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ENERGY AND ENVIRONMENT UPDATE

April 24, 2011

Energy and Climate Debate

Following passage of a spending plan for the rest of fiscal year 2011, Congress adjourned for a two week recess, but budgetary debates, including potential funding reductions to clean energy spending, will continue upon members' return to Washington May 2.

In his weekly address, President Obama said that his budget priorities include cutting \$4 billion in tax breaks for the oil and gas industry and increasing spending on clean energy research. Additionally, the president has expressed frustration over Republican budget proposals that include reducing clean energy spending by 70 percent.

Senator Rob Portman (R-OH) has been charged with developing the GOP counter to President Obama's effort to portray his fiscal year 2012 budget and agenda as a jobs creator. Senator Portman has developed an outline, to be formally introduced in May, for creating American jobs and prosperity, which features much of the Republican jobs agenda. His plan also includes a focus on expedited energy recovery through new loans for nuclear power, exploration on federal lands for energy sources, and a lifting of outer continental shelf drilling prohibitions.

Congress

Natural Gas Legislation to Be Considered

T. Boone Pickens, who is pushing a home-grown energy plan, said last week that House leaders are planning to bring to the floor his proposal to use tax credits to get private and federal 18-wheelers to switch from diesel to natural gas. The plan, for which President Obama has indicated support, would provide \$5 billion in tax credits and expand the use of natural gas to the nation's trucking fleet. The U.S. has about 4,000 trillion cubic feet of natural gas in reserves, the equivalent of 700 billion barrels of oil. By comparison, Saudi Arabia, the world's most oil-rich nation, has an oil reserve of 250 billion barrels.

Transmission Hearing May be Scheduled

Senators Bob Corker (R-TN) and Debbie Stabenow (D-MI) are pressing for the Senate Energy and Natural Resources Committee to hold a hearing on electric transmission, specifically to examine the impact of proposals that would authorize regional grid operators to spread the costs for building new high-voltage transmission lines across multiple states and regions. Echoing a similar March 14 letter from Senator Corker, Senator Stabenow sent a letter April 15 to Senators Jeff Bingaman (D-NM) and Lisa Murkowski (R-AK), Chairman and Ranking Member of the Committee, outlining her concern that the Federal Energy Regulatory Commission's pending transmission cost allocation rule too broadly defines benefits.

House Democrats Release Toxic Chemicals Report

House Energy and Commerce Ranking Member Henry Waxman (D-CA), Natural Resources Committee Ranking Member Ed Markey (D-MA) and Energy and Commerce Subcommittee on Oversight and Investigations Ranking Member Diana DeGette (D-CO) released a report April 16 citing the use of toxic chemicals in fracturing fluids. The report summarized the types, volumes, and chemical contents of products used by 14 leading oil and gas service companies in fluids to fracture rock and extract oil and gas and found that the companies used millions of gallons of products containing cancer-causing chemicals over a five-year period, and in some cases did not know the identity of the chemicals in the products they used.

Markey to Introduce RES

Congressman Ed Markey (D-MA) plans to introduce a renewable electricity standard bill this year—perhaps as early as next month. He is seeking a Republican cosponsor for the legislation, which is focused on more traditional renewables than those included in a clean energy standard.

Senate Delegation Meets Chinese Officials

Senators Harry Reid (D-NV), Dick Durbin (D-IL), Chuck Schumer (D-NY), Richard Shelby (R-AL), Barbara Boxer (D-CA), Mike Enzi (R-WY), Frank Lautenberg (D-NJ), Johnny Isakson (R-GA), Jeff Merkley (D-OR), and Michael Bennet (D-CO) met with top Chinese officials in Beijing April 20 to discuss trade and currency issues. The week-long trip is centered around American-Chinese cooperation on global security, human rights, and clean energy.

Upcoming Hearings

Congress will be in recess until May 2.

The House Natural Resources Committee will hold a hearing May 11 called “American Energy Initiative: Identifying Roadblocks to Wind and Solar Energy on Public Lands and Waters.” The hearing will consider policies and actions, including permitting delays, that have blocked or hindered the development of renewable energy sources.

Administration

Task Force to Monitor Market Speculation

President Obama announced the formation of an interagency working group to focus on fraud and speculation in oil and gas markets April 21. The working group will include representatives from the Departments of Justice, Treasury, Agriculture, and Energy, the National Association of Attorneys General, the Commodity Futures Trading Commission, the Federal Trade Commission, the Federal Reserve Board, and the Securities and Exchange Commission.

