



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

The Senate and the House of Representatives are both on Spring Recess, with the Senate returning on April 4 and the House scheduled to return on April 12.

Before breaking for recess, the Congress passed a three-plus-month reauthorization for the Federal Aviation Administration that runs through July 15. Despite some speculation that the measure would present an opportunity to extend the 2016 Investment Tax Credit for technologies that were excluded from last December's agreement that extended the ITC for solar, the FAA extension did not address this issue, leaving it for another legislative vehicle. There is some thought that the long-term FAA bill that will be debated leading up to July 15 could present an opportunity, while others expect a tax extenders package at years' end.

There is some possibility that a legislative package to address the fiscal crisis in Puerto Rico could offer an opportunity for the ITC fix. A pair of bills aimed at addressing the Puerto Rican situation was introduced earlier this month, one of which includes a tax title. Senate majority leader Harry Reid (D-NV) and Senate Finance Committee ranking member Ron Wyden (D-OR) have both indicated that they will seek to remedy the ITC issue on the next-possible legislative vehicle.

With the Senate in recess, behind-the-scenes talks will continue as Senate Energy and Natural Resources Committee chair Lisa Murkowski (R-AK) and ranking member Maria Cantwell (D-WA) seek to overcome holds on their bipartisan energy bill by Sens. Mike Lee (R-UT) and Bill Nelson (D-FL). Murkowski and Cantwell remain optimistic that we will see final Senate passage of the bill before the August recess.

Secretary of State Kerry will join Jonathan Pershing, the incoming U.S. Special Envoy for Climate Change, in signing the Paris Agreement on climate change at the United Nations next month in New York.

Aside from energy- and environment-specific activity, Congress is now poised to also begin work on the Fiscal Year 2017 appropriations process, with the House Appropriations Committee starting work this already on marking up the Military Construction-Veterans Affairs bill. This is the first of the 12 annual spending bills to be marked up. With no FY17 budget having been approved before the start of the current recess, members of the House Appropriations Committee have said that they will begin drafting the annual spending bills using the spending levels agreed to in last year's \$1.070 trillion bipartisan budget agreement. While House and Senate leaders are expected to aim for a return to a regular appropriations process, approving 12 individual spending bills before the start of the new fiscal year on October 1, a more likely scenario is that we will see a Continuing Resolution funding the government at current levels and then in the lame duck session post-election an omnibus package that would include appropriations plus other items.

CONGRESS

Senators Weigh in on Funding for Green Climate Fund

Twenty two Senate Republicans [wrote](#) March 18 to Sens. Lindsay Graham (R-SC) and Patrick Leahy (D-NH), chairman and ranking member of the Appropriations Subcommittee on State, Foreign Operations, and Related Programs, expressing their opposition to the United Nations Green Climate Fund (GCF). The letter asks that no funds be appropriated for the GCF in Fiscal Year 2017 and that language be inserted into the appropriations bill prohibiting any funding from being obligated or transferred to the GCF. The letter comes in response to the State Department's payment to the GCF earlier this month of \$500 million toward the U.S. commitment of \$3 billion over four years. Also on March 18, Sens. Jeff Merkley (D-OR), Mark Kirk (R-IL), Susan Collins (R-ME), and Tom Udall (D-NM), [wrote](#) to Sens. Graham and Leahy urging that the Green Climate Fund in the State and Foreign Operations spending bill for FY 2017.

House Bill Would Threaten Dozens of Unauthorized Environmental Programs

A bill introduced by Rep. Cathy McMorris Rodgers, the Unauthorized Spending Accountability (USA) Act ([H.R. 4730](#)), would force the sunset of federal initiatives not formally reauthorized by Congress. If enacted, this would affect major portions of the Clean Air Act, Clean Water Act, Endangered Species Act and Superfund law, among others. The bill has 32 GOP cosponsors.

Sen. Grassley Sees No Change in Tax Credit Phase Out Schedule

Sen. Chuck Grassley (R-IA) argued this week that expected delays in the Environmental Protection Agency's (EPA) power plant carbon rules do not justify extending the five-year tax credit phase-out for wind and solar development. The wind Production Tax Credit is scheduled to phase out by 2020, and the solar investment tax credit will expire in 2022. The Supreme Court recently put the Clean Power Plan on hold, which will delay its rollout if the EPA prevails in the case.

