David Leiter
Daniel Phillips
DJLeiter@mlstrategies.com
HDPhillips@mlstrategies.com

ML Strategies, LLC
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004 USA
202 434 7300
202 434 7400 fax
www.mlstrategies.com

ENERGY AND ENVIRONMENT UPDATE
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Energy and Climate Debate

The key to understanding Washington over the course of the next few months to a year is grasping all that came of the debt ceiling and deficit agreement. In the shadow of this agreement, both parties seem to be coalescing around their own general energy and environment narrative for the coming year. Democrats are pivoting from the debt fight towards a jobs agenda, with a heavy focus on clean energy development. Through Rep. Steny Hoyer, the Democrats have already announced a renewed push for the “Make it in America” agenda, a suite of old and new legislation aimed at job creation in manufacturing, clean energy, and other areas. Pitted against this, will be a program of policy riders targeting EPA regulations anathema to industry and continued budget cutting from the Republicans. Expect a big push this fall from House Republicans on the Regulations from the Executive in Need of Scrutiny (REINS) Act, with 159 co-sponsors including some Democrats. REINS would require all significant regulations to be authorized by Congress – with the EPA in the forefront of many Republican minds. Policy riders intended to neuter regulatory agencies and environmental programs will characterize the coming battles over energy and environmental spending bills being almost as much as the actual dollars and cents.

Bipartisan Debt Ceiling Agreement

The Budget Control Act requires that the new *Joint Select Committee on Deficit Reduction*, known as the Super Committee make its recommendations for spending cuts totaling between $1.2 trillion and $1.5 trillion over the next decade by November 23, and for Congress to approve the cuts by December 23. The twelve members of the Super Committee, equally divided into groups of three members of each party from both chambers, are required to be named by the four leaders of the House and Senate no later than August 16, giving them just over three months to develop their recommendation. The Budget Control Act requires reductions in discretionary spending for FY12 totaling $7 billion.

Should the Super Committee fail to meet their November 23 deadline, or should Congress fail to enact the bicameral committee recommendations by December 23, there is an enforcement mechanism, or trigger, that will automatically make $1.2 trillion in spending cuts with half allocated to defense, and half to non-defense spending. A failure to meet these deadlines would also allow the president to further increase the debt ceiling by $1.2 trillion.

Annual Appropriations Process

The process for identifying spending reductions will begin almost immediately, with the first hurdle being the Fiscal Year (FY) 2012 appropriations bills, which had already begun to wind their way through the annual appropriations process. It is fair to say that the new norm for congressional appropriations is no longer for the House and Senate Appropriations Committees to pass twelve spending bills as stand-alone measures as we all learned in Government 101. Instead, we are almost assured of seeing a series of Continuing Resolutions (CRs) funding the government for short periods of time once FY12 begins on October 1, with the ultimate funding bill being an Omnibus spending measure, under which everything will be on the table for consideration. Look for the CR, or, more likely, multiple CRs, to extend through these dates with the final Omnibus not being approved until the very end of the year, or even early in 2012.

Energy & Environment Appropriations

The FY12 Energy & Water Development was approved by the House on July 15 and included significant spending cuts, and the FY12 Interior & Environment bill was approved by the House Appropriations Committee on July 13, with steep spending cuts. The spending reductions required by the Budget Control Act mean that the federal programs funded by these two bills are going to undergo further scrutiny and will likely see even greater cuts in the final Omnibus later this year. House Republicans have already targeted FY12 funding for clean energy programs focused on energy efficiency and renewable energy, although Senate Democrats are likely to resist those cuts to whatever extent possible.

It is difficult to predict where these additional spending reductions will come from, but we can say that "plus-ups", or increases in funding for existing programs, are going to be very difficult, while funding for "new starts", or newly created federal programs, will be minimal, or perhaps non-existent, for the time being.

