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ML Strategies Weekly Energy and Environment Update – Week of January 13, 2014

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By David Leiter, Sarah Litke, Jean Cornell, Bryan Stockton, Jordan Collins and Neal Martin

Following a week during which energy and climate issues garnered significant national attention, via both Senator Lisa Murkowski's (R-AK) energy export white paper and the Environmental Protection Agency's release of greenhouse gas rules for new power plants, Washington will focus on budget and tax issues this week, while policymakers also nod toward a continued focus on energy issues.

House and Senate negotiators will release a $1.1 trillion omnibus spending bill tonight, to fill in the blanks of the December budget agreement. In the meantime, the House will address Tuesday a three-day extension of the current continuing resolution, which will expire Wednesday. Leadership anticipates quickly moving onto the larger omnibus measure soon thereafter, with the hope of returning it to President Obama before the January 18 deadline.

Though the difficult work is far from complete, both parties appear determined to avoid risking another government shutdown, and both have something to gain in the process. Democrats may regain about $20 billion cut from domestic agencies under last March's sequestration, and Republicans favor preventing deeper defense budget reductions.

As the tax reform and tax extenders efforts get underway, senior members of the House Ways and Means Committee said last week that they have no plans to begin work soon on a package to reinstate the tax extenders that expired at the end of last year, making more difficult the uphill battle for expired programs such as the production tax credit. The committee is likely to wait until they believe comprehensive reform is impossible this year before taking up an extender package. Senate Finance Committee Ranking Member Orrin Hatch (R-UT) urged January 9 a case-by-case review of each incentive, rather than a quick renewal of the entire package. Even so, with comprehensive tax reform uncommon in an election year, and with a shuffle of committee leadership in the Senate further complicating matters, movement on tax extenders is the most likely path forward for tax issues this year, as policymakers ready for more significant reform next Congress.

Also this week, House and Senate committee will hold hearings on a number of energy issues this week, including the president's Climate Action Plan and the Environmental Protection Agency's authority to regulate greenhouse gas emissions.

Senate Energy and Natural Resources Ranking Member Lisa Murkowski (R-AK) released a **white paper** January 7 outlining her effort to expand domestic energy exports around the globe. Senator Murkowski calls for lifting the decades-old ban on oil exports, for the Department of Energy to expedite its review of applications to export liquefied natural gas, and for a greater focus on the Federal Energy Regulatory Commission's role in approving the projects. Speaking at a Brookings Institution event that morning, she also said that federal agencies should not include potential climate impacts in environmental reviews of natural gas and coal export projects, and that the administration and Congress should articulate a clearer role for nuclear power in the domestic mix. Energy and Natural Resources Committee Chair Ron Wyden (D-OR) hopes to hold a hearing on the crude oil export ban sometime this month.

Senator Chris Murphy (D-CT) announced January 7 that he would soon introduce legislation to reduce hydrofluorocarbon, methane, and other short-lived climate pollutant emissions. The measure would put the U.S. on record as supporting the gradual phase out of HFCs under the Montreal Protocol and would encourage other nations to adopt similar best practices.

Senate Environment and Public Works Committee Chair Barbara Boxer (D-CA) and Senator Sheldon Whitehouse (D-RI) announced the creation of the Climate Action Task Force January 8. The group will aim to put climate issues at the forefront of congressional debate again, and will undertake whatever actions are possible in the face of Congressional inaction, including encouraging regulatory efforts. They will also attempt to defeat anti-environmental legislative riders, as well as promote energy efficiency legislation. The two senators will hold regular brief climate change presentations during weekly policy lunches.

President Obama launched the **Quadrennial Energy Review** January 9. The review directs federal agencies to conduct the most comprehensive effort to date to coordinate the country's energy goals and address climate change. The review establishes a Quadrennial Energy Review Task Force, co-chaired by the director of the Office of Science and Technology Policy and the director of the Domestic Policy Council. The first review, initially to focus on energy infrastructure, will be due the end of next January, and will involve more than a dozen agencies and rely on state and local governments more than ever. The second review is due in January 2019.

In **comments** to the Environmental Protection Agency's draft 2014-2018 Strategic Plan, the Association of Metropolitan Waster Agencies said January 3 that the agency should consider climate change across its entire regulatory spectrum, including when addressing provisions of the Safe Drinking Water Act and the Clean Water Act during the rule development, implementation, enforcement, and review phases.

For more on the latest energy and clean technology regulatory and legislative developments please see **ML Strategies**' most recent ***Energy and Environmental Update***.

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