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**ENERGY AND ENVIRONMENT UPDATE**  
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**Energy and Climate Legislation**

Congressional Democrats and the Administration used the week of recess to prepare the way for a Senate debate on climate and energy policy and to continue addressing the issues surrounding the oil spill in the Gulf of Mexico.

On June 3 Senate Majority Leader Harry Reid said that he hopes and plans to bring a comprehensive energy bill to the Senate floor in July. In a letter to committee chairs of the Senate Finance, Energy, Environment and Public Works, Banking, Judiciary, Homeland Security and Governmental Affairs, Agriculture, and Commerce Committees, Majority Leader Reid said that he wants them to offer legislative language related to the Gulf of Mexico oil spill before the July 4 recess for inclusion in the bill.

Majority Leader Reid will meet with committee chairs from the six committees of jurisdiction on energy and climate issues on Monday, June 7, to determine the best path forward on comprehensive legislation, and he plans to discuss energy issues at length with the democratic caucus all week. So that debate can begin, the EPA is expected to deliver its economic modeling results Wednesday, June 9, to Senators Kerry and Lieberman. The study is expected to outline projected household costs and consumption rates from reducing domestic greenhouse gases 17 percent below 2005 levels by 2020.

On June 2 while at Carnegie Mellon University, President Obama pledged to round up Senate support for passage of a comprehensive energy and climate bill in the coming months. Linking his push for the climate bill to the Gulf of Mexico oil spill, he said that the US must quickly develop domestic energy solutions. However, he also repeated his support for expanded offshore oil production as a part of the short term strategy as the US transitions to a clean energy economy.

The President proposed to slash billions of dollars in tax breaks for oil companies and to reinvest that money in low-carbon energy research and development. He also called on Congress to immediately put a price on carbon and deal with climate policy that deals with nuclear power, natural gas, and energy efficiency vehicles, homes, and businesses.

A month and a half into the leak, BP is beginning to see some success in containing the oil spill, though Coast Guard Admiral Thad Allen cautioned that it is too early to call the effort a success. President Obama visited the region last week for the third time since the rig exploded April 20; the Administration is facing increased scrutiny as the spill continues, and has launched a multipronged effort to demonstrate the government's leadership over the clean-up process. Numerous other Administration officials, including Interior Secretary Ken Salazar and EPA Administrator Lisa Jackson, have visited the area in the past six weeks, and Attorney General Eric Holder announced the launch of a criminal investigation into the spill last week as well. Last Thursday, the Federal Government sent a \$69 million bill, the first of many to come, to BP to cover the initial costs of responding to the largest oil spill in U.S. history. Senators Chuck Schumer (D-NY) and Ron Wyden (D-OR) sent a letter to BP CEO Tony Hayward June 2 calling on the company to forgo paying dividends to shareholders until the total cost of the cleanup has been

assessed, but as of now, BP is planning to pay out at least \$10 million in dividends to shareholders this quarter.

Two weeks ago, as President Obama urged passage of climate change legislation and made changes to oil and gas policy and personnel, Senators Lindsey Graham (R-SC) and Lisa Murkowski (R-AK) reentered the climate conversation.

In May 26 remarks at a solar energy facility in California, President Obama renewed his commitment to push climate and energy legislation, citing both the oil spill and the need to keep the U.S. economy competitive as reasons to pass a comprehensive package this year. Earlier in the week, President Obama visited with Republican senators during their weekly policy lunch on Capitol Hill and called for action on immigration and climate and energy policies.

The President also halted deepwater exploratory drilling and, saying that he takes responsibility for responding to the country's worst-ever oil spill, pledged to apply the "full force of the federal government" to fix the leak and clean up the massive damage following the rig's explosion and subsequent sinking and leaking into the Gulf of Mexico. He suspended the 33 deepwater exploratory wells currently being drilled in the Gulf of Mexico, announced the suspension of exploration drilling off Alaska that was set to begin this summer, cancelled the pending lease sale in the Gulf and one off the coast of Virginia, and extended the current moratorium on new deepwater drilling for six months. President Obama visited the Gulf of Mexico again and criticized the Minerals Management Service for years of mismanaging oil and gas contracts; MMS Director Liz Birnbaum was forced to resign. Interior Secretary Ken Salazar also recommended that all blowout preventers be certified, and that tougher inspections and expanded safety and training programs for rig workers be implemented.