Environmental Policy Riders

The FY12 Interior & Environment Appropriations bill includes at least 39 policy riders, many meant to halt or delay Environmental Protection Agency regulatory efforts. This is a fight that will play out over the coming months, with an outcome that is difficult to predict at this point. In the FY2011 appropriations process Republicans attached policy rides to the bill, but in the final Omnibus almost all were dropped. However, if Republicans and conservative to moderate Democrats strongly argue this time around that EPA regulations are hampering the economic recovery, we could see some of the 39 riders included in the final spending bill. The riders cover a wide range of issues including Greenhouse Gas (GHG) regulation by EPA, the ozone rule, the Boiler MACT rule, and mountain top mining.

It is hard to see how all of the riders could survive, but we could see moderate Democrats, especially those up for reelection, joining with Republicans in arguing that we need to move slowly on environmental regulations in order to not cause any more job loss.

As a signpost of how some riders may survive, a bipartisan measure was introduced last month in the Senate by Republican Susan Collins and Democrat Ron Wyden that would slow the EPA's ability to write an air toxics rule for industrial boilers. House passage of a similar plan is considered a slam-dunk. Senate prospects would seem to be improved by the fact that Wyden and Collins aren't typical industry allies, but some say they may still be short of 60 votes, underscoring just how high the bar is in Congress.

Democrats could use their allowance of these policy riders as a trade-off to secure support for a Clean Energy Standard, extension of the 48C tax credit, or the 1603 grant program. This is an outlier scenario, but not beyond the realm of possibility.

Tax Reform & Revenues

In addition to across the board spending cuts, it is conceivable that we will see certain industry-specific tax provisions done away with. For example, Democrats are increasingly critical of tax incentives for the oil and gas industry; while many Republicans are loathe to accept a continuation of renewable energy tax credits.

In the wind sector, we see an effort from land-based wind energy companies to protect their production tax credit (PTC), while off-shore wind companies are looking to secure a new investment tax credit (ITC) for their sector. Solar companies are going to fight to protect their ITC, which is not due to expire until 2016, but could be shortened as various incentives are reviewed. The solar industry will also look to extend the 1603 grant program established by the Recovery Act. The Volumetric Ethanol Excise Tax Credit (VEETC) expires at the end of the year, and many Republicans and Democrats have agreed it will not be extended in its current form. A Thune-Feinstein-Klobuchar compromise to end the VEETC mid-2011 and devote a portion of the savings to incentives for next generation biofuels has stalled for a lack of a legislative vehicle. With the tightened federal belt, protecting any existing tax provisions will be a tough fight, and creating new incentives even more difficult, although not impossible.

Authorizing Measures

With all of that said, and many feeling at the outset of this week that the future was going to be played entirely on the defensive, the President, in his Rose Garden speech on congressional approval of the Budget Control Act, appears to be pivoting to making the upcoming debate on spending reductions more about job creation, calling the spending cuts a good "first step." Senate Majority Leader Reid and House Minority Whip Hoyer both echoed the President, with Reid announcing on the Senate floor, shortly after passage of the Budget Control Act, that when Congress returns after Labor Day, he wants to see quick action on energy legislation as part of a job creation agenda.

Areas where Senate Democrats are believed to be focusing their post-recess job creation agenda include a proposed national infrastructure bank, renewal of the 48C Advanced Energy Manufacturing Tax Credit, and the electric vehicles legislation introduced by Senators Alexander (R-TN) and Merkley (D-OR).

Senate Democrats could also push forward one or several of the bills that the House Energy and Natural Resources Committee has cleared this year – dealing with topics such as nuclear energy, carbon capture and sequestration and clean energy financing, among others.

Reid said other items on the Senate jobs agenda are patent reform legislation and a surface transportation reauthorization bill. Senator Boxer (D-CA), Chair of the Senate Environment and Public Works Committee, which has jurisdiction over the highway bill, said she plans to take it up during the first two weeks after recess.

