



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

As Washington prepares for snow, energy issues continue to heat up in the second session of the 114th Congress.

Senate Energy and Natural Resources Committee Chair Lisa Murkowski (R-AK), who is up for reelection, is hoping to secure floor time as soon as possible for the bipartisan energy package (S. 2012) that cleared the committee last summer. Among other things, the measure includes language to increase energy efficiency, renewable energy, energy infrastructure, and grid security, as well as impose deadlines on the Department of Energy to make final decisions on natural gas exports, permanently reauthorize the Land and Water Conservation Fund, and expedite the licensing process for hydropower projects. Senate Democrats unveiled an alternative package focused on clean energy last fall that could preview some of the amendments likely to surface during floor debate. There is no guarantee that a bill will move in 2016, though there may be scaled back package, most likely before late fall. After a bipartisan effort fell apart last year in the House, the lower chamber approved its own energy bill (H.R. 8) before the close of the year on a near party line vote. House Energy and Commerce Committee Chair Fred Upton (R-MI) said at the beginning of the year that he is open to removing some of the more controversial measures of the package in order to craft a more bipartisan measure. Representative Upton is interested in pursuing a measure that replaces the crude oil export language of the House-passed package with LNG language to reflect the Senate bill as well as return to a more bipartisan approach along the lines of what he had initially intended. Representative Upton and Senator Murkowski discussed a strategy during the annual Republican retreat last week, and following votes on the refugee bill this week, the Senate is likely to move to the bipartisan bill as early as next Tuesday, weather and other factors permitting. The measure could be a forum for a variety of amendment votes, including opposition for Obama administration regulations, the validity of climate science, and more.

With the three-year reauthorization of the Land and Water Conservation Fund causing Senators Richard Burr (R-NC) and Kelly Ayotte (R-NH) to lift their holds on the bipartisan compromise Toxic Substances Control Act reform legislation, the Senate approved the measure (H.R. 2576) with a substitute amendment from Senator James Inhofe (R-OK) December 17. The Senate and House will conference their bills shortly, with the hope of finalizing TSCA reform early this year. It is very likely that a conference will take the form of informal negotiations, with conferee appointments at the very end.

Also on the agenda through the end of the month includes efforts from tax writers in both chambers to start making significant changes to international corporate taxes, though it remains uncertain whether a bill can be completed this year. Looking at the energy-related agenda between now until the March 18 Easter Recess, Congress is likely to focus on the FAA reauthorization, which may potentially include a tax title, in which not only efforts to fix issues left out of the end of the year package will take place, but some new tax issues may also be included; TSCA reform;

pipeline reauthorization; and a bipartisan energy bill. Appropriations will be the primary focus in the post-Easter work period before the November election, and a Lame Duck session may include a debate over the 2016 expiring tax extenders, among other things.

CONGRESS

Advanced Nuclear

The House Science Committee approved legislation (H.R. 4084) January 12 intended to increase the Department of Energy's advanced nuclear reactor research and development. The Nuclear Energy Innovation Capabilities Act would also allow private investment for reactor prototype development and require the agency to produce a 10-year plan prioritizing nuclear research and development programs. Senator Mike Crapo (R-ID) is expected to introduce companion legislation in the coming days.

Clean Water Rule Opposition

The House approved a joint resolution of disapproval (S.J. Res. 22) January 13 to overturn the Waters of the U.S. rule. President Obama vetoed the measure January 19, and Congress does not have sufficient votes to override the veto.

EPA Global Leadership Probe

Representative Markwayne Mullin (R-OK) led 28 of his Republican colleagues in sending a letter January 14 to Environmental Protection Agency Administrator Gina McCarthy asking her how the agency will help other countries implement the Paris Agreement. The group requested a response by January 29.

Upcoming Hearings

The Senate Energy and Natural Resources Committee held a hearing January 19 on the near-term outlook for energy and commodity markets.

The Senate Energy and Natural Resources Committee will hold a hearing January 21 on the status of innovative technologies in the automotive industry.

DEPARTMENT OF AGRICULTURE

\$46 Million for VT Efficiency

The Department of Agriculture [awarded](#) January 8 \$46 million in loan guarantees to the Vermont Energy Investment Corporation to support energy efficiency and renewable energy improvements in rural areas across the state. The corporation provides efficient lighting, appliances, equipment, and HVAC systems to residential and business customers and will operate and administer the program through Efficiency Vermont.