Following a rebuke from Senator John Kerry (D-MA), his onetime ally on the American Power Act, Senator Graham suggested that an emissions bill focused only on power plants might be the best path forward. He said two weeks ago that the electric utility industry is most in need of a market signal for pricing greenhouse gases, and if other major industries could be left out of a new carbon market, at least temporarily, it could result in the Senate finding enough votes to pass climate legislation this Congress.

Senate Majority Leader Harry Reid (D-NV) and Senate Energy and Natural Resources Ranking Member Lisa Murkowski (R-AK) have agreed to hold a June 10 debate on Senator Murkowski's resolution (S.J. Res. 26) to overturn the EPA's finding that greenhouse gas emissions endanger public health and welfare. If that resolution were successful, it would void greenhouse gas emission limits of cars and light trucks issued by EPA on March 31 as well as the control requirements on stationary source emissions that the finding triggered.

When the Senate returns after the Memorial Day recess, they will have 10 hours of debate on the resolution, which cannot be amended or filibustered. While Senator Murkowski is pushing for support, her effort in practical terms has no real chance of becoming law. Even if she picks up enough support from several Republicans and Democrats that are not among her official 41 co-sponsors and is able to get her resolution passed in the Senate, President Obama is opposed to the effort, and is expected to block the measure. But a vote on the resolution could be seen as boosting or impeding efforts to get 60 votes this year for a comprehensive climate and energy plan.

Senate Democrats are divided on the issue. Senators Blanche Lincoln (D-AR), Mary Landrieu (D-LA), and Ben Nelson (D-NE) are cosponsors of the Murkowski amendment. Senator Jay Rockefeller (D-WV) has an alternative approach (S. 3072, introduced March 4) on the table that puts a two year hold on EPA regulations the agency plans to begin in January 2011, and Senators Claire McCaskill (D-MO), Byron Dorgan (D-ND), Kent Conrad (D-ND), and Tim Johnson (D-SD) support this approach, as does Senator Murkowski if her measure does not move forward.

Senators Tom Carper (D-DE) and Bob Casey (D-PA) began discussing a few weeks ago a third effort that would shield small businesses and other small sources from having to comply with EPA limits on GHG emissions. The legislation would restrict emissions limits on new stationary sources to those that emit

more than 100,000 tons per year of CO<sub>2</sub> when stationary source emissions limits take effect January 2, 2011. Emissions limits on modified sources will be restricted to those emissions above 75,000 tons per year. The EPA plans to decide by the end of April 2016 whether to regulate smaller sources.

A group of House Democrats, led by Congressmen Ike Skelton (D-MO) and Collin Peterson (D-MN) have companion legislation to Senator Murkowski's effort, and separate group of House Democrats, led by Energy and Commerce Ranking Member Joe Barton (R-TX) and Minority Leader John Boehner (R-OH), have another. House Natural Resources Chairman Nick Rahall (D-WV) and Congressmen Rick Boucher (D-VA) and Alan Mollohan (D-WV) have introduced a companion bill to Senator Rockefeller's two year delay effort.

EPA finalized the rule May 13 that would regulate power plants, oil refiners and other stationary sources that emit at least 75,000 tons of greenhouse gases. In July 2012, the rule would expand to include all new facilities that emit at least 100,000 tons a year. Some opponents to the rule have argued that the agency could eventually target even the smallest emitters, such as farmers and residential buildings, but EPA says the ruling takes that option off the table until at least 2016.

Senator Graham, who supports Senator Murkowski's resolution, also said that passing a smaller set of climate and energy bills that do not include setting a price on carbon, might be plausible path forward.