Conclusion

Clearly, there are a lot of factors that are unknown at this point, but there is going to be a lot of give and take on federal programs and tax incentives, making it imperative that interested stakeholders work with decision makers on Capitol Hill to ensure that their priorities are taken into consideration. With so much at play at one time, there are going to be multiple winners and losers, but this new era of austerity does not appear to be shaping up to be a period of decreased activity on Capitol Hill as the focus looks to be broadening from simply cutting spending to working to find ways for the federal government to operate more efficiently with the limited dollars and resources available.

Congress

<u>House to Tackle Appropriations After Recess</u>
The debt ceiling deal set new spending limits that must be incorporated in to 13 different spending bills currently before the House Appropriations Committee, but the revisions will wait until after the recess. OMB says the new FY2012 federal spending limit on discretionary programs is $1.04 trillion, or around one-half of 1 percent less than FY2011 levels. Members from both parties have indicated that it is very likely all appropriations bills will be lumped together in one omnibus package before the end of FY 2011 on September 30. A continuing resolution might be needed if a deal on the omnibus package hasn't been reached in the three weeks between Congress' return and the start of FY 2012 on October 1.

<u>Bingaman and Snowe May Introduce Industrial Efficiency Bill</u>

Senator Bingaman (D-NM), possibly with Senator Snowe (R-ME), is expected to introduce a bill after the recess that is modeled after Bingaman's (S.1639) Expanding Industrial Energy Efficiency Incentives Act of 2009 that never became law. Bingaman's new bill will provide for expansion to 30% of CHP ITC. Senator Bingaman may also hold a Energy and Natural Resources hearing on the bill that will also serve as a counter to an upcoming House hearing on energy and tax incentives.

Democrats Will Focus on Clean Energy in Senate Jobs Push
On August 2, Majority Leader Senator Harry Reid (D-NV) announced that clean energy jobs will play a big role in the job creation agenda Senate Democrats plan on pushing after the August recess. Among the bills approved already this year by Sen. Jeff Bingaman's (D-NM) Energy and Natural Resources Committee is draft legislation creating a Clean Energy Deployment Administration within DoE for financing experimental energy projects, as well as energy efficiency legislation (S. 1000), an alternative vehicles bill (S. 1001), and two nuclear power bills (S. 512 and S. 1067).

Legislation Introduced

Rep. Mike Honda (D-CA) reintroduced the Smart Electronics Bill requiring DoE and EPA to craft something like the Energy Star program for electronic devices, and the NANO Act advancing the recommendations of a blue ribbon task force on nanotechnology Rep. Honda commissioned earlier.

Rep. Inslee (D-WA), Rep. Bartlett (R-MD), Rep. Tonko (D-NY), Rep. Berkley (D-NV), Rep. Blumenauer (D-OR), Rep. Baldwin (D-WI), Rep. Israel (D-NY), Rep. Pascrell (D-NJ), Rep. Quigley (D-IL), and Rep. Sutton D-OH) introduced to the Ways and Means Committee H.R. 2750 amending the Internal Revenue Code of 1986 to modify the investment tax credit for combined heat and power system property.

Sen. Crapo (D-DE) and Sen. Risch (R-ID) introduced to the Energy and Natural Resources Committee S. 1470 promoting timely exploration for geothermal resources under existing geothermal leases, and for other purposes.

Sen. Wyden (D-OR) introduced to the Energy and Natural Resources Committee S. 1491 amending the Public Utility Regulatory Policies Act of 1978 to expand the electric rate-setting authority of States.

Sen. Baucus and Sen. Tester (R-MT) introduced to the Commerce, Science, and Transportation Committee S. 1502 calling for improved pipeline safety.

Sen. Brown (R-MA) introduced to the Environment and Public Works Committee S. 1503 aimed at decreasing the deficit by realigning, consolidating, selling, disposing, and improving the efficiency of Federal buildings and other civilian real property.

Upcoming Hearings

Ways and Means Postpones to Hold Energy-Tax Hearing
The House Ways and Means Committee postponed an August 3 joint hearing on energy tax policy to be held by the Select Revenue Measures and Oversight Subcommittee. No new date has been set.