Department of Agriculture

Ethanol Support Key to Reducing Oil Imports

While visiting an Iowa livestock farm April 19, Agriculture Secretary Tom Vilsack said that the administration’s commitment to support the biofuels industry is an important component of its plan to reduce the country’s reliance on foreign oil. President Obama has set a goal of reducing the use of foreign fuel by a third in the next decade.

Department of Energy

\$130 million for ARPA-E Programs

The Department of Energy announced April 20 that up to \$130 million in funding is available through the Advanced Research Projects Agency – Energy to develop new technologies focused on rare earth alternatives, breakthroughs in biofuels, thermal storage, grid controls, and solar power electronics. The agency’s fourth round of funding opportunity announcements will focus on five program areas: up to \$30 million for plants engineered to replace oil; up to \$30 million for high energy advanced thermal systems; up to \$30 million for rare earth alternatives in critical technologies; up to \$30 million for green electricity network integration; and up to \$10 million for solar agile delivery of electrical power technology.

Two DOE EV Announcements

On April 19, the Department of Energy announced that it was taking new steps to speed up the deployment of electric vehicles. The efforts include making available \$5 million in new funding for community-based efforts to deploy EV infrastructure and charging stations. The agency is also forming a partnership with Google Inc. and more than 80 EV stakeholders to help consumers find charging stations nationwide. The goal is to reduce U.S. dependence on foreign oil, saving consumers money and helping meet the administration's goal of one million advanced technology vehicles on the road by 2015. Local governments and private companies will partner to apply for the \$5 million in funding to help accelerate installation of EV charging stations. Communities will work to develop plans and strategies for EV deployment, update their EV permitting processes, develop incentive programs, or launch other initiatives. Applications are due June 13, and the administration expects to give out grants of between \$250,000 and \$500,000 each to about 12 to 15 communities under the program. DOE's National Renewable Energy Laboratory is joining Google Inc. and various industry leaders to provide consumers with consistent, up-to-date information about the EV charging stations in communities nationwide. Using Google Maps, this new collaboration between NREL and partners will coordinate an online network of all U.S. charging stations and will serve as the primary data source for GPS and mapping services tracking electric vehicle charging locations. These efforts are supported by the Clean Cities program, a public-private partnership that brings together federal, state, and local governments, the auto industry, private sector fleet operators, and community leaders to help communities make their vehicle fleets more energy efficient.

\$2.1 Billion for CSP Plant

The Department of Energy announced April 18 its offer of a conditional commitment for a \$2.1 billion loan guarantee to support Units 1 and 2 of the Blythe Solar Power Project, sponsored by Solar Trust of America. The concentrating solar thermal power plant includes two units with 484 MW of generating capacity and will be built adjacent to the City of Blythe of Riverside County, CA.

Labs to Develop Cool Roofs

The Department of Energy announced April 14 that its Oak Ridge National Laboratory and Lawrence Berkeley National Laboratory had joined with the Dow Chemical Company as part of a cooperative research and development agreement to research next-generation cool roof technologies. The agreement will support research to increase the energy savings from existing technologies by more than 50 percent.

PowerSaver Program Launched

Energy Secretary Steven Chu and Housing and Urban Development Secretary Shaun Donovan announced a two year pilot program April 21 aimed at coordinating low-interest loans to homeowners for making energy efficiency improvements to their property. The new PowerSaver program will assist about 30,000 homeowners in making the upgrades.

Department of Interior

BLM Halts Mojave Solar Project Construction

The Department of Interior's Bureau of Land Management temporarily halted work in some areas of BrightSource's solar energy project last week after discovering a larger number of desert tortoises than expected. Progress on the project, which is being built on 3,500 acres of public land in California's Mojave Desert, will cease until after the U.S. Fish and Wildlife Service updates the biological opinion.

Cape Wind Approved

The Department of Interior issued its final approval April 19 of the proposed 130-turbine Cape Wind project. Concluding a 10-year effort to receive approval, Cape Wind will become the country's first offshore wind project, and will be located off Cape Cod, Massachusetts. The plant is expected to produce up to 468 MW of renewable energy once it is fully operational.