More than 60 of the nation's largest businesses that are part of the U.S. Climate Action Partnership publically recently called on Congress to pass energy and climate legislation. In a letter to President Obama, Majority Leader Reid, and Senate Minority Leader Mitch McConnell (R-KY), the companies, including GE, Ford Motor, and Shell, urged Congress to move forward this year on comprehensive climate and energy legislation that creates American jobs while protecting the environment.

## **Senate**

### Senator to Introduce Climate Legislation Alternative

Senator Dick Lugar (R-IN) is planning to introduce an energy bill June 7 when the Senate returns from the Memorial Day recess that aims to reduce greenhouse gas emissions through increased energy efficiency and fuel standards. In May, Senator Lugar released a finalized outline of his Practical Energy and Climate Plan, which focuses on energy standards, such as the Corporate Average Fuel Economy standards, and providing incentives for biofuels and renewable energy production rather than capping and pricing greenhouse gas emissions.

### Scientists Say Legislation Needs Better Emissions Data

A group of 90 scientists sent a letter May 17 to House Speaker Nancy Pelosi (D-CA) and Senate Majority Leader Reid urging that climate legislation accurately account for greenhouse gas emissions from various sources of bioenergy. Because emissions vary based on the source of the biomass, the group says that it is important for emissions from the burning of biomass should be covered under any cap and trade system. The American Power Act currently exempts those emissions from regulations.

### Senators Seek Greater Oil Spill Penalties

Senators last week ramped up their calls for raising the penalties and liabilities on oil companies following an oil spill. Senator Jeff Bingaman (D-NM) said last week that the system is in need of repair, and Senator Sheldon Whitehouse (D-RI) presented legislation that would boost both civil and criminal penalties on oil companies from \$100,000 per day per violation to \$10 million per day. The Energy Committee is exploring the possibility of changing the law that caps oil companies' responsibilities for damages at \$75 million. Senator Ben Cardin (D-MD) is seeking to restore the offshore drilling moratorium along the entire East Coast, and has offered an amendment to the war supplemental spending bill, which is expected to include a \$118 million oil spill relief package.

### Legislation Introduced

Senators Bingaman, Olympia Snowe (R-ME), Mark Warner (D-VA), and Graham introduced the Home Star Energy Retrofit Act of 2010 (S. 3434) on May 27. The legislation, which replaces legislation of the

same name (S. 3177) that was introduced March 25, would establish a \$6 billion two-tiered homeowner energy efficiency rebate program. The new version of the legislation adds a \$3000 performance tax credit for consumers who conduct whole-home retrofits that meet certain building standards. Home Star legislation (H.R. 5019) was approved by the House May 6.

Senators Bingaman, Lincoln, Scott Brown (R-MA), and Mark Pryor (D-AR) introduced the Supply Star Act of 2010 (S. 3396) May 24 to promote supply-chain efficiency to save energy and water through grants and technical guidance.

Senator George LeMieux (R-FL) introduced legislation (S. 3402) last week to encourage the residential use of renewable energy systems by minimizing upfront costs and providing immediate utility cost savings to consumers through leasing those systems to homeowners.

Senator Bob Menendez (D-NJ), along with Senators Bill Nelson (D-FL) and Jeff Merkley (D-OR), introduced legislation (S. 3405) last week to eliminate oil and gas company preferences from the Internal Revenue Code of 1986.

Senator Barbara Boxer (D-CA) introduced legislation (S. 3432) May 27 to establish a temporary Working Capital Express loan guarantee program for small business concerns.

The same day, Senator Bernie Sanders (I-VT) introduced a bill (S. 3433) to prohibit the leasing of the Pacific, Atlantic, Eastern Gulf of Mexico, and Central Gulf of Mexico Regions of the outer Continental Shelf and to increase fuel economy standards.

Senator Lincoln introduced legislation (S. 3436) to amend the Energy Policy and Conservation Act to establish a motor efficiency rebate program.

Majority Leader Reid, along with Senators John Ensign (R-NV), Tom Harkin (D-IA), Jon Tester (D-MT), Michael Bennet (D-CO), and Amy Klobuchar (D-MN), introduced legislation (S. 3438 and S. 3439) to promote clean energy infrastructure for rural communities.

