



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

The Senate is scheduled to take up the much-anticipated Shaheen-Portman energy efficiency legislation (S. 2262) early this week, potentially coupled with another vote on the Keystone XL pipeline. It remains unclear what form a Keystone vote would take, with supporters aiming for a binding provision rather than a sense of the Senate resolution. Senate Majority Leader Harry Reid (D-NV), who filed for cloture on the efficiency package late in the day May 1, was optimistic last week that the chamber could strike a deal on a pipeline vote. Senator John Hoeven (R-ND) said yesterday that he expects the Senate to vote on the efficiency measure tomorrow morning, followed by a standalone Keystone XL vote.

Senators Jeanne Shaheen (D-NH) and Rob Portman (R-OH) remain mum about what amendments will get a vote, but two are drawing major attention. Senator David Vitter (R-LA) has indicated his intention to attach an amendment requiring members of Congress and their staffs to enroll in health exchanges created under the Affordable Care Act, which he attempted last year in a move that derailed the legislation. It is unclear whether the amendment will actually get a vote, but it still poses a threat, as the senator may block consideration of the bill until he gets a vote on his amendment. Senator Vitter hinted May 1 that he might not push his amendment if Majority Leader Reid agrees to hold a binding vote on an amendment that would authorize construction of the Keystone XL pipeline. Senator Mark Udall (D-CO) plans to offer an amendment with language mirroring a liquefied natural gas export bill the House Energy and Commerce Committee approved last week. Senator Barbara Boxer (D-CA) said last week that Senate Republicans are seeking four additional environmental riders, including language to bar the Environmental Protection Agency from regulating CO2 emissions from coal-fired power plants. Senator John Barrasso (R-WY) has suggested an amendment to require the Department of Energy to approve liquefied natural gas exports to all World Trade Organization member countries. Senator Roy Blunt (R-MO) is seeking inclusion of an amendment to impede congressional implementation of a carbon tax. Senators Shaheen and Portman said last week that they are still negotiating an agreement on the amendments.

More than 80 groups, companies, and associations led by the Alliance to Save Energy, the American Chemistry Council, and Honeywell sent a [letter](#) April 28 to Senate Majority Leader Harry Reid (D-NV) asking him to bring the legislation to the floor as soon as possible. Two days later, a coalition of 100 industry groups sent a similar letter to Majority Leader Reid and Minority Leader Mitch McConnell (R-KY).

Senate Energy and Natural Resources Committee Chair Mary Landrieu (D-LA) and Senator Hoeven introduced legislation (S. 2280) May 1 that would grant Congress the authority under the Commerce Clause to approve the Keystone XL pipeline. Every Republican and eleven Democrats co-sponsored the measure, but getting to the

necessary 60 votes is unlikely. Senators Landrieu and Hoeven admitted late last week that they have 56 supporters, with a target list of six or seven more Democrats, culled from supporters of a March 2013 nonbinding resolution backing the pipeline.

While the Senate focuses heavily on energy legislation this week, Senate Finance Committee Chair Ron Wyden (D-OR) and Ranking Member Orrin Hatch (R-UT) expect that extenders legislation will move to the floor next week, but it has not yet been determined whether amendments will be allowed.

The House will consider Charter school legislation, permanent research and development tax credits (H.R. 4438), and the Electrify Africa Act.

CONGRESS

Ways and Means Approves Six Tax Extenders

The House Ways and Means Committee agreed to make permanent April 29 six tax extenders that expired last December, including the credits for research and development, enhanced expensing under Section 179, and several business-oriented tax extenders provisions. Committee Chair Dave Camp (R-MI) plans to bring other provisions up for votes in the coming months, but is moving much more slowly than the Senate. The Joint Committee on Taxation issued descriptions and revenue estimates of the provisions April 28.

NSPS Delay Charges

Senator James Inhofe said April 29 that he has confirmed that the Environmental Protection Agency waited to forward to the [Federal Register](#) its proposal to limit greenhouse gases from new power plants for more than two months late last year. Senator Inhofe claims that the delay was intended to ensure that the rules could not be finalized until after the midterm elections. The agency will finalize the rule next January. Senator Inhofe sent a [letter](#) April 28 to Environmental Protection Agency Administrator Gina McCarthy, asking her for more information about the delay.

