



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

We are half way through a busy September, and Congress will focus much of the rest of the month on a continuing resolution. Energy and climate issues will garner some attention in committee hearings this week, and the Administration is preparing for Pope Francis' visit next week and a number of events this month and next as the global climate negotiations in Paris near.

The Senate will spend much of this week on the Iran nuclear deal, and the House will debate lawsuit abuse reduction (H.R. 758), defunding Planned Parenthood, hastening environmental reviews of federally sponsored construction projects (H.R. 348), and abortion legislation, as well as 9 other bills on its suspension calendar. With a short week due to the Rosh Hashanah holiday, House leadership plans to take up next week a continuing resolution, legislation intended to keep the government funded after the current fiscal year ends September 30. But appropriations leadership needs to finalize the stopgap measure first, and House Appropriations Committee Chairman Hal Rogers (R-KY) and Speaker of the House John Boehner (R-OH) indicated over the weekend that no decisions have been made on its provisions, though they indicated that they need to have some additional conversations about discretionary funding. Senate Majority Leader Mitch McConnell (R-KY) has said that Congressional Republicans do not have the votes to defund Planned Parenthood, and even if they did, President Obama would veto the measure, but there is still some discussion on the House side about including a ban on federal funding for the organization in the continuing resolution. Majority Leader McConnell does not plan to include similar language on the Senate side, and hopes to ensure quickly that the government remains open after September 30. House Appropriations Subcommittee on Energy and Water Chair Mike Simpson (R-ID) said September 11 that the resolution is at least likely to be free of energy and environment policy riders, whatever else it contains. Discussions are also underway over the timing of the resolution, with the House considering a measure that funds the government through the middle of December, and some in the Senate preferring a version that goes through November. Once a CR is finalized, and it is likely to be a clean one, Congress will move to a number of additional looming issues for the rest of the year.

Energy issues most likely to obtain Congressional attention this year include TSCA reform and a tax extenders package, with the production tax credit and a tweak of the investment tax credit receiving top billing in the energy category. It remains to be seen what, if any, larger tax effort can be accomplished, as House Ways and Means Committee Chair Paul Ryan (R-WI) hopes to make some of the tax extenders permanent and let others remain expired indefinitely. Should Congress take that route, Senate Democrats would look for trade offs in the form of making some renewable energy tax credits permanent or at least providing them with long phaseouts or otherwise tweaking them. The Senate Finance Committee approved in late July a two-year package (S. 1946) of all the tax provisions, extending one year retroactively as needed. Senate Finance Committee Chair Orrin Hatch (R-UT) said last week that it is up to Senate Majority Leader McConnell to fit tax extenders into the packed fall legislative

schedule, and it is not likely to be on the calendar until closer to the end of the year, despite broad business [community](#) outreach encouraging renewal as soon as possible.

There may be another possibility for this kind of trade off, should Congress decide to move forward with lifting the crude oil export ban. House Energy and Commerce Committee members are still negotiating what their final broad bipartisan energy bill will look like, but the committee may mark up the measure later this month. It was originally scheduled to come to the House floor this month, but with a busy schedule of government funding and other looming deadlines, it may be pushed to October. The Senate will return to its own broad bipartisan energy legislation in 2016. The Senate Energy and Natural Resources Committee approved the measure this summer, sending the bill to the floor for wider consideration that may include handfuls of amendments. If broad bipartisan energy legislation does not advance in the near future, the upper chamber may also turn to the energy efficiency package from Senators Rob Portman (R-OH) and Jeanne Shaheen (D-NH).

President Obama kicked off a busy fall climate schedule early last month by unveiling the final [Clean Power Plan](#). For recent Clean Power Plan developments, please see the Environmental Protection Agency section below. Since then, the president has traveled to [Las Vegas](#), [New Orleans](#), and [Alaska](#) to emphasize different aspects of his climate message. The Obama Administration will continue its climate theme through the end of the year as it prepares for the international climate negotiations in Paris this November and December and seeks an ambitious global climate agreement.

President Obama will meet next week with Pope Francis, in part to discuss climate change and the recent encyclical, *Laudato Si*, during the pontiff's visit to the United States. The pope will address also a joint session of Congress while in Washington September 24, and September 21-25 has been named a [Week of Moral Action on Climate](#) to honor Pope Francis' visit. There will also be a series of events held in Washington the rest of the month and next to call for the United States to demonstrate climate leadership, including a White House offshore wind event September 28 and corporate voluntary climate commitment event in October, as well as a State Department sustainability event in late October.

