



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

Energy and climate issues have had a big week, with President Obama unveiling the final Clean Power Plan. Congress is now in recess until after the Labor Day holiday, but energy and environment issues will continue to play a significant role on the national and international stages through the rest of the year.

Congress returns September 8 to a packed fall schedule that includes appropriations, the highway bill, reauthorization of the Export-Import Bank, the customs bill, the Iran nuclear deal, cybersecurity legislation, TSCA reform, tax extenders, the debt limit, criminal justice reform, energy legislation, a conference agreement on No Child Left Behind reform, and trade promotion authority.

President Obama unveiled the final [Clean Power Plan](#) August 3, along with a [regulatory impact analysis](#). For our analysis of the rule, please see our August 4 energy and environment update, and if you have any questions about the rule or how it impacts your industry, please contact us.

Reactions to the Clean Power Plan continue to stream in.

The Department of Energy announced August 6 a partnership with the International Brotherhood of Electrical Workers, the Utility Workers Union of America, and the United Steelworkers to establish a working group to promote job creation as states develop their compliance plans.

After committee Democrats walked out of a markup in protest of a separate bill about pesticides, Senate Environment and Public Works Committee Republicans advanced Senator Shelley Moore Capito's (R-WV) Affordable Reliable Electricity Now Act (S. 1324) August 5 that would repeal the Clean Power Plan, prohibit the Environmental Protection Agency from regulating new power plants unless the emissions standards sought had been demonstrated at six units for at least a year, require the agency to submit 50 model plans for how each jurisdiction could meet any future regulatory requirements, and allow states to delay compliance or opt out of it. The ARENA Act also repeals agency standards for new and modified power plants. Committee Chair Jim Inhofe (R-OK) reconvened the meeting in a lunchroom just off the Senate floor in order to achieve the necessary quorum, and a filibuster battle awaits the measure on the Senate floor. President Obama has promised to veto the legislation.

Americans United for Change released the [results](#) of a Public Policy Polling survey August 4 finding that the majority of voters in eight battleground states – Colorado, Florida, Minnesota, Nevada, New Hampshire, Ohio, Pennsylvania, and Virginia – support the Clean Power Plan and would not view elected officials less favorably for supporting it.

United Nations Secretary General Ban Ki-moon praised the rules during a meeting with President Obama at the

White House August 4.

16 state attorneys general led by West Virginia Attorney General Patrick Morrisey sent a [letter](#) to Environmental Protection Agency Gina McCarthy August 5 asking the agency to temporarily suspend the rules while they challenge their legality in court. The 16 states and a few others are preparing to sue the Administration to block the standards permanently. The Environmental Protection Agency and the White House have contended that the standards are legal, and they have no plans to put them on hold. The agency released a [memo](#) August 5 previewing its legal defense of the rule.

Senator Al Franken (D-MN) introduced a Sense of the Senate resolution ([S. Res. 244](#)) August 5 to support Pope Francis' call for global action to address climate change and recognize that human activity is the "primary driver of climate change," that current climate trends are unsustainable, and that immediate action is necessary to avoid the worst impacts of climate change.

With climate change increasingly becoming part of President Obama's legacy, look for several climate related events to take place in the coming months. President Obama will keynote the Senate Minority Leader Harry Reid's (D-NV) National Clean Energy Summit in Las Vegas August 24. President Obama will travel to Alaska at the end of the month to speak at the State Department's Conference on Global Leadership in the Arctic: Cooperation, Innovation, Engagement, and Resilience ([GLACIER](#)) about how climate change is impacting the Arctic.

President Obama will meet in September with Pope Francis, in part to discuss climate change and the recent encyclical, *Laudato Si*, during the pontiff's visit to the United States. International climate negotiators will continue to meet throughout the fall to further prepare the negotiating text for the end of the year global climate negotiations in Paris, and President Obama has said recently that one of his biggest goals for the rest of the year is to have a successful outcome in Paris.

In honor of the August recess, please note that we will take a brief break in our weekly energy and environment update, but if you have questions or there is anything we can do assist you in the meantime, please feel free to contact us.

CONGRESS

Nominees Approved

The Senate confirmed August 5 Marie Therese Dominguez to lead the Pipeline and Hazardous Materials Safety Administration, Monica Regalbuto to serve as assistant Energy secretary for environmental management, and Jonathan Elkind to serve as assistant Energy secretary for international affairs.

