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ML Strategies Energy and Environment Update: Week of 12/15/2014

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ENERGY AND CLIMATE DEBATE

Energy and environmental issues abounded on the congressional as well as international fronts last week, and they will continue to play a prominent role in the last couple of weeks of 2014.

The United Nations Framework Convention on Climate Change celebrated its 20th anniversary this December, with international climate negotiations in **Lima, Peru** December 1-12. The Lima talks mark the 20th Conference of Parties to the UNFCCC and the 10th Meeting of Parties to the Kyoto Protocol. After two weeks of talks, and more than 36 hours after the talks were scheduled to end, climate negotiators reached a modest agreement this past weekend for reducing greenhouse gas emissions that will be finalized next year in Paris. Under the **Lima Call for Climate Action**, 196 countries pledged to craft nation-specific plans to reduce greenhouse gas emissions by early next year, but participants delayed decisions on other significant and divisive measures, including the Intended Nationally Determined Contributions. Negotiators agreed also to a separate **draft** negotiating text that will form the basis for the Paris discussions next year.

United Nations Secretary General Ban Ki-moon called December 9 for transformative climate talks, and the Green Climate Fund passed its $10 billion threshold for the year after receiving a $60 million pledge from Belgium. United States Secretary of State John Kerry led the U.S. delegation in the final days of the talks beginning December 10. Environmental groups continue to push negotiators to retain language pledging more than 190 nations to a goal of keeping global temperatures from rising more than two degrees Celsius, as outlined in the 2009 Copenhagen Accord.

Congress sent the $1.1 trillion CROmnibus package to President Obama's desk late last week. The measure was originally Representative Donna Christensen's (D-VI) legislation requiring the Department of Interior to assemble a team of experts to study the energy needs of the United States' insular areas; the spending bill was added as an amendment. The hybrid omnibus and continuing resolution (H.R. 83) funds the federal government through next September. Most federal agencies receive full treatment under the measure, with the Department of Homeland Security receiving and CR through February.

The bill appropriates $34.2 billion for energy- and water development-related programs for fiscal year 2015, a $100 million increase from last year, including $27.9 billion for the Department of Energy. The measure funds the Yucca Mountain repository. It also continues policy riders from previous spending bills that prohibit the Department of Energy from implementing or enforcing energy efficiency standards for certain incandescent light bulbs and Administration guidance restricting the Export-Import Bank and the Overseas Private Investment Corporation from financing coal-fired power plants

The measure would cut the Environmental Protection Agency's budget by $60.1 million compared to last fiscal year, a reduction four times smaller than President Obama's request, primarily due to retaining funding levels for water infrastructure loan programs. The package includes policy riders that would impact environmental regulation, including, within the State Department, a prohibition on U.S. contributions to the global Green Climate Fund. The administration's $3 billion pledge has yet to be included in a budget request, so the language is purely symbolic.

Funding for fiscal year 2015 would be steady or slightly higher for agencies within the Department of Interior, which overall is funded at about $10.7 billion, up from 10.5 billion in fiscal year 2014, but regulatory decisions on the sage grouse under the Endangered Species Act will be barred.

Congress approved December 12 the National Defense Authorization Act (S. 1847). The measure included several bipartisan energy provisions, including extending a Bureau of Land Management pilot program that hastens the processing of oil and gas permit applications; incentivizing natural gas vehicles by removing a CAFE credit cap for natural gas dual-fueled vehicles; and allowing non-federal hydroelectric development at 11 Interior-controlled projects in the West.

Following the midterm elections, Democrats are picking up some new members in several committees and losing seats in others.

Senate Democratic energy and environment committee assignments, announced last week, are as follows:

Energy and Natural Resources:

- Ranking Member: Senator Maria Cantwell (WA)
- New members: Mazie Hirono (HI), Angus King (ME), Elizabeth Warren (MA)
- Returning members: Ron Wyden (OR), Bernie Sanders (VT), Debbie Stabenow (MI), Al Franken (MN), Joe Manchin (WV), Martin Heinrich (NM)
- Departing members still in the Senate: Brian Schatz (HI), Tammy Baldwin (WI)
- Members leaving the Senate: Mary Landrieu (LA), Tim Johnson (SD), Mark Udall (CO)

Environment and Public Works:

- Ranking Member: Barbara Boxer (CA)
- Returning members: Tom Carper (DE), Ben Cardin (MD), Bernie Sanders (VT), Sheldon Whitehouse (RI), Jeff Merkley (OR), Kirsten Gillibrand (NY), Ed Markey (MA)
- Departing members still in the Senate: Tom Udall (NM), Cory Booker (NJ)

Senate Republicans named December 15 four new members, all moving from the House, to the Energy and Natural Resources Committee: Senators-elect Cory Gardner (R-CO), Steve Daines (R-MT), Bill Cassidy (R-LA), and Shelley Moore Capito (R-WV). Senator Lisa Murkowski (R-AK) will become committee chair. Senators Dean Heller (R-NV) and Tim Scott (R-SC) will leave the committee.

Senate Republicans named December 15 three new members to the Environment and Public Works Committee: Senators-elect Shelley Moore Capito (R-WV), Mike Rounds (R-SD), and Dan Sullivan (R-AK), and Senator James Inhofe (R-OK) will assume the committee chairmanship.

On the House side, Representative Adam Kinzinger (R-IL) will replace Senator-elect Cory Gardner (R-LA) as the chair of the House Energy Savings Performance Caucus. Mr. Gardner co-founded the caucus with Representative Peter Welch (D-VT) in 2012. Representative Chris Van Hollen (D-MD) will become a co-chairman of the Bicameral Task Force on Climate Change with Senator Sheldon Whitehouse (D-RI), following Representative Henry Waxman's (D-CA) retirement.

The Senate will focus on finalizing the one-year tax extenders package (H.R. 5771) and completing a series of nominations issues before adjourning the 113th Congress this week. Energy nominations that remain high on the calendar include Colette Honorable for a spot on the Federal Energy Regulatory Commission; John Cruden to serve as assistant attorney general in charge of the Department of Justice's Environmental and Natural Resources Division; Estevan Lopez to head the Bureau of Reclamation; and Christopher Smith to serve as assistant Energy secretary for fossil energy.

The 113th Congress comes to a close this week, and we will do one final wrap up in next week's update before turning our attention fully to the 114th Congress and the final two years of the Obama Administration. In the meantime, stay tuned for energy and environment updates in the next few days.

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**.

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