Administration

Obama Announces Fuel Economy and GHG Rule
On August 4, the White House announced that a final rule setting GHG emissions standards for medium- and heavy-duty trucks is to be formally unveiled by President Obama on August 9. The rule, a joint venture between EPA and the National Highway Traffic Safety Administration, will require a 5% increase in fuel economy annually from car manufacturers for model years 2017 up to 2025. A 3.5% annual increase in fuel economy will be mandated for light-trucks through 2021 and then by 5% per year through 2025.

Department of Energy

Philips Wins DoE's L Prize
On August 3, DoE announced that Philips Lighting North America won the 60-watt replacement bulb category of the Bright Tomorrow Lighting Prize competition (L Prize). The L Prize challenged the lighting industry to develop high performance, energy-saving replacements for conventional light bulbs designed to save American consumers and businesses money.

DoE Launches Energy.gov Website
On August 4, DoE announced the next step of its comprehensive website reform, making Energy.gov a cutting-edge, interactive information platform. At the forefront of these changes, the new website makes it easier for visitors to get localized information specific to their cities, counties and states on tax credits, rebates, energy saving tips and grant opportunities.

DoE Awards $967 Million Loan Guarantees To Arizona's Thin-Film Solar Project
On August 5, DoE announced it had finalized a $967 million loan guarantee to support the construction of the Agua Caliente Solar Project, a 290-megawatt photovoltaic solar energy-generating facility to be constructed in Yuma County, Ariz. The project, which will use thin-film solar panels manufactured by First Solar Inc., and will likely be completed in 2013. NRG Solar LLC, the project's sponsor, estimates the facility will fund approximately 400 construction jobs and 10 full-time operating jobs.

DoE Energy Efficiency Rating System for Commercial Buildings Due Soon
DoE is developing the National Asset Rating Program for Commercial Buildings, a system to rate the energy performance of commercial buildings. The initiative is part of a national voluntary program to help building owners and others identify energy efficiency opportunities. The program will identify potential for increased efficiency after evaluating the physical characteristics and "as-built" energy efficiency of commercial buildings. An initial program design will be available in September, and a pilot program launch sometime in 2012.

Department of Interior

DoI Supports Geothermal Energy Bill With Leasing Provision Caveat
On August 3, DOI told the Energy and Natural Resources Subcommittee on Public Lands and Forests that while the agency generally supports the Geothermal Production Expansion Act of 2011 (S. 1149) seeking to expand geothermal energy production, it wants to see changes to provisions for determining the fair market value of federal leases. The bill allows the DoI secretary to issue noncompetitive leases for up to 640 acres of federal land adjacent to existing geothermal projects or in the event a geothermal discovery is made that overlaps with federal land. Sen. Ron Wyden (D-OR) introduced the bill in June, designed to address addresses the practice of speculators purchasing federal geothermal leases at auction for parcels that are located adjacent to land with existing geothermal leases or developments. The DoI's Bureau of Land Management has issued 818 geothermal leases covering 1.2 million acres of federal land, and around 59 of these leases have attained "producing status." Geothermal generating capacity is currently at around 1,300MW for these projects, and is projected to increase to 12,200MW by 2025.

Environmental Protection Agency

EPA, USDA Push to Promote Conservation Practices
EPA and USDA are developing a draft framework intended to encourage farmers and ranchers to adopt water quality oriented conservation practices. The plan will encourage states develop a best practices for farmers and ranchers aimed at reducing water pollution and meeting total maximum daily load (TMDL) targets. One idea is a "certainty" program, where participants would receive certification from the state for their activities, as a kind of insurance policy against from regulatory uncertainty.