Tax Extender Legislation Posted

The Senate Finance Committee posted August 7 text of the Tax Relief Extension Act (S. 1946) to renew expired tax extenders for 2015 and 2016. The committee previously posted detailed summaries of the provisions of the reported text on its website. Senate Majority Leader Mitch McConnell (R-KY) has indicated that he hopes to address tax extenders before the end of the year, and House Ways and Means Committee Chair Paul Ryan (R-WI) plans to begin addressing tax extenders when Congress returns after the Labor Day holiday. Using dynamic scoring, the Joint Committee on Taxation released a report August 4 finding that the tax extenders package would produce \$10 billion in new revenue, reducing its cost to \$86.5 billion from \$96.9 billion primarily due to business-related tax breaks.

Legislation Introduced

Senators Bob Corker (R-TN), Ben Cardin (D-MD), and Chris Coons (D-DE) reintroduced their [Electrify Africa Act](#) August 4. The measure will leverage public and private sector resources to help 50 million Africans obtain access to electricity for the first time and add 20,000 MW of electricity to the grid by 2020.

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ADMINISTRATION

Murray Nominated

President Obama nominated August 5 physics professor and former Harvard engineering school dean Cherry Murray to head the Department of Energy's Science Office. Dr. Murray sits on Energy Secretary Moniz's Secretary of Energy Advisory Board as well as a nine-member congressionally created commission to review the Department

of Energy national labs. She was appointed to the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling in 2010.

DEPARTMENT OF ENERGY

Vending Machine Efficiency

The Department of Energy proposed a [rule](#) August 4 to reduce beverage vending machine energy consumption by 25 percent to 65 percent. Public comments are due 60 days after publication in the Federal Register, and the agency plans to finalize the rule by next February.

Water Heater Efficiency

The Department of Energy released a new version of its [water heater efficiency standards](#) August 4. Congress required the agency this spring to rework the final rule.

Low Power Sector Emissions

The Energy Information Administration released an [analysis](#) August 5 finding that CO2 emissions from the power sector hit a 27 year low in April, at 128 MMT. April is generally the month with the lowest emissions because of decreased electricity demand due to mild spring weather.

ENVIRONMENTAL PROTECTION AGENCY

Fuel Standards

The Environmental Protection Agency and the National Highway Transportation Safety Administration announced July 29 public hearings to be held for [joint proposed rules](#), the Greenhouse Gas Emissions and Fuel Efficiency Standards for Medium- and Heavy-Duty Engines and Vehicles – Phase 2 and the Draft Environmental Impact Statement. The hearings will take place August 6 in Chicago and August 18 in Los Angeles. Truck and engine manufacturers told the public hearing August 6 that they prefer “50-state harmonization” as the Environmental Protection Agency promulgates rules governing the second phase of greenhouse gas standards for medium- and heavy-duty trucks. The California Air Resources Board is considering options for more stringent standards than those proposed by the federal agency. The National Association of Clean Air Agencies, the Natural Resources Defense Council, and other environmental organizations used the hearing to encourage the agency to strengthen energy standards and hasten compliance targets by about three years.

MATS Remanded

The Supreme Court formally remanded litigation July 31 over the Environmental Protection Agency’s mercury and air toxics standards back to the U.S. Court of Appeals for the District of Columbia Circuit for further consideration. Per the Supreme Court’s June ruling, the lower court will determine whether to vacate or leave the standards in place while the agency addresses the Supreme Court’s cost consideration “appropriate and necessary” ruling.

INTERNATIONAL

Brazilian Wind

Brazil’s Mines and Energy Ministry [said](#) August 5 that wind power’s share of the national electricity mix rose 99.1 percent, to 6,183 MW, between June 2014 and June 2015. Wind power now accounts for 4.5 percent of the installed capacity of the national electricity matrix. The next government-sponsored energy auction in which wind energy will be sold is scheduled for August 28.

MISCELLANEOUS

O’Malley’s Climate Plan

Former Maryland Governor Martin O’Malley (D) unveiled this week the most detailed plan for any Democratic presidential candidate on how to address climate change. In the white paper, Governor O’Malley said that making the United States run entirely on clean energy by 2050 would be his first priority if he is elected president., and he plans to build on President Obama’s Climate Action Plan. Some of those actions include directing the Environmental Protection Agency to regulate greenhouse gas emissions from other large, non-power plant, emitters; retrofitting federal buildings and the federal vehicle fleet with high efficiency standards; adopting a zero-tolerance policy for methane leaks from existing oil and gas infrastructure; rejecting offshore drilling, the Keystone XL pipeline, and similar projects; and creating a Clean Energy Jobs Corps to improve building efficiency, increase local climate resiliency, create new green spaces, and grow the country’s forests.

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