Department of State

TransCanada Pipeline Comments Requested

The State Department published a notice in the Federal Register April 22 of a supplemental environmental analysis of the proposed \$7 billion, 1,700 mile Keystone XL pipeline project that would transport crude oil from the prolific tar sands deposits in western Canada to petroleum refineries on the Texas Gulf Coast. Comments to the analysis are due June 6.

Environmental Protection Agency

EPA Receives Regulations Comments

The Environmental Protection Agency's February 18 request for input on a plan to review existing regulations to weed out overlapping, duplicative, or excessively burdensome rules resulted in dozens of suggestions from industry groups and state officials. Greenhouse gas rules and road monitoring were among the common examples of rules they hope will be reviewed. All federal agencies are required to conduct a review under President Obama's January 18 executive order (No. 13563) to reduce regulatory burdens and help strengthen the economy.

ECOS Lists 33 Regulations

The Environmental Council of the States sent a letter April 20 to EPA Deputy Administrator Robert Perciasepe identifying 33 regulations covering air, water, waste, and cross-media that need repair and suggesting improvements to them. The letter responds to a February 18 request by the EPA for comments as it develops its review of regulations required under Executive Order No. 13563.

EPA and GSA Meet Sustainability Goals

According to the White House Office of Management and Budget Sustainability and Energy Scorecards released for the first time last week, the Environmental Protection Agency and the General Services Administration has met or exceeded federal sustainability and energy goals for fiscal year 2010. Under executive order 13514, President Obama directed federal agencies to lead by example in clean energy and to meet a range of energy, water, pollution, and waste-reduction targets; the EPA and GSA were the only agencies to receive green scores in every category.

GHG Inventory Published

The Environmental Protection Agency released its 16th annual U.S. greenhouse gas inventory April 18. The final report, *Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2009*, shows overall emissions during 2009 decreased by 6.1 percent from the previous year due to a decrease in fuel and electricity consumption across all domestic economic sectors because of the recession and a switch from coal to less emissions-intensive natural gas. Emissions in 2009 were still 7.3 percent higher than they were in 1990.

Boiler Toxics Rule Challenged

The United States Sugar Corp. filed a lawsuit April 14 in the U.S. Court of Appeals for the District of Columbia Circuit challenging the Environmental Protection Agency's hazardous air pollutant emissions standards for large industrial boilers. The lawsuit is the first of what are expected to be numerous challenges to the agency's national emissions standards for hazardous air pollutants for industrial, commercial, and institutional boilers. The deadline to file lawsuits challenging the rule is May 21.

Renewable Fuel Criteria Challenged

The National Wildlife Federation filed a lawsuit April 18 in the U.S. Court of Appeals for the District of Columbia Circuit after the agency denied a petition to reconsider a rule that establishes criteria for renewable fuels. The Federation alleges EPA's rule violates a provision of the Energy Independence and Security Act that is meant to protect native grasslands from being converted into feedstocks for biofuels production.

Fine Particulates Require Stricter Standards

The Environmental Protection Agency released a final policy assessment April 22 that recommended establishing more protective air quality standards for fine particulate matter while also suggesting that the agency may consider retaining standards for coarse particles. The Policy Assessment for the Review of the Particulate Matter National Ambient Air Quality Standards reiterated the recommendations made in a draft version, and is part of the agency's periodic review, which is required every five years by the Clean Air Act.

More Time for Alternate Reporting Applications

The Environmental Protection Agency will publish a final rule April 25 giving oil and natural gas companies an additional three months to request permission to use alternate methods for reporting GHG emissions throughout 2011. At issue is a November 2010 rule requiring petroleum and natural gas facilities to report emissions of CO₂ and CH₄.

Federal Energy Regulatory Commission

Natural Gas May Dominate Coal

The Federal Energy Regulatory Commission released a market report April 21 that found that natural gas is edging out coal as the most economical fuel for baseload electric generation in more parts of the country for longer periods of time. About a third of the U.S. natural gas demand currently comes from the power sector, and all signs point to continued growth for natural gas at the expense of coal.