United Nations Secretary General Ban Ki-moon will bring together 40 heads of state September 27 to discuss climate change on the sidelines of the United Nations General Assembly in New York. The meeting offers a rare opportunity for world leaders to get together to take stock of progress and encourage more haste toward a global climate agreement in Paris at the end of the year. Other opportunities include the next Group of 20 leaders' summit in Turkey November 15-16, though the focus there will more likely be on economic and global security issues than on the Paris climate negotiations. International finance ministers will meet October 9-11 in Peru for World Bank and International Monetary Fund meetings, and could discuss climate finance, one of the agreement's biggest sticking points, then. In the meantime, climate negotiators from 195 countries undertook five days of talks in Bonn August 31-September 4, hoping to whittle down the 76 pages of global climate agreement text to a more manageable 20-page draft deal, which leaders are hoping to have complete sometime in October; the talks focused heavily on financing issues. There is also a growing consensus regarding the need for an ambitious long-term goal, which may translate into a 2050 goal, but may also include an end of the century target. Climate negotiators from the 16 top-emitting nations as well as the European Union will also meet September 29-30 in New York for the Major Economies Forum on Energy and Climate. The final Paris preparatory talks run October 19-23 in Bonn. Congressional Republicans are attempting to put a dent in President Obama's hopes of reaching a global climate agreement in Paris, informing international leaders of their plans to fight the president's climate agenda and emphasizing the possibility that an international agreement might need Congressional ratification.

CONGRESS

Hydropower Authority

The Association of Clean Water Administrators, the Association of State Wetland Managers, and the Environmental Council of the States requested September 8 a meeting with House and Senate sponsors of hydropower licensing reform legislation (S. 1236) to discuss revising the language. The groups contend that states want to retain their Clean Water Act authority over projects in measures Congress is considering to streamline the licensing process. Senate Energy and Natural Resources Committee Chair Lisa Murkowski (R-AK) and Ranking Member Maria Cantwell (D-WA), and House Energy and Commerce Subcommittee on Energy and Power Chair Ed Whitfield (R-KY) and Ranking Member Bobby Rush (D-IL) introduced the legislation this spring.

NRC Oversight Hearing

The House Energy and Commerce Subcommittees on Energy and Power and Environment and the Economy held a joint hearing September 9 with the Chairman and three Nuclear Regulatory Commission commissioners to consider the commission's long term budget development and resource planning.

Crude Oil Exports

The House Energy and Commerce Subcommittee on Energy and Power voted September 10 to lift the 40-year-old crude oil export ban (H.R. 702), and momentum is building in both the lower and upper chamber for lifting the ban, with some Senate Democrats, including Minority Leader Harry Reid (D-NV), expressing a willingness to discuss it, particularly given an appealing trade off, including potentially making permanent some tax extenders such as the production tax credit, or tweaking or expanding others. The full committee will mark up the bill this week, and the measure could be on the House floor by the end of the month.

Electric Power Grid Vulnerabilities

The House Science, Space, and Technology Subcommittee on Oversight held a hearing September 10 to examine vulnerabilities of the country's power supply. During the hearing, subcommittee members recommended additional research into battery storage technology and transformer systems to better prepare for potential cybersecurity and physical attacks to the grid. Representative Don Beyer (D-VA), the subcommittee's ranking member, [asked](#) the Government Accountability Office the previous day to conduct a review of the grid's resiliency.

Tribe Resource Authority

The House Natural Resources Committee approved September 10 the Native American Energy Act (H.R. 538) to restrict National Environmental Policy Act reviews on Indian lands and limit federal fracking regulations on Indian trust lands, granting Indian tribes more authority over energy and natural resources activities on tribal land. The measure moves to the full House.

Senate Crude Exports Consideration

Senator Richard Shelby (R-AL) said September 10 that the Senate Banking Committee will mark up legislation (S. 1372) later this month or next month to lift the 40-year-old ban on crude oil exports. The measure, from Senators Heidi Heitkamp (D-ND) and Lisa Murkowski (R-AK) is separate from another bill (S. 1312) that would lift the prohibition that the Senate Energy and Natural Resources Committee approved in July. The Banking Committee has jurisdiction over export controls and foreign trade promotion.