Industry Asks Supreme Court About Legality of Retroactive Rulemaking
On July 21, the National Petrochemical and Refiners Association and the American Petroleum Institute petitioned the U.S. Supreme Court to decide whether a federal agency that misses a statutory rulemaking

deadline can apply a regulation retroactively based on implicit, not actual, congressional authorization. The primary rule at issue is an EPA rule implementing a renewable fuel standard that took effect July 1, 2010, but stretched back to cover all of 2010. The rule was originally slated for 2008, but was delayed until 2010. In December 2010, the U.S. Court of Appeals for the District of Columbia Circuit rejected a challenge to the regulation by the same two groups.

Report Recommends EPA Steps for Assessing Economic, Social Impacts of Sustainability
On August 2, The National Academy of Sciences published the report, *Sustainability and the U.S. EPA*, arguing EPA should increase the use of analytical tools such as life-cycle assessments, cost-benefit analysis, and assessing the social, environmental, and economic effects of its policies. The report recommends more of a focus on a policy's potential social and economic impacts in addition to standard risk assessment models.

EPA Proposal for Six-Month Extension of GHG Reporting Deadline
ON August 4, in a Federal Register notice, EPA has put forward a proposal allowing for a six-month delay to the 2012 deadline GHG emissions reporting for electronics manufacturers, petroleum and natural gas facilities, and several other industries to begin reporting their GHG emissions. EPA has said delaying requirements from March 31, 2012, to Sept. 28, 2012, will provide additional time for the development and testing of the Greenhouse Gas Reporting Tool (e-GGRT).
The rule is for sources with emissions that exceed 25,000 tons per year in 2009, and EPA said it intends to issue the final rule by the end of 2011.

EPA Proposal To Exempt Injections Of CO2 From RCRA Standards
On August 4, EPA announced a proposal to exempt from the Resource Conservation and Recovery Act's federal hazardous waste regulations, carbon dioxide captured from coal-fired power and other industrial plants and injected underground for sequestration. The proposed rule would apply only to carbon dioxide streams injected into Class VI wells - specifically designed for CO2 geologic sequestration; however, as of today, there are no Class VI wells in operation. These wells are subject to more recent regulations under the Safe Drinking Water Act requiring them to be appropriately sited, constructed, tested, monitored, and closed to prevent groundwater contamination.

EPA Adjusts HCFCs Allowance System Based on Appeals Court Decision
On August 5, EPA published an interim-final rule adjusting its system for calculating consumption and production allowances for hydrochlorofluorocarbons, ozone-depleting chemicals that commonly are used as refrigerants, in 2011. EPA made the adjustments based on an August 2010 federal appeals court decision that vacated a December 2009 final rule governing the allowances. The United States is required to phase out the use of hydrochlorofluorocarbons under the Montreal Protocol on Substances That Deplete the Ozone Layer. Though the rule is effective immediately, EPA will accept comments through September 6.

Workers Handling Chemical in Lithium Ion Batteries Protections Enhanced With New Rule
On August 8, EPA will release a significant new use rule (SNUR) for cobalt lithium manganese nickel oxide, requiring manufacturers or importers to report any uses of the chemical that fail to conform to worker protection and environmental release requirements in the rule. In September of last year, EPA announced it would issue SNURs for 25 chemicals, including cobalt lithium manganese nickel oxide, used to make batteries. This new SNUR covers companies that intend to manufacture, import, or process the chemical substance.

Federal Energy Regulatory Commission

FERC Says 81GW of Coal Capacity Will Be Retired Due to EPA Rules
On August 3, FERC announced that its preliminary assessment found that 81GW of coal-fired generating capacity is likely to retire because of EPA power plant rules. The study comes as a response to a request from Sen. Lisa Murkowski (R-AK) made last May for FERC to conduct an assessment of whether EPA rules on climate, water, and air pollution could force the shutdown of coal-fired power plants and jeopardize electricity reliability.