Energy and Commerce Approves LNG Export Measure

The House Energy and Commerce Committee marked up Representative Cory Gardner's (R-CO) legislation (H.R. 6) to hasten approval of liquefied natural gas exports at the Department of Energy, and approved April 30 an amended version of the measure, which removed language that would automatically approve the permit applications, giving the agency a 90-day timeline to make a decision on the project instead.

Energy and Commerce Approves Two Energy Efficiency Measures

The House Energy and Commerce Committee approved two energy efficiency measures April 30, including one (H.R. 2689) from Representatives Cory Gardner (R-CO) and Peter Welch (D-VT) that directs federal facility energy managers to use more energy savings performance contracts and utility energy service contracts, and another (H.R. 4092) from Representative Matt Cartwright that increases efficiency programs at schools.

NOAA Budget Request Criticized

During a House Science, Space, and Technology Committee hearing April 30, Republican representatives criticized National Oceanic and Atmospheric Administration Administrator Kathryn Sullivan for focusing the fiscal year 2015 budget request too much on climate research and not enough on weather forecasting. The administration has requested an additional \$35.4 million over the 2014 enacted level for the Office of Oceanic and Atmospheric Research, and proposed almost \$4 million in cuts from the 2014 enacted level for the National Weather Service.

Climate Impact Hearing Requested

Representative Henry Waxman (D-CA) [sent](#) a letter May 1 to House Energy and Commerce Chair Fred Upton (R-MI) and Energy and Power Subcommittee Chair Ed Whitfield (R-KY) asking them to hold a hearing featuring authors of recent Intergovernmental Panel on Climate Change reports.

SEEC Event Forthcoming

The House Sustainable Energy and Environment Coalition will host a clean energy event July 31. Companies and trade groups are invited to set up a booth and speak with congressional staff in attendance.

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Legislation Introduced

Senator Mark Udall (D-CO) and Representative Scott Peters (D-CA) introduced The Department of Defense Energy Security Act of 2014 (S. 2273 and H.R. 4536) April 30 to expand the Defense Department's use of energy savings performance contracts, increase combat effectiveness, and hasten the development of advanced military technologies.

Representative Chris Van Hollen (D-MD) and Senator Chris Murphy introduced legislation (H.R. 4522 and S. 2271) April 30 creating a Green Bank to provide direct financing for clean energy and energy efficiency projects.

Representative David McKinley (R-WV) introduced legislation (H.R. 4553) May 1 to increase fossil fuel research funding for the Department of Energy to \$734 million, including \$435 million for coal research and development and \$100 million for oil and gas research. President Obama's proposed budget requested \$476 million for fossil energy research at the agency, focusing on reducing the costs of carbon capture and storage technology.

Upcoming Hearings

The Senate Agriculture Committee will hold a hearing May 7 on the implementation of the 2014 Farm Bill. Agriculture Secretary Tom Vilsack will testify.

The House Energy and Commerce Subcommittee on Energy and Power will hold a hearing the same day to consider the Nuclear Regulatory Commission's budget and policy issues; all five commissioners will testify.

ADMINISTRATION

RFS Amendments at OMB

The White House Office of Management and Budget began April 28 its review of Environmental Protection Agency [amendments](#) to the renewable fuel standard. The Renewable Fuels Standard Pathways II rule, proposed last June, allows certain fuels made from landfill biogas to generate renewable identification numbers, establishes a method to calculate the volume of cellulosic RINs, and changes E15 misfueling mitigation regulations. Representatives Tim Walz (D-MN), Cheri Bustos (D-IL), and Rick Noland (D-MN) met April 29 with White House officials about the standard.