Government Accountability Office

Water Utilities Face Investment Barriers

The Government Accountability Office released a report April 20 that concluded that technologies and policies are available to reduce the substantial energy demands of drinking water and wastewater treatment systems, but costs and competing priorities discourage changes to the systems. The report, *Energy-Water Nexus: Amount of Energy Needed to Supply, Use, and Treat Water is Location-Specific and Can Be Reduced by Certain Technologies and Approaches*, found that energy consumption by water and wastewater utilities can comprise 30 to 50 percent of a municipalities energy bill, but that barriers to energy efficiency, including, the cost of retrofitting systems, placing greater priority on meeting regulatory standards and meeting other municipal spending needs; and the disincentive created by subsidized water rates, prevent efficiencies.

Supreme Court

Court Hears AEP v. CT

The Supreme Court heard oral arguments in *American Electric Power Company v. Connecticut* April 19. The case concerns whether common law nuisance claims can be brought against power companies for their greenhouse gas emissions. The court heard six states, New York City, and three conservation groups argue against four private companies and the federal Tennessee Valley Authority, the five largest emitters of CO₂ in the United States. The Supreme Court is reviewing a 2009 decision by the U.S. Court of Appeals for the Second Circuit that said that the states and environmental groups could proceed with the lawsuit in federal district court against the electric utilities. The U.S. District Court for the Southern District of New York dismissed the lawsuit in 2005. The Obama Administration has joined with the companies in asking the court to dismiss the case, stating that the Environmental Protection Agency is already considering setting emission standards that would accomplish what the states are seeking. A court ruling is expected by late June.

Personnel

Carol Browner, President Obama's former top adviser on climate change and energy issues, has been named a senior fellow with the Center for American Progress where she will focus on international and domestic policy.

Miscellaneous

Germany to Phase out Nuclear

The German government will soon unveil a draft plan to phase out nuclear energy as quickly as possible following the Japanese nuclear crisis. Under the Environment and Economic ministries' Six Point Plan, the government would spend more than \$11.4 billion to hasten the transition to renewable energy use. The plan is intended to lay the groundwork for revising the 2004 German Renewable Energy Sources Act, and will revise the nation's plan to extend the lives of its nuclear plants to 2036.

Canada May Delay Light Bulb Standards

Natural Resources Canada proposed last week delaying the implementation of energy efficiency standards for general service light bulbs to allow the development of new technologies and to address mercury disposal issues. The proposed amendments to the country's Energy Efficiency Regulations would delay the compliance date for the standards by two years to January 2014 for 100W and 75W bulbs and to December 2014 for 60W and 40W bulbs. New U.S. standards are scheduled to go into effect in January 2012 and 2014.

Wind Energy Explored in Adriatic Sea

A group of six Italian regional governments, the Italian Ministry of Environment, the Croatian city of Komiza, and the Ministries of Economy in Albania and Montenegro released plans April 20 to develop a large wind farm in the Adriatic Sea. The Powered Project is in the earliest stages of planning, but the partners have provided \$6.5 million to evaluate the offshore wind energy potential of the area. The first studies will begin in May, with the first energy to be produced sometime after 2015.

Midwest Not Meeting GHG Goals

The National Wildlife Federation released a report April 21 that concluded that states that participated in the Midwest Governors Association alliance to reduce climate change are not meeting the goals the governors set in 2007. The report, *Unfinished Business: What the Midwest Needs to Do to Lead in the Clean Energy Economy*, evaluated Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Ohio, South Dakota, and Wisconsin, assigning grades ranging from A- to D for the region's work on reducing emissions, including in the areas of building codes, renewable energy, energy efficiency, and transit policy.

BC Offsets Worth \$728 Million

A research center at the University of British Columbia's business school found April 19 that carbon offsets created to mitigate the country's GHG emissions could have a total future value of more than \$729 million. The province is also expected to be a net seller of offsets through its membership in the Western Climate Initiative, in which it has committed to reduce emissions to 15 percent below 2005 levels by 2020.

WV Provides Alternative Fuel Tax Credit

West Virginia enacted legislation (S.B. 465) April 4 amending a variety of tax credits, including provisions related to alternative-fuel vehicles and qualified refueling infrastructure. The legislation amends alternative fuel motor vehicle excise tax provisions that expired in 2006 to create a new alternative fuel motor vehicle tax credit of 35 percent of the purchase price and 50 percent of the actual cost of conversion, with a maximum credit amount depending on the weight of the vehicle, and an alternative fuel infrastructure tax credit.