Senator Chuck Grassley (R-IA) introduced legislation (S. 3440) to extend the incentives for biodiesel and renewable diesel last week.

Senator Frank Lautenberg (D-NJ) introduced legislation (S. 3443) to eliminate the 30-day time limit for exploration plans under the Outer Continental Shelf Lands Act.

#### Upcoming Hearings

The Senate Judiciary Committee will hold a hearing June 8 on the impact recent court decisions and liability caps have made on corporate behavior within the oil and gas industry.

The Senate Energy and Natural Resources Committee will hold its fourth hearing June 9 on the Gulf of Mexico oil spill. The committee will examine issues related to the Department of Interior's report, *Increased Safety Measures for Energy Development in the Outer Continental Shelf*. Interior Secretary Ken Salazar will testify.

The same day, the Senate Environment and Public Works Committee will hold a hearing on the Big Oil Bailout Prevention Liability Act.

The State, Local, and Private Sector Preparedness and Integration Subcommittee of the Senate Homeland Security and Governmental Affairs Committee will hold a hearing on efforts to assess the effects of the Gulf Coast oil spill on states, localities, and the private sector on June 10.

#### **House**

House Passes Major Legislation before Recess

On Friday, May 28, just before adjourning for the Memorial Day recess, the House passed two major pieces of legislation. First, they passed (262-150) a reauthorization of the America COMPETES Act, an \$85.6 billion science research and education bill that includes language that would formally authorize the Department of Energy's innovation hubs, set up DOE's Advanced Research Projects Agency-Energy, ARPA-E, for another five years, and fund the Department's energy frontier research centers. The Chamber also passed (229-186) a \$115 billion defense authorization package.

#### Extenders Legislation Passes First Hurdle

The House passed the American Jobs and Closing Tax Loopholes Act (H.R. 4213) on Friday, May 28. The legislation, which extends unemployment insurance through November and numerous other expiring tax provisions and revenue raising offsets, including a tax increase on investment fund manager profits, also expands Medicare physician payments through the end of next year. The provision includes a six-fold tax increase on the oil industry that will go toward the Oil Spill Liability Trust Fund and a one-year extension of several energy and infrastructure tax incentives; the bill also raises the liability cap per oil spill incident to \$5 billion. The Senate will take up the \$145 billion legislation when they return from the Memorial Day recess.

#### Committees Continue to Investigate Oil Spill Response

As the massive Gulf of Mexico oil spill continues to grow, House and Senate committees continued to investigate both BP's and the Federal government's response to the leak. The House Appropriations, Energy and Commerce, and Natural Resources committees held hearings the week of May 24 to probe the causes, the latest attempts to stop the leak, response efforts, and possible regulatory changes. The Senate Energy and Natural Resources Committee and the House Judiciary Committee held hearings on oil companies' liability in the wake of a spill, as there is growing support to raise the \$75 million cap.

#### Organizations Ask Congress to Pass Green Job Act

The Biotechnology Industry Organization joined 34 other companies and trade organizations May 25 in asking Congress to include a Green Job Act in 2010 legislation to jumpstart the biofuel sector in the United States. The coalition asked leaders of the House Ways and Means Committee to include the Jumpstart Other Biofuels Green Job Act of 2010 in the next appropriate revenue vehicle. The proposed legislation would provide cellulosic and algae-based biorefineries an option to choose a refundable 30 percent investment tax credit in lieu of production incentives, and also provides pioneering advanced biofuels developers with critical flexibility in electing the form of tax incentive that best suits a given project. A recent report, US Economic Impact of Advanced Biofuels Production, projects that development of advanced biorefineries may create hundreds of thousands of jobs by 2030 and \$140 billion in economic growth.

#### Legislation Introduced

Congressman Kendrick Meek (D-FL) introduced legislation (H.R. 5372) May 24 that would make solar, wind, or biomass production and investment in solar energy property as refundable to the extent the taxpayer makes new wind, solar, and other renewable energy investments for 2010 and 2011.