GAO

GAO Seeks Guidance from OMB, CEQ for Helping Agencies with IT Greening
On August 5, GAO released "Green Information Technology: Agencies Have Taken Steps to Implement Requirements, but Additional Guidance on Measuring Performance Needed" calling on OMB and CEQ to provide better guidance to steer federal agencies toward greening their information technology efforts - acquiring energy-efficient equipment, training employees in energy conservation, and curbing printer use to conserve paper. A 2009 assessment found that federal agencies spend about $440.4 million per year just on "unnecessary printing." The Bush and Obama administrations have both sought (executive orders Nos. 13423 and 13514, respectively) to steer the federal government toward greener IT approaches. The federal government will spend an estimated $79 billion on IT in FY2011, all of which requires immense amounts of energy.

Nuclear Regulatory Commission

NRC's Review of Southern Co.'s Two New Nuclear Reactors Given Final Schedule
The NRC announced that it will complete a licensing review of Southern Company's two new nuclear reactors by this December. The proposed schedule calls for an evaluation report in August and the completion of a mandatory hearing process in December. Then the license could be issued. Southern is seeking licenses for Unit 3 and Unit 4 of its Vogtle nuclear power station near Waynesboro, GA. Unit 3 would go into commercial operation in 2016 and Unit 4 in 2017, with the project creating 3,500 construction jobs, 800 permanent jobs, and electricity for a half million homes and businesses in Georgia.

Personnel

Gregory H. Woods was nominated by President Obama on August 2 to be the general counsel at the Department of Energy. Mr. Woods currently serves as the deputy general counsel for the Department of Transportation. Prior to working at the Transportation Department, Mr. Woods was with the Debevoise & Plimpton law firm in New York.

Miscellaneous

Environmental Justice Groups Oppose California Emissions Trading Program
The California Supreme Court was asked by the Center for Race, Poverty and the Environment along with other environmental justice groups to terminate the proposed greenhouse gas emissions cap-and-trade program. The advocates are interested in seeing the state Supreme Court review an appellate court decision which permitted the program to proceed, after a trial court injunction had halted implementation. Environmental justice groups say that the program would result in higher pollution on low-income communities. Environmental groups oppose specific measures in the cap-and-trade program, particularly the trading of off-sets which they believe would unfairly impact low income communities and communities of color. Also, the Center for Biological Diversity, Global Justice Ecology Project, and other groups sent a letter to Governor Jerry Brown (D-CA) on July 28 asking the governor to reject the current cap-and-trade plan due to its potential effects on low income communities.

GE and University of Wyoming Terminate Coal Gasification Project
GE Energy and the University of Wyoming decided to end their development on the coal gasification project, the High Plains Gasification-Advanced Technology Center*,* due to a lack of urgency on a national energy policy plan.

Mexico to Implement Energy Efficiency Standards for Residential Buildings
Under the Draft Official Mexican Standard, published March 14, Mexico plans to establish standards requiring new residential buildings to obtain a certain level of energy efficiency, primarily through insulation. The standards would be signed by the director General of the Energy Ministry's National Energy Efficiency Commission (CONUEE), who also serves as the president of the National Consultation Committee of Standards for the Preservation and Rationed Use of Energy Resources (CCNNPURRE).

Study Cites Antarctica as a larger Contributor than Greenland to Rising levels
A new report published July 29 in Science Magazine was conducted by scientists at the University of Wisconsin-Madison noting that the continent of Antarctica, especially the West Antarctic ice sheet, rather than Greenland, poses a greater concern in contributing to warmer and higher sea levels. As the globe continues to get warmer, sea levels have continuously risen at an average rate of 1.8 mm per year since 1961 as a result of thermal expansion and the melting of land-based ice.

U.S. Must Identify Effective Energy Strategies to Maintain Competitive
The American Security Project, a non-profit bipartisan public policy and research organization, said on August 2 that the United States will have to make large adjustments to compete effectively in the global electric power sector. The organization said electric power demands are expected to rise by 30 percent by 2035. America will have to identify the best ways in pursuing with energy sources such as oil, coal, natural gas, nuclear fission, hydropower, wind, solar, biomass, and geothermal power in regards to improving energy independence, strengthening the economy, and enhancing environmental sustainability.