Transportation Bill Includes Energy Provisions

The Obama Administration unveiled April 29 a four-year, \$302 billion transportation bill that includes several energy provisions. The bill would authorize the Transportation Department to conduct fuel economic inspections at dealerships, would allow federal agencies to offer electric vehicle charging to employees on a reimbursable basis, and would authorize states to permit and charge a fee for electric vehicle charging stations for commercial vehicles at rest areas.

Fossil Fuels to Remain Unearthed

White House Office of Science and Technology Policy Director John Holdren told the American Association for the Advancement of Science May 1 that the United States is likely increasingly to adopt fossil fuel alternatives, including carbon capture and storage technologies.

Climate Report Forthcoming

A sixty-member committee led by the Department of Defense, the American Cancer Society, Chevron, and climate scientists will release May 6 a climate change report that includes a forecast about how climate and weather conditions may change in the United States. The National Climate Assessment concludes that climate change is driven primarily by human activities, and predicts that domestic temperatures could increase by as much as 10 degrees by 2100.

DEPARTMENT OF AGRICULTURE

REAP Funding

The Department of Agriculture will publish a notice today announcing \$12.38 million in grants and about \$57.8 million in guaranteed loans through the Rural Energy for America Program. Applications are due within 60 days.

DEPARTMENT OF ENERGY

VT Plant Sues Agency Over Storage Costs

The Entergy Nuclear Vermont Yankee LLC power plant filed a complaint April 24 in the U.S. Court of Federal Claims against the Department of Energy to recover costs of storing nuclear waste on site. The agency entered into a 1983 written contract with the plant's predecessor to take title to its spent nuclear fuel and high level radioactive waste by January 31, 1998, but did not do so because a permanent disposal site was not yet ready. The company is seeking payment for costs incurred from April 30, 2009, through a date to be determined before trial.

Utility Cybersecurity Guidance Issued

The Department of Energy [issued](#) April 28 cybersecurity guidance for utilities about buying technology products and services. The guidance suggests procurement strategies and contract language to help domestic energy companies and technology suppliers include cyber protections during product design and manufacturing.

Accelerated Plant Retirements Analyzed

The Energy Information Administration [released](#) an analysis April 28 of the impacts of accelerated power plant retirements as part of its 2014 annual energy outlook, finding that accelerated retirements would increase the share of natural gas and renewables for electricity generation, reducing emissions, but slightly raising electricity prices.

\$60 Million from ARPA-E

The Advanced Research Projects Agency-Energy announced April 29 \$60 million for two programs, one developing methane emissions detection and measurement systems and another developing energy efficient thermal management systems for buildings.

Hydropower to Double

Secretary of Energy Ernest Moniz told the National Hydropower Association conference April 29 that the Energy Department is working to double the amount of electricity generated by hydropower by 2030. The same day, the agency, in conjunction with the Oak Ridge National Laboratory released an [assessment](#) finding that an additional 65 GW of potential hydropower exists in the United States. Hydropower is the nation's largest renewable resource, making up about seven percent of the country's electricity generation with about 70 GW of installed capacity.

Cape Wind Review Proceeds

Department of Energy Loan Guarantee Program Executive Director Peter Davidson said April 29 that the agency will proceed with active review of an application for a loan guarantee by Cape Wind Associates LLC after the U.S. District Court for the District of Columbia upheld March 14 the Interior Department's approval of the company's proposed \$2.6 billion wind farm. The United States District Court District of Massachusetts [dismissed](#) May 2 one of the last lawsuits over the projects in what developers say is the 26th failed legal action against it.

Williams on Tech Transfer

Secretary of Energy Ernest Moniz announced April 30 that Ellen Williams, a University of Maryland physics professor currently working as BP's chief scientists, has joined the agency as a senior advisor for technology transfer. The Senate Energy and Natural Resources Committee approved Dr. Williams to take over the ARPA-E program in January, but she is currently helping to conceptualize the tech transfer operation until the full Senate confirms her.

Lighting Plan Released

The Department of Energy [published](#) May 1 the 2014 edition of the Solid State Lighting Research and Development Multi-Year Program Plan. The edition provides descriptions of the activities the agency plans to undertake over the next several years to implement its mission, and informs the development of annual funding opportunities.

