

ML Strategies Energy and Environment Update: Week of 11/24/2014

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ENERGY AND CLIMATE DEBATE

Prior to recessing for the Thanksgiving holiday, the House and Senate both took several votes and introduced numerous pieces of legislation on energy and environment related issues last week.

After the House approved their version of Keystone XL pipeline ([H.R. 5682](#)) legislation the previous week, the Senate failed to move an identical bill ([S. 2280](#)), from Senators Mary Landrieu (D-LA) and John Hoeven (R-ND) November 18. The one-vote loss, 59-41, is yet another hit to Senator Landrieu's runoff election campaign against Representative Bill Cassidy (R-LA), and soon-to-be Majority Leader Mitch McConnell (R-KY) is confident that the upper chamber will pass Keystone language in the 114th Congress. Republican gains in the midterm elections may bring the vote count in favor of Keystone passage to 63, but bill supporters would still need 67 votes to override a presidential veto.

The House considered three measures last week to curtail the Environmental Protection Agency's procedures for writing new regulations. The first, the EPA Science Advisory Board Reform Act ([H.R. 1422](#)), would alter the selection process for the panel and increase public participation in its activities. The second, the Secret Science Reform Act ([H.R. 4012](#)), would require the agency to make public data used in writing regulations. The third, the Promoting New Manufacturing Act ([H.R. 4795](#)), is aimed at reducing delays and increasing transparency in the agency's process for Clean Air Act preconstruction permits for new or modified stationary sources. The House passed the first November 18, the second November 19, and the third November 20. The Senate will not take up the measures this year. The White House Office of Management and Budget released statements of administration policy November 17 about the three bills, saying that they would recommend that President Obama veto them if they were to reach his desk.

When they return, the top issues on the agenda will include appropriations, of course, as the current continuing resolution expires December 11, and tax extenders.

The tax extenders debate could have a few different outcomes. House Republicans are reportedly only interested in a one-year retroactive extension through the end of the year. House and Senate Democrats believe such a short-term extension to be unacceptable, as they believe the tactic is a back-door approach to killing their priorities when Republicans take control of both chambers in January. Another scenario is a two-year extension package along the lines of the Senate Finance Committee's EXPIRE Act ([S. 2260](#)), which House Republicans may accept in exchange for making certain provisions permanent. The wind energy production tax credit, favored by Democrats in both houses, a few Republicans, environmentalists, and clean energy producers, may be jeopardized as some Republicans eye the break as a way to stand against President Obama's climate policies.

Clean energy and environmental groups, including the Alliance to Save Energy, the Advanced Biofuels Association, Clean Water Action, the Offshore Wind Development Coalition, the Sierra Club, and Tetra Tech Inc., sent congressional leaders a letter November 19 asking them to ensure market stability and the deployment of clean energy technologies by extending or making permanent alternative energy technology and energy efficiency tax provisions during the lame duck session. The group warned that delaying the extension could change purchasing and hiring decisions in the industry. Separately, more than 500 organizations representing a broad array of American businesses and industries urged Congress the previous day to work together to extend expired and expiring tax incentives during the lame duck session. Panelists from around the industry echoed those sentiments during a Pew event last week, saying that short-term extensions are already having a profound impact on renewable energy deployment.

House Republicans plan to wrap up the current lame duck session by December 11.

CONGRESS

Shaheen-Portman Return Possible

Senator Rob Portman (R-OH) said November 19 that a bipartisan energy efficiency package along the lines of the Shaheen-Portman energy efficiency language ([S. 2262](#)) of this Congress, to return to the Senate floor in January, and that he is discussing bringing the measure up again with leadership in both

parties. Senator Portman said that legislation would likely be considered along with a broader package of energy amendments, including approval of the Keystone XL pipeline or potential legislation on liquefied natural gas exports.

Energy and Commerce Ranking Member

Representative Frank Pallone (D-NJ) narrowly defeated, 100-90, Representative Anna Eshoo (D-VA) in the vote November 19 to become ranking member of the House Energy and Commerce Committee. Representative Pallone succeeds retiring Representative Henry Waxman (D-CA).

ENVIRONMENTAL PROTECTION AGENCY

US-China Agreement Impact

Environmental Protection Agency Administrator Gina McCarthy said November 17 that the United States-China climate agreement will not impact how stringently the Environmental Protection Agency establishes CO2 standards for power plants. She said that the agency is developing its power plant rules at it would with any other Clean Air Act regulation.

Biomass Guidance

The Environmental Protection Agency issued November 19 new CO2 [guidance](#) for biomass power. The methodology offers a more robust method for calculating the net CO2 emissions from biomass feedstocks such as wood waste, forestry, and wood. The rule is intended to help account for fuels that would otherwise be waste, and consequently have minimal or no net contributions to CO2 pollution, and in some cases, when burning them for fuel actually reduces the eventual CO2 emissions. States can use the framework to issue permits or develop compliance plans under the Clean Power Plan. The agency will seek peer review from the Science Advisory Board, which raised concerns with the previous framework.

CPP's Economic Benefits

During a Center for American Progress event November 19, Environmental Protection Agency Administrator Gina McCarthy defended the economics of the proposed Clean Power Plan and praised President Obama's leadership on the effort. The agency estimates that the proposed rule will have \$93 billion in benefits, and will generate \$7 in health benefits for every \$1 of cost. Other efforts to reduce CO2 emissions have also been proving successful for job creation and economic growth, not just for positive environmental benefits.

The weekly *Energy & Environment Update* from ML Strategies provides an overview of what's happening on and off Capitol Hill and around the world that may impact energy and environmental policies and industry players. [Read the update here](#). Look for our next weekly energy and environment update December 8, and keep your eyes open for a special edition energy and environment lame duck, 114th Congress, and forthcoming regulatory action outlook next week.

Authors

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