States on CPP

Texas and Ohio energy and environment regulators testified before the House Science, Space, and Technology Subcommittee on the Environment September 11 that the Environmental Protection Agency cannot demonstrate quantifiable climate change benefits and that the agency relies too much on public health gains from other pollutants to justify the Clean Power Plan. An Oregon official, on the other hand, contended that the plan is an important step toward addressing climate change, and that the targets are achievable.

Legislation Introduced

Senator Lisa Murkowski (R-AK) introduced legislation (S. 2011) September 9 to provide for reforms of the administration of the Outer Continental Shelf of the United States.

Senator Lisa Murkowski (R-AK) introduced legislation (S. 2012) September 9 to provide for the modernization of the energy policy of the United States.

Senator Debbie Stabenow (D-MI) introduced legislation (S. 2026) September 10 to foster bilateral engagement and scientific analysis of storing nuclear waste in permanent repositories in the Great Lakes Basin. Representative Dan Kildee (D-MI) introduced companion legislation (H.R. 3483) the same day.

Upcoming Hearings

The House Committee on Natural Resources will hold an oversight field hearing in New Orleans September 15 to consider the impacts of federal policies on energy production and economic growth in the Gulf of Mexico.

The Senate Environment and Public Works and Indian Affairs Committees and House Natural Resources and Oversight and Government Reform Committees will hold oversight hearings this week to consider the cause, response, and impacts of the Environmental Protection Agency's Gold King Mine Disaster.

The Senate Energy and Natural Resources Committee will hold a hearing September 17 to consider the Federal Land Recreation Enhancement Act.

The Senate Committee on Commerce, Science, and Transportation will hold a field hearing at Montana State University September 18 to consider state and local perspectives on pipeline safety.

ADMINISTRATION

India, China Climate Discussions

White House energy and environment advisor Brian Deese was in New Delhi and Beijing last week to meet with

senior officials including Foreign Secretary Subrahmanyam Jaishankar in India and Executive Vice Premier Zhang Gaoli in China to discuss climate change and strengthen partnerships prior to the global climate negotiations in Paris at the end of the year. In China, the two [agreed](#) to cooperate more closely on addressing climate change.

Ozone Rule

The White House Office of Management and Budget will meet with advocacy groups at least six times last week and this week to discuss the Environmental Protection Agency's final rule on the national ambient air quality standards for ozone. The office is [reviewing](#) the final rule on whether to retain the current standards of 75 parts per billion or revise them to between 65 ppb and 70 ppb. The agency is under an October 1 court-ordered deadline to make a final decision.

DEPARTMENT OF AGRICULTURE

E15 Grants

Agriculture Secretary Tom Vilsack [announced](#) September 10 that 21 states will share roughly \$100 million in grants to add the necessary infrastructure to provide higher blends of ethanol, E15, in gasoline at thousands of pumps across the country. The Biofuel Infrastructure Partnership grants, as well as an even state and private investor match, will support 4,880 pumps at more than 1,400 fueling stations.

DEPARTMENT OF ENERGY

QTR Released

The Department of Energy released September 10 its second [Quadrennial Technology Review](#) outlining the broader research and development challenges the energy world faces, including carbon capture technology, advanced nuclear power, fuel cells, and energy-related water use. The report emphasizes the convergence of energy sectors; energy supply and service diversification; confluence of research and development, consulting power, and analysis of complex systems; and energy efficiency; and highlights research, development, demonstration, and deployment opportunities in buildings, the electric grid, electricity production, fuels, manufacturing, and transportation. The review found that small scale pilot projects focused on improving the efficiency of separating CO2 are underway and could be ready for commercial demonstration in ten years. The agency released the first Quadrennial Technology Review in 2011.

Natural Gas Peaks

The Energy Information Administration released data September 11 showing that natural gas consumption has two peak periods during each calendar year, with the larger peak occurring during winter heating months and a smaller peak during high levels of air conditioning use in the summer. The average use of natural gas for the electric power sector was 23 billion cubic feet per day from 2010-2014, with an average 30 billion cubic feet per day average high in the summer and a combined residential and commercial sector measurement in the winter months of 46 billion cubic feet per day.

