



## ML Strategies Update

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## Energy & Environment Update

### ENERGY AND CLIMATE DEBATE

Congress is in Washington this week for an intense few days before recessing until after the November elections.

The House will vote September 17 on the continuing resolution (H.J. Res. 124). Currently, the measure continues a policy provision that overrides Administration guidance limiting the Export-Import Bank from financing overseas coal-fired power projects. The continuing resolution, which would fund the government through December 11, extends the bank's charter, which expires September 30, until the end of next June. The House had planned to pass the continuing resolution last week, but postponed the vote after President Obama requested approval of authority for aid to Syrian rebels. The chamber is still weighing whether to attach the president's request to the continuing resolution or to take it up separately. The measure also includes funds to address the Ebola virus and would extend to December 11 a moratorium on taxing Internet access that is scheduled to expire November 1. The Senate will take up the measure shortly thereafter.

In addition to the continuing resolution, the House is scheduled to bring up an energy package comprised of 13 already-passed measures, including legislation approving the Keystone XL pipeline (H.R. 3, H.R. 3301), limiting environmental regulations (H.R. 1582, H.R. 3826), and opening federal lands to energy extraction (H.R. 4899). Representative Lee Terry (R-NE) unveiled the [American Energy Solutions for Lower Costs and More American Jobs Act](#) September 12. The Senate will not act on the measure, but the package affords a preview of the issues the upper chamber would consider if Republicans assume control of the Senate in 2015.

The House may also consider a jobs measure that draws from a list of 40 previously passed House bills (the [Jobs for America Act](#)) and a healthcare bill (H.R. 3522). The Senate may debate its own line up of messaging bills: legislation to raise the minimum wage (S. 2223), address pay equity issues (S. 2199), and student loan rates (S. 2432), and guarantee access to contraception (S. 2578).

Senate Finance Committee Chair Ron Wyden (D-OR) and retiring House Ways and Means Committee Chair Dave Camp (R-MI) confirmed September 9 that they are considering a possible post-election agreement on a one-year extension of expired tax breaks, in lieu of the stalled \$85 billion two-year Senate extension package (S. 2260). The Senate Finance Committee-approved package was designed to allow more time for Congress to negotiate broader tax reform during 2015, but the measure was halted during a procedural fight over floor amendments. A one-year patch would resemble the tax extenders language in the 2012 fiscal cliff agreement. The Joint Committee on Taxation estimated earlier this year that a one-year extension package would cost roughly \$47 billion. Meanwhile, House Republicans are pushing for the permanent extension of several popular tax breaks as part of a larger strategy to frame a tax overhaul. The House will vote this week on a package of economic priorities that includes

several House-passed tax measures (including H.R. 4718 and H.R. 4453).

## CONGRESS

### States Disagree On CPP Impacts

The House Energy and Commerce Subcommittee on Energy and Power held a hearing September 9 during which state officials disagreed, essentially along party lines, over the feasibility of the Environmental Protection Agency's Clean Power Plan, including the proposal's impact on the economy and electricity grid reliability.

### RFS Increase Sought

Senator Dick Durbin (D-IL) sent a [letter](#) to the White House Office of Management and Budget September 10 asking the office to increase renewable fuel requirements before it finalizes the Environmental Protection Agency's Renewable Fuel Standard for 2014.

### CPP Comment Extension Sought

A bipartisan group of 53 senators sent a [letter](#) to Environmental Protection Agency Administrator Gina McCarthy September 11 asking the agency to extend the public comment period on the proposed Clean Power Plan another 60 days. The 120-day comment period is scheduled to expire October 16.

### ENR Approves Sherwood-Randall

The Senate Energy and Natural Resources Committee approved September 11 Elizabeth Sherwood-Randall as deputy energy secretary, sending her nomination to the full Senate. Ms. Sherwood-Randall is a special assistant to President Obama, and has served as the White House coordinator for defense policy, nuclear proliferation, countering weapons of mass destruction, and arms control on the National Security Council since April 2013. Previously, she served as White House senior director for European affairs since 2009. She would replace Dan Poneman, who will move to Harvard this fall.

### NRC Nominees

The Senate voted September 16 to confirm President Obama's two Nuclear Regulatory Commission nominees, Stephen Burns and Jeff Baran. The Senate Environment and Public Works Committee approved the nominations in a partisan vote September 11.

### Legislation Introduced

Representative Patrick Murphy (D-FL) introduced the Fueling America's Future Act of 2014 (H.R. 5457) September 11 to provide incentives for zero carbon emissions refueling property.

### Upcoming Hearings

The House Rules Committee will consider the American Energy Solutions for Lower Costs and More American Jobs Act September 16.