Congressman Bruce Braley (D-IA) introduced legislation (H.R. 5435) May 27 to extend renewable fuel and energy tax incentives and to deny the deduction for income attributable to domestic production of oil.

The same day, Congressman Vern Buchanan (R-FL) introduced legislation (H.R. 5436) to prohibit the Minerals Management Service from issuing permits or environmental or safety waivers for any deepwater drilling rig in the Gulf of Mexico until the ongoing oil leak has stopped and a congressional committee has issued a report finding the cause of the oil rig explosion.

Also on May 27, Congressman Joe Donnelly (D-IN) introduced legislation (H.R. 5438) to direct the EPA Administrator to annually publish a list of vehicles that satisfy requirements for certification as low emission and energy-efficient vehicles.

#### Upcoming Hearings

The Oversight and Investigations Subcommittee of the House Energy and Commerce Committee will hold a hearing on the local impact of the gulf coast oil spill on June 7.

The Energy and Environment Subcommittee of the House Science and Technology Committee will hold a hearing on the research and technology needs for effective cleanup of oil spills on June 9.

The House Transportation and Infrastructure Committee will hold a hearing June 9 on the liability and financial responsibility for oil spills under the Oil Pollution Act of 1990 and related statutes.

The House Natural Resources Committee has scheduled several hearings related to the Gulf Coast oil spill for the month of June. Hearings are tentatively scheduled for June 10, 15, 17, 24, and 29.

### **Administration**

According to a May 21 letter from the Office of Management and Budget Director Peter Orzag to House and Senate leaders, the Obama Administration is requesting \$180 million in appropriations for loan guarantees that will be split between renewable and nuclear energy projects. The administration has requested that the appropriation be included in a \$58.8 billion supplemental spending bill (H.R. 4899) that is currently being considered on the Senate floor. A supplemental appropriations bill unveiled in the House May 26 would provide \$180 million for loan guarantees to support development of renewable energy and nuclear power, and the House Appropriations Committee will mark up the legislation after they return from the Memorial Day recess.

### **Department of Defense**

The Navy released a new strategy document May 28 that outlined the impact climate change would have on its operations. The document, from the fleet's Task Force Climate Change, maps out how the Navy plans to address those challenges from now through 2014, and notes that climate change will affect nearly every aspect of the Navy's operations. The new road map lays out a three-phase plan for identifying and adapting to climate change, and is intended as a companion to the task force's first report, which laid out a strategy for the Arctic, and is designed to work in concert with the Navy's plan to reduce mobile greenhouse gas emissions.

### **Department of Energy**

#### **\$29 Million for Weatherization Training Centers**

The Department of Energy announced June 4 that 34 projects in 27 states had been selected to receive \$29 million in Recovery Act funding to develop and expand weatherization training centers. The projects will provide green job training for local workers in energy efficiency retrofitting and weatherization services.

#### **FOA for Sustainable Bioenergy Feedstock Production**

On June 2, the Department of Energy announced \$5 million in funding for research focused on the sustainable production of large quantities of non-food biomass for bioenergy. Part of DOE's commitment to expanding domestic bioenergy, the program aims to quantify and understand the environmental impacts of different strategies for producing large quantities of energy crops and other crop residues at the watershed scale.

#### **FOA for Short-Term Wind Forecasting**

The Department of Energy announced June 1 a funding opportunity for up to \$6 million over two years to improve short-term wind energy forecasting. The funding will support projects that enhance the ability of utilities and electricity grid operators to forecast when and where generation from wind power will take place, allowing for improved utility operations.

#### **Proposed Rule Makes Federal Building Construction Sustainable**

The Department of Energy proposed a new rule May 28 that would require the federal government, the nation's largest energy user, to incorporate sustainable principles in design, siting, and construction of new federal buildings and major renovations of existing buildings. The rule would require buildings to use solar water heaters to provide at least 30 percent of the hot water used on the property and to install on-site facilities to generate power from renewable energy sources.