\$6.5 Million for Advanced Hydro

The Department of Energy awarded September 14 \$6.5 million to seven organizations to advance low environmental impact hydropower technologies. The projects will address rapidly deployable civil works technologies, innovative methods and materials for hydropower construction, and powertrain components.

Battery Charger Standards

The Department of Energy's Office of Energy Efficiency and Renewable Energy will hold a meeting September 15 on energy conservation standards for battery chargers.

DEPARTMENT OF TRANSPORTATION

\$100 Million for Efficient Aircraft

The Federal Aviation Administration [awarded](#) September 8 \$100 million in matching contributions to eight companies to create and demonstrate technologies to reduce aircraft fuel consumption, emissions, and noise. The grants are the second phase of the Continuous Lower Energy, Emissions, and Noise program, which promotes a more efficient and lower GHG emitting aviation industry.

ENVIRONMENTAL PROTECTION AGENCY

CPP Litigation

The U.S. Court of Appeals for the District of Columbia Circuit ruled September 9 that it would not put a hold on the Environmental Protection Agency's Clean Power Plan, denying a request by 16 states, led by West Virginia, and Peabody Energy Corporation until the regulation is published in the Federal Register. The court also denied states'

request earlier in the week to challenge the rule before it was made final, dismissing the challenge as premature. The agency will publish the Clean Power Plan in the Federal Register by the end of October.

PA Considers CPP SIP

Pennsylvania Department of Environmental Protection Secretary John Quigley said during a Clean Power Plan webinar September 9 that the state is open to considering the Regional Greenhouse Gas Initiative and other multistate agreements for compliance with the plan. Pennsylvania, which has the third highest level of annual carbon emissions, will consider all of its options for formulating a state implementation plan, and the department will hold 14 public hearings and an open comment period through November 12, with the intention of submitting a final plan to the Environmental Protection Agency by next September.

Biomass GHG Accounting

The [National Alliance of Forest Owners](#), the American Forest and Paper Association, and the American Wood Council urged in written comments to the Environmental Protection Agency's Science Advisory Board's Biogenic Carbon Emissions Panel September 9 to not rule out any policy outcomes when conducting its review of the agency's draft framework for accounting for greenhouse gas emissions from biomass. The groups contend that an alternative biogenic carbon accounting framework that the board is considering is too complex to be implemented and focuses not on their science mission, but on policy. The panel has completed its review of the framework and will share its final report with the agency soon.

CPP and Environmental Justice

Environmental Protection Agency Associate Division Director Kevin Culligan told the National Environmental Justice Advisory Council September 10 that the Clean Power Plan presents a unique opportunity to change how states and companies think about energy, but that it will not solve all of the environmental justice issues related to power plants. He urged the environmental justice advocates to use all parts of the Clean Air Act and other laws to resolve overburdened communities' other pollutant concerns.

INTERNATIONAL

Hollande on Paris

French President Francois Hollande said September 7 that prospects for an agreement at the global climate negotiations in Paris at the end of the year are uncertain, worrying that it may already be too late to reach a deal on emissions targets, and noting that climate finance remains one of the biggest sticking points.

Delivering 2 Degree Goal

Harvard Associate Professor of Public Policy and former White House climate adviser Joseph Aldy told a Center for Strategic and International Studies climate forum September 9 that the global climate agreement negotiators may reach in Paris at the end of the year is not likely to deliver on the goal of keeping global temperatures from rising 2 degrees Celsius. Pointing to pledges from the United States, the European Union, China, and other countries, he said that global efforts to reduce emissions under an accord are well short of the necessary levels. The United Nations Framework Convention on Climate Change currently has [pledges](#) from almost 60 countries, covering about 70 percent of global emissions, with pledges from India, Brazil, South Africa, Indonesia, and others still to come.

Pacific Summit

16 Pacific countries met September 10-11 for the 46th Annual Pacific Island Forum in Papua New Guinea to discuss, among other things, the threat of climate change-related sea level rise. The group published a declaration calling for a 1.5 degrees Celsius limit on global warming and stating that a strong and legally binding agreement at the global climate negotiations in Paris at the end of the year is crucial.