US Becomes Biodiesel Importer

The Energy Information Administration [announced](#) May 2 that the United States became a net importer of biomass-based diesel fuel in 2013, reaching 525 million gallons, compared with 61 million gallons in 2012.

New H2USA Members

California and the Northeast States for Coordinated Air Use Management joined last week H2USA, a public-private partnership the Department of Energy formed last year to accelerate the commercialization of fuel cell electric vehicles and hydrogen fueling infrastructure.

HVAC Efficiency Certification Finalized

The Department of Energy [published](#) a rule without modification May 5 for certifying that commercial heating, ventilating, air conditioning, water heating, and refrigeration equipment comply with energy efficiency requirements. The final rule takes effect June 4.

DEPARTMENT OF INTERIOR

BLM Methane Capture

The Bureau of Land Management [published](#) April 29 a proposed rulemaking seeking comment on technologies and practices that could be used to capture or destroy waste methane from federal land mines.

DEPARTMENT OF TREASURY

Additional PTC Guidance Possible

Following continued questions from renewable energy investors the Department of Treasury and the Internal Revenue Service said April 30 that they are considering a third round of guidance addressing the production tax credit and investment tax credit. The potential guidance would likely address practical issues around the physical work test, and rules for transfers of facilities after the commencement of construction.

ENVIRONMENTAL PROTECTION AGENCY

Wood Heater Standards Forthcoming

The Environmental Protection Agency [filed](#) a consent decree in the U.S. District Court for the District of Columbia April 28 in which it agreed to finalize performance standards for new residential wood heaters by February 3, 2015. The proposed consent decree would resolve lawsuits filed by New York and six other states and the American Lung Association and other public health and environmental groups alleging that the agency missed its statutory deadline for review.

Supreme Court Upholds CSAPR

The Supreme Court [upheld](#) April 29 the Environmental Protection Agency's Cross State Air Pollution Rule. The 6-2 decision overturns a U.S. Court of Appeals for the District of Columbia Circuit 2012 judgment that the rule overstepped the agency's Clean Air Act authority. The agency argued that it has reasonably interpreted the phrase "contribute significantly" in the Clean Air Act's "good neighbor" provision, which gives the government the authority to regulate cross-state emissions. The agency contended that the term was vague, and so it was allowed to consider a range of factors, including the cost and feasibility of sources like power plants to reduce emissions.

Ozone Standard by December

The U.S. District Court for the Northern District of California ordered April 29 the Environmental Protection Agency to propose the delayed national ambient air quality standards for ozone by December and finalize rules next October.

ACEEE EPA Suggestions

The American Council for an Energy Efficient Economy issued a report April 30 highlighting four strategies the Environmental Protection Agency could deploy to achieve United State emissions targets. Establishing an efficiency savings target, devising efficiency standards for appliances, enacting national building codes, and constructing combined heat and power plants could be viable methods to meet the looming power plant standards. These measures combined would reduce national GHG emissions by 26 percent below 2012 levels in 2030, saving 925 MW and avoiding the need for 494 new plants. Implementing the efficiency proposals would generate more than 600,000 new jobs and increase the gross domestic product by \$17.2 billion.

NM Haze Plan Proposed

The Environmental Protection Agency [proposed](#) April 30 a regional haze reduction plan that would require two of four coal fired power units at the San Juan Generating Station in New Mexico to retire by the end of 2017. A natural gas plant capable of producing at least 150 MW would replace the closed units.

PA Haze Plan Approved

The Environmental Protection Agency [reissued](#) a final rule April 30 approving Pennsylvania's plan for meeting Clean Air Act requirements for reducing regional haze.

Re-Powering America's Land Released

The Environmental Protection Agency [identified](#) May 1 110 renewable energy projects on contaminated lands, landfills, and mine sites. All together, the projects have 709 MW installed capacity.

\$9 Million for DERA

The Environmental Protection Agency [announced](#) May 1 \$9 million in available grant funding under its Diesel Emission Reduction Program, which the Obama administration has proposed eliminating next fiscal year. The agency estimates that projects funded between 2008 and 2010 will yield up to \$8.2 billion in health benefits. The agency will accept grant proposals through June 17.