Twelve Republicans Form Energy Working Group

On March 16, twelve House Republicans announced they were forming the House Republican Energy, Innovation and Environmental Working Group. Members said the group would work to boost clean energy technologies while ensuring environmental protection. A similar Senate working group was announced in fall 2015. Both groups show some willingness within the Republican caucus to address energy and environmental issues.

Senator Asks for Natural Gas Vehicles to be Part of VW Talks

Senate Environment and Public Works Committee chairman James Inhofe (R-OK) sent a [letter](#) to the EPA asking the agency to consider natural gas vehicles in its negotiations with Volkswagen AG. Sen. Inhofe suggested that such vehicles could be a cost-effective way to mitigate the environmental damage caused by VW's violation of federal emissions tests.

Sen. Hatch Investigating Energy Subsidies

Sen. Orrin Hatch (R-UT) is investigating a renewable energy program under the Recovery Act for possible fraud. In a March 15 [letter](#) to Treasury Secretary Jack Lew and IRS Commissioner John Koskinen, Sen. Hatch asked about Section 1603 of the Recovery Act, which subsidized renewable energy properties through cash grants. Sen. Hatch's questions focused on oversight and steps taken to ensure the integrity of the Section 1603 grant program.

House Members Seek Reduced Energy Tariffs in Trade Agreement

On March 21 nine House members [wrote](#) to U.S. Trade Representative Ambassador Michael Froman urging that negotiations on the Transatlantic Trade and Investment Partnership (T-TIP) examine opportunities to reduce any tariffs on U.S.-produced energy, including ethanol.

ADMINISTRATION

President Obama Visits Cuba and Argentina

President Obama and a delegation that included Commerce Secretary Penny Pritzker traveled to Cuba and Argentina this week. In Argentina, President Obama met with Argentine President Mauricio Marci with the intention of increasing cooperation between the two governments in areas like trade, investment, renewable energy, and climate change.

DEPARTMENT OF ENERGY

Lab-Corps Program Announces Training for Entrepreneurial Teams

The Energy Department's Office of Energy Efficiency and Renewable Energy's Lab-Corps program [announced a second round](#) of clean energy entrepreneurship training in Colorado. The program aims to accelerate the transfer of clean energy technologies from national laboratories to industry.

Deputy Secretary of Energy Sherwood Touts Renewables in Europe

Speaking in Brussels, U.S. Undersecretary of Energy Elizabeth Sherwood-Randall argued that that the E.U. should diversify routes, fuels, and suppliers. She also said the U.S. has added more renewables to the energy grid and is looking change the energy mix by doubling research and development of clean energy.

DOE to Fund Projects in Native American and Alaska Native Communities

The DOE [announced](#) March 22 funding for 24 American Indian and Alaska Native communities to deploy clean energy and energy efficiency projects. DOE plans to invest over \$9 million in 16 facility- and community-scale energy projects in 24 tribal communities.

Energy Conservation Standards for Commercial Packaged Boilers

The DOE [published](#) in the Federal Register on March 24 a notice of proposed rulemaking and public meeting concerning energy conservation standards for commercial packaged boilers. DOE will hold a public meeting in Washington, DC on April 21.

NREL Raises Rooftop PV Technical Potential Estimate

The National Renewable Energy Laboratory (NREL) on March 24 released a new analysis which nearly doubles the previous rooftop photovoltaic technical potential in the U.S. and shows that U.S. building rooftops could generate close to 40-percent of national electricity sales.

DOE to Participate in Clean Line Wind Project

On March 25 Energy Secretary Moniz [announced](#) that DOE will participate in the development of the Plains & Eastern Clean Line Project, which will tap low-cost wind generation resources in Oklahoma and Texas panhandle regions to deliver up to 4,000 MW of wind power via a 705-mile direct current transmission line to more than 1.5 million homes.