VT Nuclear Plant Owners Sue State

Two subsidiaries of Entergy Corp filed a lawsuit with the U.S. District Court for the District of Vermont April 18 to block the state from shutting down a nuclear power plant facility in the state when its 40-year license expires in March next year. Their claim is that a 2006 state law gives the Vermont legislature authority over relicensing is preempted by the Atomic Energy Act, the Federal Power Act, and the commerce clause of the Constitution.

Advocates May Have Eclipsed Opponents in Climate Bill Spending

An American University associate professor released a study April 19 that concluded that spending by environmental groups and other supporters of last year's cap and trade legislation eclipsed that of industry opponents. Critics of the study, *Climate Shift: Clear Vision for the Next Decade of Public Debate*, said the study inflated the amounts spent by climate bill supporters and minimized other industry spending including donations to political candidates.

62 Percent of Businesses Have Sustainability Plans

KPMG unveiled a report April 18 that found that 62 percent of businesses have corporate sustainability programs. The report, *Corporate Sustainability: A Progress Report*, surveyed 378 executives from a range of industries across the world on their plans, and found that only 50 percent of them had plans in 2008. Only 5 percent of the businesses said they had no plans to address sustainability issues, while the remainder said that they were working on their plans; only a third have publicly reported their progress.

NJ to Reduce Diesel Construction Emissions

New Jersey Governor Chris Christie (R) issued an executive order (No. 60) on April 20 that directs \$2.5 million in state and federal air quality mitigation funds to finance a three-year pilot program to reduce emissions of fine particles and other pollutants from diesel-powered construction equipment in urban areas. The pilot program requires the installation of emissions reduction retrofit technology on diesel equipment used in one or more publicly funded state construction contracts.

\$100 Million for OR Wind Farm

Google announced April 18 that it will invest \$100 million in an Oregon wind farm. The Shepherds Flat Wind Farm is touted as the largest in the planet, with 338 turbines expected to produce 845 MW of electricity.

NM Court Denies Restraining Order

The U.S. District Court for the District of New Mexico denied a request by Plant Oil Powered Diesel Fuel Systems Inc. April 18 for a restraining order to halt efforts to establish biofuels standards for the industry until an antitrust lawsuit filed by the company is settled. The court said that the biodiesel producer failed to show it would face imminent harm if ASTM International and several petroleum companies were to continue work on a draft standard for triglyceride diesel fuel as the court case progresses.

Biofuels Could Significantly Reduce Transportation Emissions

The International Energy Agency released a report April 20 that concluded that biofuels could provide 27 percent of transportation fuel and reduce global emissions of CO₂ from all modes of transportation by 2.1 GT per year by 2050. The report, *Technology Roadmap: Biofuels for Transport*, also found that meeting those targets would require as much as \$13 trillion over the next 40 years and production of 3 billion gallons of biomass per year.

RGGI Futures Fell in 2010

The Regional Greenhouse Gas Initiative released its annual report on the market for RGGI emissions allowances April 19. The report concluded that the average price of RGGI allowance futures declined from \$2.24 in January 2010 to \$1.87 in December 2010, mirroring the trend in actual prices of allowances sold at the auction, which declined from \$2.07 to \$1.86 last year.

EU ETS Running at Full Capacity

Carbon emissions allowance trading restarted in Cyprus, Hungary, Liechtenstein, Lithuania, and Malta April 20, following a three-month shutdown ordered after fraud perpetrators targeted the European Union's Emissions Trading System earlier in the year. The countries were the last to restart trading, as others were allowed to open progressively when they demonstrated to the European Commission that sufficient anti-fraud measures had been taken.

NYC to Phase out Heavy Heating Oil

New York City Mayor Michael Bloomberg (I) announced April 21 that the use of No. 4 and No. 6 heavy heating oils will be phased out by the city in a Clean Heat Campaign introduced as part of a broad long-term sustainability plan. The two heating oil grades are the dirtiest available to burn in building boilers. The Clean Heat program will accelerate the conversion to cleaner fuels like natural gas or low-sulfur No. 2 oil through incentives, streamlined permitting, education, and collective actions with utilities; the phase out will be complete in 2030.

India to Boost Foreign RE Interest

India's Central Electricity Regulatory Commission announced April 21 that the country has been taking steps to encourage global cooperation, innovation, and investment in renewable energy as part of its plan to increase energy security and boost its economy. Renewable energy represents 11 percent of the country's overall capacity, but production is 4 to 5 percent of the total, with most coming from wind.