New Mexico's Environmental Improvement Board Seeks to Repeal Cap-and-Trade Program
New Mexico's newly installed Environmental Improvement Board (EIB), all appointees of Governor Susana Martinez (R-NM), will consider repealing the states greenhouse gas reduction and cap-and-trade regulations. The board began with a number of hearings November 8 to repeal the rules. The EIB members from former Governor Bill Richardson's Administration (D-NM), had enacted the state greenhouse-gas and cap-and-trade regulations in 2010, which were dismissed January 4 by Governor Martinez. On November 2 2010 the board approved a cap-and-trade program completed by the state Environment Department. Then on December 6 2010, EIB confirmed standards for reducing greenhouse gas emissions from power plants and from parts of the oil and gas industry.

Illinois Governor Signs Bill to Confirm Construction of Coal Gasification Plant
Governor Pat Quinn (D-IL) passed legislation August 2 allowing for the construction of a $2.3 billion coal to synthetic natural Gas facility in Jefferson County Illinois. The plant will convert coal to natural gas and sequester its carbon emissions. The facility will be developed by Power Holding LLC. The legislation seeks to provide economic stability for Power Holdings LLC through 10-year price guarantee provisions. Two weeks before passing this legislation Governor Quinn passed another bill permitting the construction of a $3 billion coal gasification facility in Chicago.

Online Mapping Tool Kit Developed to Track Health Risks from Climate Change
The Natural Resources Defense Council, on August 3, introduced its online mapping tool called "*Climate Change Threatens Health."* The mapping tool intends to help states and communities establish ways to reduce health risks from climate change. It maps out the average amount of days of low and high water flow and extreme heat from 2000 to 2009, as well as high levels of ozone-related smog from 2002 to 2006. The mapping tool kit also tracks regions that are vulnerable to Dengue fever.

EIA Report Cites Large Subsidy Increases for Renewables in 2010
The Energy Information Administration (EIA) unveiled a study August 1 entitled, "*Direct Federal Financial Interventions and Subsidies in Energy in Fiscal Year 2010."* The study reported that energy subsidies doubled in three years from $17.9 billion to $37.2 billion, with the majority of the subsidies going to renewable energy and conservation. Immediately following the release, renewable energy advocates said the study was inaccurate, since it was overemphasizing the information by showing only a snapshot in time. The study was requested by Republican Representatives Roscoe Bartlett (R-MD), Marsha Blackburn (R-TN), and Jason Chaffetz (R-UT). There was a total of $37.2 billion in energy subsidies in 2010, in which the EIA estimated $16.3 billion came in the form of tax breaks, $14.3 billion in direct spending, $4.4 billion for energy research and development, $1.6 billion for Department of Energy loan guarantees, and $648 million for rural electricity programs.

China to Develop Additional Policies to Reduce Carbon Intensity

China's primary planning body, the National Development and Reform Commission, announced on its website on July 25 that the commission will add more policies in its mission to reduce carbon intensity. Such policies include a pilot on emissions for trading companies, energy-saving targets, and emissions-reduction plans, which will all be released in the third quarter of 2011. In addition, the commission is planning on developing carbon footprint labels to allow consumers to make green choices. Most of the certification for labeling, auditing, and other carbon calculations in China is based on International Organization for Standardization and Publicly Available Specification standards.

IEA Report Says Carbon Pricing Not Enough for Energy Efficient-Economy

The International Energy Agency's report, "*Energy Efficiency Policy and Carbon Pricing*," released August 1, cited that carbon pricing alone is not enough to ensure consumers make the most energy-efficient purchasing decisions. The agency acknowledged that while carbon pricing is a critical piece to mitigating carbon dioxide, other policies must be considered. Also, additional policies to enhancing energy efficiency, such as improving energy performance standards and labeling, combined with consumer feedback tools, are critical in order to assist consumers in making better decisions on purchasing energy-saving appliances, cars, equipment, etc. The International Energy Agency said it will release a paper entitled, "*Combining Policy Instruments for Least-Cost Climate Mitigation Strategies*," in the fall of 2011 which will provide ways on identifying the needs for energy efficiency and renewable energy in addition to existing carbon pricing.