EU and Climate Finance

Researchers at the Bruegel Institute presented a [report](#) on climate finance to a meeting of the European Union's finance ministers in Luxembourg September 11 finding that the European Union could better secure success at the global climate negotiations in Paris at the end of the year if the bloc, which represents about 500 million people, pooled funding rather than the 28 member states pursuing their own policies. The bloc leads in financial efforts to mitigate climate change and adapt to its consequences, with official climate related aid totaling \$24.9 billion in 2013, significantly above the United States, China, and the rest of the world combined.

STATES

MA Solar

Massachusetts Undersecretary of Energy and Environmental Affairs Ned Baker announced September 8 that the

state is on target to exceed solar energy goals even as the state debates solar incentives. State law sets a goal of generating 1,600 MW of solar energy by 2020, and if lawmakers lift a cap on the state's net metering program, which helps solar developers, they could reach the target as early as 2018.

Record RGGI Price

The Regional Greenhouse Gas Initiative [announced](#) September 11 that carbon allowances sold for a new \$6.02 record in the 29th auction, triggering a cost containment reserve mechanism. The price for allowances was 9.4 percent higher than the previous \$5.50 price, continuing an upward trend over the past year. The auction, the first since the Environmental Protection Agency's release of the Clean Power Plan, raised \$152.7 million for the initiative's nine member states. The next auction is scheduled for December 2.

CA RE Legislation

The California state Assembly passed legislation (S.B. 350) September 11 to set new state energy goals, including increasing renewable energy to supply 50 percent of the state's electricity by 2020 and making buildings 50 percent more efficient by 2020. The previous day, California state Senator Fran Pavley (D) withdrew a request for a vote on S.B. 32, which called for an 80 percent reduction in greenhouse gas emissions from 1990 levels by 2050. She will bring the bill back up next year.

VT Transmission Line

Vermont proposed last week a 60-mile transmission line that would carry power from wind farms in upstate New York, as well as Canadian hydropower, to Vermont. The Vermont Green Line would carry 400 MW to power 240,000 homes.

MISCELLANEOUS

Ocean Climate Change Mitigation

The Global Marine Fuel Trends 2030 released a [report](#) September 7 considering the future of commercial shipping, navies, and ocean health. The study concluded that there has been a 30 percent increase in ocean acidity since the beginning of the Industrial Revolution, and that there will be twice as many offshore structures in 2030 as there are now, with 100 times more offshore wind turbines and 50 percent more offshore drilling.

Historical Climate Change Contributions

Nature Climate Change published a [study](#) September 7 finding that developed nations owe the world about \$10 trillion for their historic contributions to climate change. Study author Dr. R. Damon Matthews said that the findings could be used to determine how much money should be donated to the United Nations' Green Climate Fund.

Green Cities

The New Climate Economy released a [report](#) September 8 finding that implementing low carbon initiatives in cities could save \$16.6 trillion by 2050 and avoid 3.7 Gt CO₂ a year. To realize the savings, the commission recommends investing \$1 billion to decarbonize the economy of the world's 500 largest cities, with improvements in public transportation, energy efficient buildings, and waste disposal.

Solar Growth

The Solar Energy Industries Association released a second quarter report September 9 finding that the United States added 1.4 GW of solar photovoltaic capacity between April and June of this year. Utilities installed 729 MW, and residential solar accounted for 473 MW, a 70 percent increase from the same quarter last year. The second quarter's growth puts the country on track for a record 7.7 GW this year, as the industry rushes to finish projects before the end of the year, when the solar investment tax credit expires. The Energy Information Administration has calculated that in the first six months of the year, utility scale solar PV installations provided 0.5 percent of domestic electricity. The following day, the association [reported](#) that the industry achieved a record year in 2014, growing by 34 percent over 2013 to install nearly 7,000 MW of solar electric capacity. Total U.S. solar capacity in operation now exceeds 20 GW, enough to supply 4.6 million homes and reduce CO₂ emissions by 25 MMT a year.

Antarctic Ice Threatened

The Carnegie Institution for Science published a [study](#) in *Science Advances* September 11 finding that the continued use of fossil fuels could eventually melt enough Antarctic ice to raise sea levels so much that cities like Hamburg, Hong Kong, and New York would be underwater. Most studies have focused on the West Antarctic ice sheet, but this study addresses Antarctic ice melt in its entirety.

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