ENVIRONMENTAL PROTECTION AGENCY

EPA To Update MATS Analysis

Next month, the EPA will finalize cost-benefit analysis for its Mercury and Air Toxic Standards (MATS), which may result in challenges to how the agency includes unregulated pollutants in the economic impact of rules. The new rules are a response to *Michigan v. EPA*, in which the Supreme Court found that the EPA erred when it chose to not consider compliance costs when regulating toxic pollutants from power plants. Although the Court did not rule on “co-benefits,” which are the purported public health benefits of reducing nonregulated pollutants, Chief Justice John Roberts questioned the legitimacy of using co-benefits in EPA analysis.

EPA Administrator Says Agency to Move Quickly in Final Ten Months

Speaking to the National Environmental Justice Advisory Council in Mississippi, EPA Administrator Gina McCarthy said the EPA will be “running” for the next 10 months as it works to complete an ambitious agenda that includes climate and civil rights issues. Despite the Supreme Court’s decision to stay the Clean Power Plan, the EPA intends to take action on climate change and work aggressively over the Obama Administration’s final ten months.

Twenty-Five States Continue to Work Towards Clean Power Plan Compliance

EPA Administrator Gina McCarthy told lawmakers March 22 that 25 states have either continued to work directly with EPA on Clean Power Plan compliance or have sent “signals” that they may continue to do so.

Report on Diesel Emissions Reduction Act Program

According to a [report](#) on the Diesel Emissions Reduction Act (DERA) program released by EPA March 23, clean diesel grants aimed at cleaning up old diesel engines have improved public health by cutting harmful pollution that causes premature deaths, asthma attacks, and missed school and workdays. This third report to Congress presents the final results from the American Recovery and Reinvestment Act of 2009, and covers fiscal years 2009-2011 and estimates the impacts from funding in fiscal years 2011-2013.

Court Sets Briefing Schedule for Challenge to EPA Rule for New Power Plants

The D.C. Circuit Court of Appeals on March 24 issued an order setting a briefing schedule for the suits related to the EPA’s carbon 111(b) rule for new power plants. The briefing schedule outlined in the order begins July 15 and ends on November 14, with oral arguments expected in December or early next year.

EPA Files Brief in Defense of Clean Power Plan

EPA filed on March 28 a brief with the U.S. Court of Appeals for the D.C. Circuit defending the Obama Administration’s Clean Power Plan.

DEPARTMENT OF INTERIOR

Interior Department Considers an Offshore Wind Farm in California

The Interior Department’s Bureau of Ocean Energy Management (BOEM) [confirmed](#) March 21 that Trident Winds LLC is qualified to develop its proposed 800-megawatt offshore wind farm. Trident’s initial proposal had not been solicited. If other companies express interest in the lease area, then BOEM will initiate a competitive bidding process for the site off the coast of California. If not, then BOEM will move to grant Trident Winds LLC a noncompetitive lease.

BOEM Advances Virginia Offshore Wind Study

BOEM on March 24 [approved](#) the installation of two 6MW wind turbines off the coast of Virginia as a part of the Virginia Offshore Wind Technology Advancement Project, which will study the potential of offshore wind, and is expected to produce enough wind power for 3,000 homes.

DEPARTMENT OF STATE

U.S. Special Climate Change Envoy Departing

Todd Stern, who helped orchestrate the COP 21 climate talks in Paris, [will depart his position](#) as U.S. Special Envoy for Climate Change on April 1. He will be replaced by Dr. Jonathan Pershing. Dr. Pershing has spent the last three years as senior advisor to Energy Secretary Ernest Moniz, and was previously Mr. Stern's deputy at the State Department in the 1990s. As noted above, Dr. Pershing will join Secretary of State Kerry in New York next month to sign the Paris Agreement.

Obama Administration to Focus on HFC Reduction in Remaining Months

Speaking at a climate forum led by the U.S. Agency for International Development on March 24, the State Department's deputy special envoy for climate change Trigg Talley said that the Obama Administration will work over the next ten months to reduce the use of hydrofluorocarbons (HFCs) and reduce the emissions of carbon as part of the U.S. commitments under the Montreal Protocol and the International Civil Aviation Organization.

INTERNATIONAL

Increased Renewable Energy Generation Could Save \$4.2 trillion by 2030

Research from the International Renewable Energy Agency [indicates](#) that doubling the share of renewable energy in global energy consumption could save as much as \$4.2 trillion by 2030. The expansion in renewables would cost approximately \$290 billion a year and limit global temperature increases to below the two degrees Celsius threshold established at the Paris climate conference.