DEPARTMENT OF COMMERCE

Climate Accord Opportunity

Commerce Secretary Penny Pritzker said January 15 that the Paris Agreement presents an important opportunity for American companies and technologies to help countries across the world meet their emissions reduction pledges and renewable energy goals.

DEPARTMENT OF DEFENSE

Climate Directive

The Department of Defense issued January 14 a 12-page [directive](#) assigning key responsibilities for adapting the military to climate change, positing that changing weather conditions require thoughtful preparation, cooperation, and coordination to ensure that the Pentagon is best prepared for unpredictable consequences.

DEPARTMENT OF ENERGY

Ceiling Fan Standards

The Department of Energy [published](#) in the Federal Register January 13 new energy efficiency standards for ceiling fans that would require ceiling fans to use on average 11 percent less electricity through changes to fan blades and the use of more efficient motors. The rule is expected to become effective in 2019.

\$220 Million for Grid Modernization

The Department of Energy [awarded](#) January 14 \$220 million to 14 national labs and their industry, state, and local government agency partners to improve the electricity grid. The funding, part of the agency's Grid Modernization Initiative, will be directed over three years toward research to reduce costs, outages, and greenhouse gas

emissions via resiliency, reliability, and grid security. The funding will support 88 projects within the Department of Energy's Grid Modernization Laboratory Consortium to conduct research and development of advanced storage systems, clean energy integration, and standards and test procedures.

Residential Boiler Efficiency Standards

The Department of Energy published in the Federal Register a final rule January 15 increasing the energy efficiency for home-heating residential boilers. The new minimum annual fuel utilization efficiency standard for gas-fired hot water boilers, gas-fired steam boilers, oil-fired hot water boilers, and oil-fired steam boilers, under which all residential boilers must be in compliance by January 15, 2021, is expected to save .16 quad of energy over 30 years.

\$80 Million for Nuclear

The Department of Energy awarded January 15 up to \$80 million in cost share for X-Energy and Southern Co. to help develop the next generation of nuclear reactors as the country's existing reactors age.

\$18 Million for Solar Energy Storage

The Department of Energy [announced](#) January 19 \$18 million in funding to develop six new solar energy storage solution and grid resiliency technologies. The projects, part of the agency's Grid Modernization Initiative, are intended to research, develop, and demonstrate integrated, scalable, and cost-effective solar energy storage technologies.

\$15 Million for Algal Biofuels

The Department of Energy [announced](#) January 19 up to \$15 million in funding to develop technologies likely to succeed in producing 3,700 gallons of algal biofuel intermediate per acre per year on an annualized average basis through multiple batch campaigns or on a semi-continuous or continuous basis, on an outdoor test environment by 2020. Interested entities must submit a concept paper by February 12, and full applications are due March 25.

DEPARTMENT OF INTERIOR

Coal Leasing Pause

The Department of Interior announced January 15 a halt in coal leases on public lands while the agency conducts a comprehensive review of the federal coal program and its climate impacts. The new plan intends to invest revenue from coal companies mining on federal land back into coal communities to help them transition to other industries.

DEPARTMENT OF TREASURY

179D Building Efficiency Deductions

The Internal Revenue Service published a notice in the Federal Register January 19 seeking public comment on guidance for owners or lessees of energy efficient commercial buildings that are seeking certification that their properties satisfy requirements for Section 179D tax code deductions. Comments are due March 21.

ENVIRONMENTAL PROTECTION AGENCY

CARBIO Challenge

The National Biodiesel Board filed a brief in the U.S. Court of Appeals for the District of Columbia Circuit January 12 arguing that an alternative compliance plan for the Argentine group Camara Argentina de Biocombustibles, which applies to soybean biodiesel from Argentina, should be vacated because the Environmental Protection Agency should not have used an informal process to create it. The group contends that the plan places the American biodiesel industry at a disadvantage compared to Argentine competitors.

RFS Litigation

American Fuel and Petrochemical Manufacturers filed a motion January 13 in the U.S. Court of Appeals for the District of Columbia Circuit to intervene in a January 8 lawsuit brought by the ethanol industry challenging the Environmental Protection Agency's final renewable fuel standard.