The Senate Finance Committee will hold a hearing September 17 to consider long-term energy tax reform. Former Senator Don Nickles (R-OK), retired Lockheed Martin CEO Norman Augustine, Tufts University economics professor Gilbert Metcalf, Bloomberg New Energy Finance's Ethan Zindler, and Heritage Foundation Center for Data Analysis energy and climate change research fellow David Kreutzer will testify.

The same day, the Senate Commerce Committee will markup several bills and nominations, including Manson Brown to be assistant Commerce secretary for environmental observation and prediction.

The House Science Committee will hold a hearing on the Obama Administration's climate plan September 17. White House Office of Science and Technology Policy Director John Holdren and acting Environmental Protection Agency air chief Janet McCabe will testify.

The House Energy and Commerce Subcommittee on Energy and Power will hold a hearing the same day on the 21<sup>st</sup> Century Energy Workforce Development Jobs Initiative Act (H.R. 4526).

## ADMINISTRATION

### Governor CPP Opposition

Fifteen Republican governors sent a [letter](#) to President Obama September 9 arguing that the Environmental Protection Agency exceeded its authority under the Clean Air Act when it released the Clean Power Plan. The

group argued that the plan creates substantial obstacles to state compliance.

## DEPARTMENT OF ENERGY

### LNG Exports Approved

The Department of Energy approved September 10 two facilities to export liquefied natural gas to non-free trade nations. The agency granted [final authorization](#) to the Cameron LNG Terminal to export up to 1.7 billion cubic feet of natural gas per day for 20 years. The agency also gave [final authorization](#) to Carib Energy LLC to export the equivalent of 40 million cubic feet of natural gas daily for 20 years from a proposed Florida facility.

## ENVIRONMENTAL PROTECTION AGENCY

### WY Haze Plan

Wyoming [argued](#) before the U.S. Court of Appeals for the Tenth Circuit September 2 that the Environmental Protection Agency took an inconsistent approach in disapproving part of its final regional haze state implementation plan on best available retrofit technology requirements for nitrogen oxide emissions, saying that the plan meets the objective of developing a program to reduce visibility concerns caused by regional haze.

### FY2016 Budget Request Advice

The Environmental Council of the States [said](#) September 4 that a forthcoming request for the Environmental Protection Agency's fiscal year 2016 budget should prioritize categorical grants, funding to implement the agency's CO2 standards for power plants, and reversing cuts to water infrastructure grants.

### Final CPP to Reflect Comments

Environmental Protection Agency Office of Air and Radiation Acting Assistant Administrator Janet McCabe told the University of Michigan's Erb Institute September 9 that the final rule on the Clean Power Plan would take into account the thousands of comments the agency has received, which to date total more than 700,000. The comment period ends October 16.

### CPP Health Benefits

Office of Air Quality Planning and Standards official Jennifer Noonan told the Children's Health Protection Advisory Committee September 10 that the Clean Power Plan would result in emissions reductions that would benefit the health and welfare for vulnerable populations, including children.

### Existing State Policies May Assist CPP Compliance

Stanford University's Steyer-Taylor Center for Energy Policy and Finance and the Hoover Institution's Shultz-Stephenson Task Force on Energy Policy released a [report](#) September 11 identifying, analyzing, and recommending 12 state clean energy policies that other states could use to comply with the Environmental Protection Agency's Clean Power Plan.

## FEDERAL ENERGY REGULATORY COMMISSION

### AK NG Project

The Alaska LNG project began the application process with the Federal Energy Regulatory Commission September 5 to construct a liquefied natural gas export terminal and an 800-mile pipeline across Alaska. The request to pre-file formally begins the environmental impacts statement process. The long awaited, potentially \$65 billion project would provide a way to bring the North Slope's 35 trillion cubic feet of natural gas reserve to market. Project supporters plan to file a formal application in September 2016.

## NUCLEAR REGULATORY COMMISSION

### Decommissioning Rule Sought

Nuclear Regulatory Commission Chief Allison Macfarlane told an IHS The Energy Daily roundtable September 11 that nuclear regulators need to develop a rule for decommissioned reactors. Reactors scheduled to close do not have their own set of rules, so plant operators request a series of exemptions from the commission's regulations for operating reactors.

## INTERNATIONAL

### Increased Chinese Solar Expectations

China's National Energy Administration announced last week a set of initiatives for photovoltaic projects connected

to the local distribution grid, calling on local authorities to identify projects in regions where electricity can be distributed to nearby customers. As a result, Bloomberg New Energy Finance increased its 2014 solar installations forecast for China to 13-14 GW from 12-14 GW.

### **Chinese Discharge Fees**

China's National Development and Reform Commission, Ministry of Finance, and Ministry of Environmental Protection announced September 5 that local governments may double administrative discharge fees next year if the nation fully implements them by next June. The fees offset Chinese companies' discharge of key air and water pollutants.