#### \$11 Million for Biofuels Technology Development

The Department of Energy announced May 28 up to \$11 million in funding over three years for research and development in thermochemical conversion of biomass into advanced biofuels that are compatible with existing fueling infrastructure. DOE anticipates selecting three or four projects under this funding opportunity, and applications are due July 9, 2010.

#### Over \$2 Million for Commercialization of Innovative Ideas

The Department of Energy announced May 27 \$2.1 million in funding to accelerate the movement of innovative energy technologies from university laboratories into the market. The Innovation Ecosystem Development Initiative FOA seeks applications that propose approaches to accelerate the commercialization of clean energy technologies developed at universities, and plans to make two awards.

#### High Efficiency Windows Volume Purchase Program Launched

The Department of Energy announced May 27 the launch of the Highly-Insulating R-5 Windows and Low-e Storm Windows Volume Purchase Program. The program is part of a multi-year integrated strategy to transform the market for high efficiency windows and will facilitate the broader deployment of these windows by paring manufacturers with buyers looking to purchase large volumes of windows and by setting performance expectations for two new types of energy efficient windows.

#### \$6 Million for Midsize Wind Turbine Technology Development

The Department of Energy announced May 26 the availability of up to \$6 million to advance midsize wind turbine technology in order to boost the speed and scale of midsize turbine deployment. The Department will provide the funding over two years to accelerate the development, testing, and commercialization of domestically manufactured midsize wind turbines with rated generating capacities between 100 KW and 1 MW.

#### Operational Changes Could Help Western US Meet Renewable Energy Targets

The National Renewable Energy Laboratory released a report May 20 that showed that wind and solar power could produce 35 percent of electricity in the western United States if operational changes are made to the grid. No extensive additional infrastructure would be required.

### **Department of State**

The State Department delivered the U.S. Climate Action Report to the U.N. Framework Convention on Climate Change on June 3. According to the report, U.S. emissions are likely to increase 4 percent above 2005 levels in the next decade despite pledges in Copenhagen to curtail them. The report also outlines the Obama Administration's attempts to reduce domestic greenhouse gas emissions as it works toward an international climate change agreement.

### **Department of Transportation**

The Department of Transportation awarded \$80 million in high-speed rail grants on May 27 to five states as part of the high-speed and intercity passenger rail program. \$66.6 million will be used for program management and preliminary engineering on high-speed rail service between Tampa and Orlando, Florida. Four other projects, in California, Wisconsin, New York, and New Mexico will focus on track relocation, environmental assessments, speed increases, and rail planning, respectively.

### **Environmental Protection Agency**

#### Coalition Files Lawsuit over Tailoring Rule

The Coalition for Responsible Regulation filed a petition within the U.S. Circuit Court of Appeals for the District of Columbia June 3, asking the court to review the EPA's tailoring rule. The Industrial Minerals Association – North America, the National Cattlemen's Beef Association, Great Northern Project Development LP, Rosebud Mining Co., and Alpha Natural Resources Inc. are also signatories to the petition. This suit marks the second court challenge over the Administration's rule that alters Clean Air Act permitting thresholds to limit greenhouse gas permitting requirements to large sources starting in January, when the agency's greenhouse gas standards for tailpipes will trigger Clean Air Act permitting rules for industrial facilities.

#### EPA Issues New SO2 Standards

The EPA set a stronger national air quality standard for sulfur dioxide June 4 for the first time in 40 years. With a one-hour SO2 health standard at 75 parts per billion, a level designed to protect against short term exposures ranging from five minutes to 24 hours, SO2 levels will be reduced by nearly half from the current 140 ppb averaged over 24 hours. In their findings, EPA reports that the new levels could prevent nearly 6,000 premature deaths and 54,000 asthma attacks a year.

#### Tailoring Rule Creates Challenges for States

State regulators across the country are scrambling to figure out how to address the EPA's new tailoring rule within their existing air quality programs. Texas Governor Rick Perry went so far as to ask President Obama last week to stop the EPA from taking over Texas' air quality program as a dispute continues over who has authority to grant permits to some of the nation's largest refineries.

