends in the Regional Greenhouse

Gas Initiative (RGGI) cap-and-trade program market. The report found that competition was not curbed during the four auctions in 2012; 18 auctions have been held since the program's inception through the end of 2012, selling 498 million allowances and totaling \$1.1 billion. The report also found that emissions prices were stable in 2012, with monthly averages ranging from \$1.93 to \$2.01.

AEE Report on Advanced Energy Certainty Released

On April 17, the Advanced Energy Economy (AEE) released its report *Accelerating Advanced Energy in America* which interviewed CEOs of advanced energy companies. The report found that the CEOs wished for more policy certainty. It identified politicization, inadequate support for research and development, and regulations that did not account for new technology as reasons why uncertainty has been created. The CEOs advocated for federal regulations that meet certain standards to spur growth in the advanced energy sector while not choosing one technology over another.

Pew Clean Investment Study Released

On April 17, the Pew Charitable Trusts released its report *Who's Winning the Clean Energy Race: 2012 Edition* which studied the clean energy investment trends by G-20 nations. The study found that the world installed 88 gigawatts of capacity in 2012 despite global clean energy investment being down 11 percent from the year before. In the Americas, clean energy financing totaled \$50.3 billion in 2012, down 31 percent from 2011 levels. The U.S. specifically had \$35.6 billion in investment in 2012. The report identified China as the clean energy investment leader with \$65.1 billion.

Report on Renewable Energy and the Grid

On April 17, the Civil Society Institute released its report *Meeting Load with a Resource Mix beyond Business as Usual* which examined the relationship between increased use of renewable energy and grid reliability. The study, conducted by Synapse Energy Economics Inc., found that the increased use of solar, wind and other renewable energy will not negatively impact the reliability of the electric grid. 99.4 percent of the time, the grid was found to meet or exceed demand without having to import energy or use reserve energy. To improve grid capability, the report recommended improving large power transfers, increasing storage for regions that utilize wind, investing in transmission technology, and making generation and capacity more flexible.