EU Received \$27 Billion Windfall from Cap-and-Trade

Studies [show](#) that industry in the European Union benefitted from a 24 billion euro windfall in an emissions cap-and-trade program established in 2008. The emissions trading system, or ETS, was intended to limit emissions by putting a price on pollution, but European industry allegedly received too many tradeable allowances from EU governments for free.

India Opens Market to Solar Battery Manufacturers

India announced plans to include energy storage as a requirement when a major solar project is tendered later this month. The move could open a significant market for battery manufacturers like Tesla Motors, Samsung SDI, and Panasonic Corp. The state-owned Energy Corp. of India will ask bidders to include in their proposals a storage component of 100 megawatts of the 750 megawatt project to be built in the southern state of Andhra Pradesh.

25 Percent of Worldwide Deaths Linked to Environment

According to the [World Health Organization](#), a quarter of all deaths worldwide are caused by environment risks, such as contaminated water, polluted air, dangerous roads, and other hazards. About 12.6 million deaths are attributable to these factors, with the greatest share of deaths occurring in Sub-Saharan Africa and low-income Asian countries.

China Cuts Emissions in Five-Year Plan

China's latest five-year plan includes aggressive cuts – 48 percent by 2020 from 2005 levels – in the carbon intensity of its economy. The reduction would put China on path to meet targets established ahead of the 2009 Copenhagen climate talks. At the Paris talks in December, China also promised a larger cut of 65 percent by 2030 from 2005 levels.

STATES

Lawmakers Approve LED Facility Payments

On March 16, the New York State Public Authorities Control Board approved a \$90 million payment for a LED factory in Syracuse, New York. The California-based manufacturer Soraal will spend \$1.3 billion on the facility, which will be located at SUNY Poly's Central New York Hub for Emerging Industries.

Ivanpah Solar Project Granted Reprieve by California Regulators

On March 17, California regulators agreed to give Ivanpah, a \$2.2 billion federally-backed solar project, until the end of July to provide Pacific Gas and Electric the full amount of power it agreed to supply or face potential default on its contracts. The California Utilities Commission approved PG&E's request to make Ivanpah pay for production shortfalls in exchange for not declaring default.

New York Paves Way for Renewables

The New York Public Service Commission released regulations March 18 that aim to reduce obstacles for renewables and cut connection costs by 75 percent. The interconnection process had produced a backlog of hundreds of solar projects.

States Pursue Different Strategies to Reduce Emissions

Minnesota regulators are adopting a 'trading ready' approach to complying with the EPA's Clean Power Plan, under which power plants can trade emissions credits or allowances among themselves without a formal cap-and-trade program. The state also plans to join in the extra credit program for renewables and efficiency efforts as well as ask for a two-year extension to complete its rulemaking process. Meanwhile, Massachusetts, New York, Oregon, Rhode Island, Vermont, and Rhode Island are considering carbon taxes, which many economists see as the most economically efficient way to reduce carbon.

New Mexico Solar Tax Credit Set to Expire

Facing a budget crisis, the New Mexico legislature has failed to extend the state's solar incentives, which have resulted in small businesses and homeowners in the state investing almost \$250 million in rooftop solar and related labor. The 10-percent credit will expire at the end of 2016.

Pepco/Exelon Merger Gains Approval

The District of Columbia's Public Service Commission on March 23 approved the Pepco/Exelon merger. The merger of the two companies creates the largest utility in the nation and is valued at \$6.8 billion. Exelon is a leading provider of solar and wind energy and the merger with Pepco includes commitments to develop as much as 10 MW of new solar power in DC, to create four new microgrids in the District powered by wind, to provide \$7 million for energy efficiency and renewable energy projects in the District, as well as a \$10 million contribution to the District's Green Building Fund.

New York Initiates 112,000 Energy Efficiency Projects Since 2012

New York Governor Andrew Cuomo [announced](#) March 23 that in the past four years 112,000 residential and commercial energy efficiency projects have been completed or are currently under development through New York State clean energy program. The projects have spurred nearly \$800 million in private investment and are expected to save customers \$341 million in energy costs annually.

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