Achievable CPP

M.J. Bradley and Associates released an [analysis](#) January 13 finding that Clean Power Plant targets are achievable but that states need to address emissions leakage under mass-based emissions trading programs. Modeling 14 compliance scenarios and two business as usual scenarios, the analysis concluded that emissions trading provides the necessary flexibility and cost reductions for many states to achieve their targets.

International Authority

Members of the Columbia Law School's Sabin Center for Climate Change Law, Columbia University School of

International and Public Affairs Center on Global Energy Policy, New York University School of Law's Institute for Policy Integrity, and UCLA Law's Emmett Institute on Climate Change and the Environment released a [report](#) January 14 urging the Environmental Protection Agency to explore using its international air pollution authority under Clean Air Act Section 115 to additionally reduce greenhouse gas emissions. The move would allow the agency to capture more source categories and pursue market-based reductions rather than regulating categories on a source-by-source basis.

Court on Tailoring Rule

The Supreme Court declined January 19 to take up an appeal from the Energy-Intensive Manufacturers Working Group on Greenhouse Gas regulation over the Environmental Protection Agency's tailoring rule. The court's decision means that the agency can continue to require sources to have to obtain Prevention of Significant Deterioration or Title V permits because of other pollutants to install control technology for greenhouse gases if they meet certain requirements.

INTERNATIONAL

EIB Climate Loans

The European Investment Bank announced January 14 that it would lend 100 billion euros for climate efforts over the next five years. With a minimum target of 25 percent of its total lending going to climate action, the development bank provided a record 20.6 billion euros to clean projects such as sustainable transport, energy efficiency, renewable energy, research, and adaptation last year, surpassing its target percentage.

Climate Tops Global Risks

The World Economic Forum released an [annual report](#) January 14 outlining the top expected risks industry and society will face in the next ten years; climate change and a failure to mitigate and adapt to its impacts top the Global Risks 2016 list.

RE Capacity Benefits

The International Renewable Energy Agency released a [report](#) during its sixth assembly January 16-17 finding that doubling renewable energy capacity around the world by 2030 would increase global gross domestic product by up to 1.1 percent, support more than 24 million clean energy jobs, and improve global welfare by 3.7 percent. The United Nations hosted a one-day high level session the following day on the outcomes of the Paris summit to focus on the actions countries can take before 2020 to strengthen Paris Agreement impacts.

G20 Green Investments

The Group of 20 major economies will meet January 25-26 in Beijing and as part of its G20 presidency, China is launching a study group on ways to direct green finance. The session will be the first G20 meeting since the Paris Agreement.

US-India Solar Trade Dispute

The World Trade Organization's Dispute Settlement Body will issue a decision January 29 on whether India's Jawaharlal Nehru National Solar Mission complies with the country's international trade obligation. The decision could require the nation to scale back its local content requirements to the benefit of the U.S. solar industry.

STATES

NY State of the State

New York Governor Andrew Cuomo released January 13 his State of the State proposal, in which he outlined plans to phase out the state's three active coal plants within the next four years. One of the plants will close this year because it cannot compete with inexpensive natural gas, and the other two will either close or convert to natural gas. Governor Cuomo also laid out an aggressive climate policy and renewable energy agenda, including a \$5 billion Clean Energy Fund, a Clean Energy Standard, a clean energy jobs training program, clean energy financing, support and goals for solar, wind, offshore wind, and efficiency installations and efforts.

NYC Solar

The New York City Council Committee on Environmental Protection held a hearing January 15 on legislation (Intro. 478) to require solar installations on city-owned rooftops. The measure, which has strong council support, would require Mayor Bill de Blasio's (D) administration to conduct a report assessing all city owned buildings and their potential for solar and install solar arrays on viable properties. Under the mayor's administration, private buildings have doubled their solar installations from 25 MW to 54 MW of solar across 3,500 installations.

LIPA Net Metering

The Long Island Power Authority proposed this week a community net metering program to allow customers to

access solar power and other clean energy alternatives even if they can not generate the energy on their own property.

MISCELLANEOUS

Solar Jobs Increase

The Solar Foundation released a report January 12 finding that the domestic solar industry workforce grew by 20 percent last year as the investment tax credit and falling solar panel prices encouraged more people to power homes and businesses with solar power. About 209,000 people, compared with 174,000 the previous year, worked for solar companies in the United States last year. The foundation expects the total domestic workforce to grow by an additional 15 percent this year.

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