#### Coalition Files Lawsuit over RFS

A coalition of environmental organizations filed a lawsuit and an administrative petition May 25 to challenge an EPA final rule that established criteria for determining which biofuels meet the renewable fuels standard. The group is arguing that the regulation would increase greenhouse gas emissions overtime. The Energy Independence and Security Act, which was passed by Congress in 2007, requires the US fuel supply to include 36 billion gallons of ethanol or other renewable fuel by 2022, including 21 billion from cellulosic sources.

#### **Personnel**

Following Liz Birnbaum's forced resignation from the Department of Interior's Minerals Management Service May 27, Bob Abbey will serve as acting director of the MMS. Mr. Abbey is currently the director of the Bureau of Land Management, and he will remain director, but will turn over his daily management duties to his deputy, Mike Poole.

#### **Miscellaneous**

##### Chinese Emissions Rise with Economic Rebound

Chinese environmental authorities acknowledged June 4 that the nation's pollution is increasing as the economy grows, despite tougher regulations and a reduction in emissions last year. Last month, China announced that its energy intensity was also rising. The country has pledged to reduce major pollutants by 10 percent from 2006 levels by 2010 and to reduce its energy intensity by 40 to 45 percent of 2005 levels by 2020.

##### CA Board Limits GHGs from New Developments

California's Bay Area Air Quality Management District approved guidelines June 2 that offer pollution thresholds to cities and counties regarding emissions of greenhouse gases and potentially harmful toxins. Developers that create land-use projects that produce more than 1,100 MT of greenhouse gases per year would have to submit to a review on ways to reduce their output, with solutions ranging from siting near public transportation, installing renewable energy sources, or increasing the energy efficiency of buildings.

##### MI Expands Renewable Energy Zones



Michigan adopted legislation (H.B. 5555) recently to expand its renewable energy renaissance zone designation to include facilities used in the manufacturer of advanced battery technology and green biodiesel byproducts. Facilities that create fuels or chemicals from biological or agricultural products were added to the definition of renewable energy facility to include a proposed plant that would make biodegradable machinery lubricants and environmentally friendly lawn care products from the by-products of biodiesel production.

#### CT Governor Vetoes Renewable Energy Bill

Connecticut Governor Jodi Rell (R) vetoed a bill May 24 that was intended to promote renewable energy generation, encourage energy efficiency, and reduce electricity costs. Governor Rell said that she was concerned that the measure could actually raise utility rates for consumers. The legislature has tentatively scheduled a veto override session for June 21 but it is not yet clear whether lawmakers will attempt an override.

#### Clean Energy Deals Inked at Beijing Biofuels Conference

Boeing signed three agreements with Chinese partners at the US-China Joint Renewable Energy and Advanced Biofuels Forum on May 26 in Beijing. The first, with the Chinese Academy of Sciences and Qingdao Institute of Bioenergy and Bioprocessing Technology, focuses on algae-based biofuel research; the second, with PetroChina, produces the feedstock for the biofuel, and the third, with UOP, PetroChina, and Air China, will focus on technology and commercialization.

#### Updated EU Data Confirm Emissions Reductions

The European Environment Agency announced May 20 that it had updated its data set on the 2009 carbon dioxide emissions of participants in the European Union's Emission Trading System, and found that emissions dropped from 2.1 billion MT of CO<sub>2</sub>e in 2008 to 1.85 billion MT in 2009, a decline of 11.7 percent.

#### AZ Legislation Creates Renewable Energy Production Credit

On May 11, Arizona enacted legislation (S.B. 1254) to create a new credit against the corporate and individual income taxes for the generation of electricity from renewable energy resources. Effective from taxable years beginning from December 31, 2010, electricity must be generated from solar light, solar heat, wind, or biomass to receive the credit.

#### Wind Industry Faces Growth Constraints

Following a record breaking year of capacity growth in 2009, the US wind market will face a growth constrained 2010 and a near-term market landscape wrought with increased competition. According to a recent study by HIS Emerging Research, the domestic wind industry is on track to add more than 165 GW of new capacity through to 2025, resulting in a total installed base of 200 GW.