New York Governor Signs Bill to Streamline Siting Process for Power Plants

Governor Andrew Cuomo (D-NY) signed into the law the Power Act of New York of 2011 (A. 8510) on August 4. The law streamlines the siting process for new power plants in New York, permits financing of efficiency retrofits through customers' monthly electricity bills, and requires the state Department of Environmental Conservation to put into effect regulations to reduce carbon dioxide emissions from power plants. The law also requires the New York State Energy Research and Development Authority to conduct a study to identify the potential for increasing the use of solar power in the state. The primary measures in the bill establish a permanent streamlined siting process for power plants that produce 25 megawatts or more. Power plant owners must apply to a single multi-agency siting board and obtain a decision within one year.

Federal Agencies to Assist Low Income Communities' Environmental Challenges

On August 4, seventeen federal agencies signed a memorandum of understanding which requires the agencies to release annual reports on their efforts to address the environmental burdens that low income and minority communities face. The reports will identify environmental justice impacts from their programs and policies and will include progress reports on their efforts to mitigate the effects, such as performance measures for their efforts and responses to community concerns. The progress reports must be completed by February 2011 each year starting in 2012.

China Plans to Implement Low-Carbon Pilot Program in Shenzhen

The government of Shenzhen, located in China's Guangdong province, has established plans to create a low-carbon pilot program. The Shenzhen Development and Reform Commission said the measures will impact industries, power generation, construction, and consumer lifestyles. The government's goal is to reduce the municipality's carbon dioxide emissions per unit of production to 45 percent below 2005 levels by 2020. The Shenzhen Development and Reform Commission intends to introduce a number of laws and regulations in order to reduce carbon dioxide emissions, advance low-carbon modern service and advance industries, focus more on natural gas and other alternative fuel energy sources, advance building and industrial energy efficiency, identify carbon capture and storage possibilities, utilize carbon trading and other market systems to reduce carbon dioxide emissions, and promote low-carbon lifestyles through public awareness campaigns. The National Development and Reform Commission has to approve the laws and regulations.

California Governor Signs into Law Three environmental Bills

Governor Jerry Brown (D-CA) signed three environmental bills into law last week that will help air districts provide funding for retrofit programs for school buses, expand the use of neighborhood electric vehicles, and help reduce costs for residential and commercial renewable energy projects. The bill (A.B. 1470), signed into law on August 4 will permit local air quality regulators to use the last $2 of the $6 motor vehicle surcharge they receive from annual vehicle registration fees to help fund the retrofit of diesel-powered school buses to lower emission of dirty pollutants. Legislation (A.B. 61), also signed on August 4, allows Riverside County to conduct pilot projects that would allow for low-speed neighborhood electric vehicles (NEVs) with speed limits that exceed 35 miles per hour. Prior to passing those bills, on August 2, Governor Brown enacted (A.B.x1 14), which requires the development of a Clean Energy Upgrade program. The program will assist banks in providing loans to homeowners and businesses for installing alternative energy and energy efficiency projects. The bill allows qualified banks credit to decrease interest rates and lender risks for loans to install solar systems, electric vehicle charging equipment, and energy and water efficiency projects.

Bill Amends Renewable Energy Tax Credit Requirements in Iowa

Under legislation (H.F. 590) the renewable energy tax credit in Iowa was amended to increase the nameplate generating capacity requirement for certain facilities that qualify. It also limits the amount of nameplate capacity that may be allocated to one facility. Except for wind energy conversion facilities, all other facilities must have less than 60 megawatts of nameplate capacity, or energy production capacity equivalent, to apply for the renewable energy tax credit. Prior to the new measure, nameplate capacity could not surpass 5 megawatts for these facilities. The bill was signed into law on July 18 and took immediate effect.