Mercury Rule Extensions Granted

The National Association of Clean Air Agencies released a [survey](#) of state and local air agencies May 1 showing that the Environmental Protection Agency is granting almost all requests to extend the deadline for compliance with mercury and air toxics standards. The agency estimates that standard compliance will cost the industry \$9.6 billion a year.

GHG Regs Benefit International Leadership

Speaking to a National Wildlife Federation meeting May 2, Environmental Protection Agency Administrator Gina McCarthy said that the upcoming CO2 standards for existing power plants would benefit the country's international stature. She said that once the United States has its own standards in place, it will better be able to engage other countries in making similar GHG reductions.

FEDERAL ENERGY REGULATORY COMMISSION

Favorable Review for LNG Facility

The Federal Energy Regulatory Commission [issued](#) a final environmental impact statement April 30 for Sempra Energy's proposed liquefied natural gas export terminal in Louisiana, sending the project to the full commission for a vote, potentially in the next few weeks. Once the commission completes its decision, the Department of Energy can grant final approval and issue an export license.

LaFleur Nominated

President Obama nominated May 1 Cheryl LaFleur, acting chair of the Federal Energy Regulatory Commission, to a five-year term as commissioner when her current term expires in June.

GOVERNMENT ACCOUNTABILITY OFFICE

Demand Response Growing

The Government Accountability Office [called](#) on the Federal Energy Regulatory Commission April 28 to expand its scope of data collection and monitoring of the growing number of demand response programs. The office also recommended that the commission improve report effort transparency.

NUCLEAR REGULATORY COMMISSION

Wind Dispute Settled

The Nuclear Regulatory Commission [agreed](#) May 1 to accept a rulemaking petition from 34 environmental groups seeking to stop the agency's reactor licensing activities until regulators consider the environmental impacts of highly packed spent fuel pools.

INTERNATIONAL

Russia Submits Climate Proposal

Russia submitted to the United Nations April 30 its position on the global climate agreement to be negotiated in Paris next week, saying that the deal should be legally binding, should commit both developed and developing countries to address climate change, and should remain in effect until at least 2030.

Adaptation Assistance Requested

United Nations Framework Convention on Climate Change Executive Secretary Christiana Figueres told the Community-Based Adaptation Conference April 30 that she believes that wealthy nations should offer substantial pledges to help the developing world adapt to climate change, and called for \$10 billion as initial capitalization to help the Green Climate Fund become operational.

Japanese Tech Transfer

Japan's Ministry of the Environment said April 30 that the nation is working to establish a concession fund with the Asian Development Bank this summer to promote Japanese emissions reduction technology transfers to developing countries in Asia. The ministry has budgeted \$17.8 million from the Energy Policy Special Account for

bank management.

Canadian Shale Needs Better Management

The Council of Canadian Academies Expert Panel issued a [report](#) May 1 finding that Canada's shale gas development must include better science and environmental management practices.

UN Chief Calls for Climate Action

United Nations Secretary General Ban Ki-moon urged global leaders May 5 to address climate change as climate negotiators work to finalize a global agreement in 2015.

MEF Meeting

The Major Economies Forum on Energy and Climate will take place May 8-9 in Mexico City to consider an international goal for improving building energy efficiency as well as progress toward a 2015 global climate agreement. The next round of United Nations climate talks, to be held in Bonn June 4-15, will include negotiators from more than 190 countries working to progress toward a global climate deal in Paris next year.

Polysilicon Demand to Rise

Bloomberg New Energy Finance forecasted last week that demand for polysilicon will jump 15 percent in 2014, the most since 2011, due to an increase in solar panel orders in China and Japan. The world will see roughly 44.5 GW of solar capacity added this year, a 21 percent increase over 2013, with China and Japan accounting for half of all new projects.