### **Record CO2 Increase**

The United Nations World Meteorological Association released a [report](#) September 9 finding that scientists recorded the largest single-year CO2 increase in 20 years last year, and total GHG concentrations are now scheduled to cross the 400 ppm mark as early as next year.

### **Montreal Protocol Applications**

The United Nations Environment Program and the World Meteorological Organization released a [report](#) September 10 finding that the Montreal Protocol could be successfully used to address the use and production of hydrofluorocarbons. Increasing atmospheric concentrations of CO2, CH4, and NOx could undermine gains made in repairing the ozone layer.

### **India Drops Solar AD**

India's Commerce Minister Nirmala Sitharaman said September 10 that the government has abandoned a plan to impose antidumping duties on solar imports from the United States, China, Taiwan, and Malaysia. The previous government recommended tariffs ranging from 11 cents to 81 cents per watt on imports last May.

### **EU RE Exemption**

The European Court of Justice ruled September 11 that environmental protection and climate change reasons provide legitimate exceptions to the European Union's free movement of goods rules. The ruling gives member states rights to ensure that renewable energy is produced in their territories in order to benefit from feed-in tariffs.

### **UN NYC Summit Attendees**

The United Nations published September 11 a [list](#) of heads of state that will attend the National Action and Ambition Announcements of the Climate Summit on September 23 in New York. The leaders of India, China, and Canada will not attend the summit, though they will send envoys, but President Obama and the heads of state or government from the United Kingdom, Indonesia, Brazil, France, Egypt, Iraq, Japan, Denmark, Italy, Spain, South Africa, the Philippines, Sweden, Mexico, Venezuela, Peru, Chile, Turkey, and Qatar, among others, will.

## **STATES**

### **NY Fracking Ban**

Earthjustice filed a motion in the New York Court of Appeals September 5 requesting the court to deny a motion to rehear its case upholding local governments' right to ban fracking. The court will decide whether to rehear the case.

### **OH Fracking Suspended Pending Earthquake Investigation**

The Ohio Department of Natural Resources suspended September 5 operations at two deep-injection wells for fracking wastewater while it investigates a 2.1 magnitude earthquake near the site.

### **ME Wind Approved**

The Maine Department of Environmental Protection granted [final approval](#) September 8 for the largest wind power project in the state. The \$398 million Blue Sky West LLC and Blue Sky West II LLC project would include 62 turbines and would generate 206 MW of power serving 90,000 households in northern Maine. The U.S. Army Corps of Engineers still must approve the project.

### **NC Coal Ash**

North Carolina Governor Pat McCrory (R) said September 9 that he will allow a pending coal ash management bill ([S.B. 729](#)) to become law even though some corrections are needed. The measure would require Duke Energy to drain and close its 33 coal ash ponds in the state by 2030, with closures and cleanups prioritized based on risk.

### **NJ RGGI Benefits**

Environment Northeast released a [report](#) September 9 finding that New Jersey would receive about \$387.1 million in revenue from the sale of CO2 emissions allowances by 2020 if it rejoined the Regional Greenhouse Gas Initiative. By withdrawing from RGGI in 2011, the state has forgone \$114.3 million in auction revenues that could

have been invested in clean energy and energy efficiency programs.

### **TX Wind Pricing**

The Public Utility Commission of Texas said September 10 that the U.S. Court of Appeals for the Fifth Circuit's September 8 decision will leave the PUC's wind generator pricing policy in place. The court reversed a lower court's decision, ruling that it had no jurisdiction over the decision that determined that Exelon's wind power could not qualify for special pricing because its generated amount fluctuates.

### **VT RE Milestone**

With Burlington Electric Department's purchase of a 7.4 MW Winooski 1 hydroelectric project this month, Burlington, Vermont now derives 100 percent of its electricity from renewable sources.

## **MISCELLANEOUS**

### **Green Chemistry**

The Chemical Manufacturers Roundtable published a [paper](#) September 2 finding that chemical manufacturers are implementing green chemistry principles. The paper concluded that increased collaboration to share best practices and jointly undertake projects would encourage green chemistry further.

### **Cost Effective Reforestation**

The Nature Conservancy published a [study](#) in the *Proceedings of the National Academy of Sciences* September 3 finding that large scale reforestation around urban areas could be a cost effective method for controlling ozone in some nonattainment areas.

### **Climate Change Threatens Birds**

The National Audubon Society released a [study](#) September 9 finding that climate change is likely to threaten more than half of North American bird species by 2080.

### **Long-term Biomass Benefits**

The Society of American Foresters will publish an [article](#) in the November 2014 edition of its Journal of Forestry finding that increased use of biomass to produce energy can cause short-term CO2 emissions increases while providing substantial long-term reductions.

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**View ML Strategies professionals.**

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