

ML Strategies Energy and Environment Update: Week of 12/22/2014

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ENERGY AND CLIMATE DEBATE

The 113th Congress adjourned sine die last week, and efforts are underway to prepare for an eventful 114th Congress and final two years of the Obama Administration.

Before the Senate departed, they finalized the one-year tax extenders package ([H.R. 5771](#)), which the House had approved over a week earlier, and completed a series of nominations. Among other things, the tax extenders package extends the wind energy production tax credit through the end of the month. The short extension sets the stage for a broader debate on tax reform next year, and parties on both sides of the aisle are gearing up for a fight over the PTC, among many other provisions. President Obama signed the \$41.6 billion short-term extenders bill into law December 19. He announced the same day that he will release a detailed plan in the near future to overhaul the tax code. Congressional Republicans have urged the Obama Administration to add more details to a 2012 framework for business tax changes.

The Senate approved December 16 Colette Honorable for a spot on the Federal Energy Regulatory Commission, as well as Christopher Smith to serve as assistant Energy Secretary for fossil energy, Estevan Lopez as commissioner of the Interior Department's Bureau of Reclamation, John Cruden to head the Justice Department's Environment and Natural Resources Division; and Richard Engler and Manuel Ehrlic for seats on the Chemical Safety Board. The Senate did not act upon three Department of Energy nominees, and President Obama will have to renominate them in 2015: Marc Kastner for director of the Office of Science, Jonathan Elkind for assistant secretary of international affairs, and Monica Regalbuto for assistant secretary for environmental management.

Senators Jeanne Shaheen (D-NH) and Rob Portman (R-OH) attempted to move a pared down version of their energy efficiency bill early last week; the legislation contained provisions the House had approved by a wide margin earlier in the year ([H.R. 2126](#)). Senators Tom Coburn (R-OK) and Pat Toomey (R-PA) blocked the measure, but Senator Lisa Murkowski (R-AK) recommitted December 16 to working with her colleagues to move an energy efficiency package in the 114th Congress. Senators Shaheen and Portman plan to reintroduce their broader efficiency bill in January.

Congress returns for the 114th session January 6, and we look forward to bringing you our next energy and environment update in the new year. Until then, we wish you and yours a happy holiday season; please feel free to contact us if we can be of service to you in the coming weeks and months.

CONGRESS

Oversight Subcommittee Created

Incoming House Oversight and Government Reform Committee Chair Jason Chaffetz (R-UT) announced last week that he will create a new subcommittee focused on energy and environment policy and oversight of the Departments of Agriculture, Energy, and Interior and the Environmental Protection Agency. Representative Cynthia Lummis (R-WY) will chair the subcommittee.

CPP Flaws Report

The House Energy and Commerce Committee released a [report](#) December 16 outlining "fundamental flaws" in the Environmental Protection Agency's proposed Clean Power Plan. Those "flaws" include legal questions about whether the agency may use Clean Air Act Section 111(d) to regulate emissions; unrealistic assumptions about how states would meet emissions targets; workability issues for states due to implementation challenges; potential transformation of the federal and state decision-making model for the industry; and questions about the agency's ability to respond adequately to public comment given the short time frame and millions of received comments.

Keystone Up First

Incoming Senate Majority Leader Mitch McConnell (R-KY) said December 16 that legislation to approve the Keystone XL pipeline would be the "first item up" for consideration in the 114th Congress. Senator John Hoeven (R-ND) is expected to reintroduce legislation ([S. 2280](#)) that would give Congress the authority to approve the project under the Commerce Clause. The bill will go through the Senate Energy

and Natural Resources Committee, and Senators Lisa Murkowski (R-AK) and McConnell anticipate that they will consider several amendments before the measure moves to the Senate floor.

Ozone Hearing

The Senate Environment and Public Works Subcommittee on Clean Air and Nuclear Safety held a hearing December 17 at which Environmental Protection Agency Acting Assistant Administrator for Air and Radiation Janet McCabe said that the costs of establishing a more stringent national ambient air quality standard for ozone will depend on the actions states undertake to implement the standard. The agency is considering revising the ozone standard to between 65 parts per billion and 70 ppb, down from the current 75 ppb standard. Subcommittee Chair Sheldon Whitehouse (D-RI) and Senator Kirsten Gillibrand (D-NY) were the only senators to attend the hearing, and Ranking Member David Vitter (D-LA) had previously excused half of the panel, saying that since Congress was adjourned, no Republican committee members would attend the hearing. As a result, the second panel consisted of witnesses representing the American Thoracic Society, the Environmental Defense Fund, and the Brown University Center for Environmental Health and Technology who favor a more stringent standard of 60 ppb, on which the agency is also taking comment.

CPP Withdrawal Urged

Ninety-nine representatives sent a letter December 19 to President Obama asking him to withdraw the Environmental Protection Agency's proposed Clean Power Plan. Signatories charge that the rule would increase consumers' energy prices says that the rule improperly places the agency in a position to regulate state energy programs.

SOTU Scheduled

Speaker of the House John Boehner (R-OH) announced December 19 that President Obama's annual state of the union address would take place January 20 at 9pm.

ADMINISTRATION

President Signs Legislation

Along with nearly 50 other measures, President Obama signed several energy related bills into law December 18. **H.R. 4007** authorizes the Department of Homeland Security's Chemical Facility Anti-Terrorism Standards program for four years. **S. 2444** includes a provision extending a small vessel Clean Water Act permitting moratorium for three years. **H.R. 5057** exempts certain power adapters from federal energy efficiency standards the Department of Energy issued in February for four more years. **S. 1000** requires an annual audit of Chesapeake Bay restoration effort spending.

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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