STATES

CARB Revisions Approved

The California Air Resources Board [approved](#) revisions April 24 to rules governing its cap and trade program to address cost impact concerns in certain industries and slightly amend the program's administration and monitoring. The board also approved a new offset protocol for a mine methane capture project that helps entities comply with the trading program.

WA GHG Executive Order

Washington Governor Jay Inslee (D) signed an [executive order](#) April 29 to reduce the state's greenhouse gas emissions. The order creates a Carbon Emissions Reduction Taskforce to recommend by November an emission reduction program with a carbon cap and binding requirements to meet those limits. The [order](#) also concludes that the state will negotiate the phase-out of coal fired electricity, promote electric vehicles, and boost renewable energy and energy efficiency research, development, and deployment.

HI Orders Solar Power Grid Accommodation

Hawaii's Public Utilities Commission ordered Hawaiian Electric Company April 29 to reduce energy costs and accommodate more solar power and other renewable energy on the grid. The company must submit its plans within four months.

KS Rejects RES Repeal

The Kansas House narrowly failed, 63-60, to advance a bill May 2 to gradually end the state's renewable portfolio standard. The standard requires the state's utility companies to obtain 20 percent of their power from renewable sources by 2020.

OR DOE Director Resigns

Oregon Department of Energy Director Lisa Schwartz resigned May 2 after a little more than a year on the job. The move leaves the troubled agency seeking its fifth director in five years.

AZ Solar Fight

The Arizona Department of Revenue decided last week that an exemption for homeowners who own their solar arrays does not apply to leased solar systems, which are the largest part of the residential market that GTM Research and the Solar Energy Industries Association put at 33,000 installations in the state. Eliminating the exemption would force solar panel rental companies to pay taxes on the systems, but they are likely to charge homeowners that roughly \$150 annual fee, essentially nullifying solar power savings on their utility bills.

SUSTAINABILITY

Sustainability Investment Pipeline

The Nature Conservancy and JP Morgan Chase and Co. announced April 29 a venture aiming to fill a \$249 billion investment gap for sustainability projects. NatureVest will serve as an investment pipeline for a wide range of projects, while giving investors a return on their investment. The venture has 49 projects under consideration but not finalized, and will release a report in the fall on the market-size for conservation impact investments.

Sustainability Integration Improvements

Ceres [released](#) a study April 30 finding that while some companies are making modest sustainability integration improvements, many others are just beginning their sustainability efforts. The report warns that corporate solutions are not happening quickly enough, given increased global climate concerns.

MISCELLANEOUS

Apple Hires RE Manager

Apple hired former vice president of NV Energy Bobby Hollis to serve as the company's Senior Renewable Energy Manager this April.

Geothermal Industry Growing

The Geothermal Energy Association [announced](#) April 22 that the global geothermal industry brought more capacity on line in 2013 than in any year since 1997, and is primed for solid growth in 2014. New capacity in 2013 was at 530 MW, and current global capacity is estimated at just over 12,000 MW, with another 12,000 MW of projects in the pipeline.

Unexpected Nuke Closures Impacting Energy Strategy

The Center for Climate and Energy Solutions [released](#) a report April 28 finding that American nuclear reactor closures are negatively impacting the nation's ability to reduce CO2 emissions and meet its climate goals.

Fossil Fuel Divestment Model

Worldwatch Institute [released](#) a report April 29 finding that the growing fossil fuel divestment movement could serve as a model for achieving meaningful climate change action as government efforts fail to achieve the necessary progress to address climate impacts.

Rábago to Pace

Pace University hired Karl Rábago as the new executive director of its Energy and Climate Center last week. Mr. Rábago started his own firm in 2012, and previously served as a commissioner on the Texas Public Utilities Commission as a Department of Energy official overseeing utility technologies during the Clinton Administration.

Waxman Aide to CAP

Greg Dotson, longtime top energy and environment aide to Representative Henry Waxman (D-CA) will become vice president for energy policy at the Center for American Progress. Jeff Baran will serve as the new Democratic staff director for energy and environment on the House Energy and Commerce Committee, and Alexandra Teitz will serve as chief council for energy and environment.

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