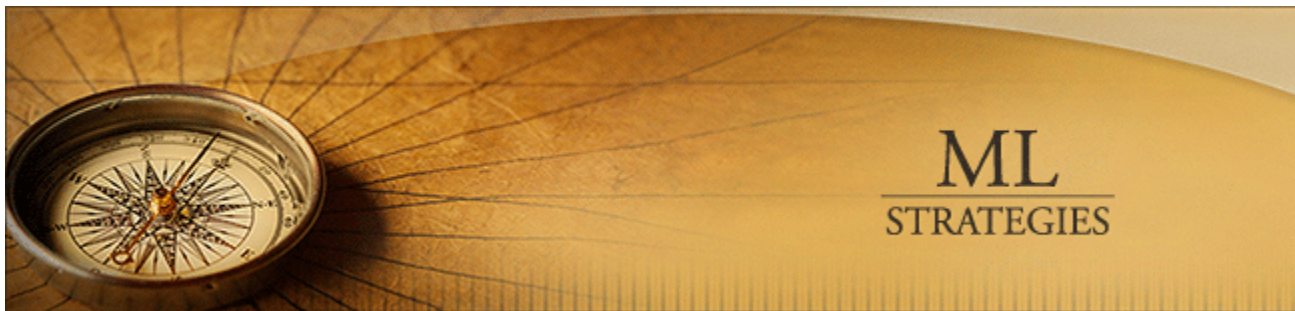




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JULY 14, 2014

## Energy & Environment Update

### **Despite Hurdles, U.S. Offshore Wind Industry Poised for Growth**

By Bryan Stockton

*From time to time the Energy and Environment Update will focus on the legislative and regulatory developments facing a particular energy sector.*

During the past several years, Europe has installed about 2,000 offshore turbines (6,500 MW of offshore wind generation capacity), with capacity doubling since 2010. Offshore wind provides almost 1% of total power in Western Europe, about five times what solar generates in the U.S. Growth isn't limited to Europe: China has installed 428 MW since 2007 and Japan has deployed floating turbines near Fukushima. And yet the only operating offshore wind project in the United States is a small 1/8 scale demonstration turbine in Maine. Is the rest of the world leaving the U.S.'s offshore wind industry behind for good?

Over the past several months, a series of developments suggests the U.S. offshore wind market is poised for expansion. The fully-permitted Cape Wind project, which has faced years of litigation from well-financed opponents, won another round in a series of legal challenges, clearing the way for financing and construction. The Department of Energy also announced a \$150 million conditional loan guarantee for the project. (Though, with Cape Wind's project costs estimated at \$2.5 billion and only about half of that secured so far, the DOE guarantee will cover only a small part of the final deal, though it could help leverage additional private funds.) After receiving all of its state permits earlier this year, Deepwater Wind is awaiting action from BOEM on a final permit. With that approval in hand, Deepwater can begin physical construction on its 30 MW project. Manufacturing components for the project began last year.

The DOE also announced in May \$140 million divided between three offshore wind demonstration projects incorporating new technologies that the agency hopes will lower capital and operating costs. All three of the projects utilize emerging direct drive technology that eliminates a gearbox. Fishermen's Energy of New Jersey and Dominion in Virginia will demonstrate new twisted jacket foundations and Principle Power in Oregon will deploy a floating foundation.

Meanwhile, the Department of Interior's Bureau of Ocean Energy Management has moved ahead with plans to lease targeted (but nonetheless large) areas for offshore wind development. While a few projects, most notably Deepwater Wind's Block Island project, are slated for state waters, the bulk of future projects will occur more than three miles off the coastline, in federal waters. After conducting the competitive lease auctions for the Rhode Island/Massachusetts lease areas and Virginia lease area last fall, BOEM announced in mid-June it would auction over 1,100 square miles off of Massachusetts, a vast area early double the current federal

offshore acreage available for commercial-scale wind energy projects. On July 3, BOEM announced an auction would be held in mid-August for two wind lease areas offshore Maryland. Leasing for a number of other states, particularly New Jersey, New York, and Oregon, is also moving ahead but remains further behind than the states mentioned above.

The Interior Department's enthusiasm to lease these areas so far exceeds the enthusiasm for states and utilities to purchase offshore wind power or for Congress to provide predictable tax policies. Leasing areas for offshore wind does not guarantee wind farms will be constructed. Loan guarantees, investment tax credits, and grants reduce the cost of capital, thereby lowering the cost of delivered energy, but developers still require long-term power purchase agreements (PPA) to build projects, and states play a crucial role. Deepwater Wind has secured a 30MW PPA from Rhode Island for Block Island, Cape Wind has secured offtake for a majority of its project, and New York State is seeking bids on renewable power, but other projects struggle to find long-term off takers. This is the deciding factor: Bluewater NRG had a lease in hand for a Delaware project, but with a PPA that undervalued the power, could not move forward. Fishermen's Energy has also struggled with the state of New Jersey over qualifying for incentive payments. Without a long slate of projects in the development pipeline, the U.S. cannot benefit from the economies of scale or infrastructure that Europe enjoys.

While advances in offshore wind technology (turbine sizes has doubled in the last decade) have transformed the industry, it nevertheless remains expensive. Uncertainty over tax credits and lengthy permitting timeframes do not help. It is no surprise that many renewable developers have shied away from offshore wind; utilities build the bulk of projects in Europe but in the U.S. utilities have largely ceded the space to private developers with a higher tolerance for risk.

Still, experience from onshore wind in the U.S. over the past thirty years has shown that as deployment increases, the cost of energy falls rapidly; the same could be expected of offshore wind. (In fact, the world's largest offshore wind developer, DONG, believes it can lower the cost of offshore wind by 40 percent by 2020.)

In addition, the states that can benefit most from offshore wind—those coastal states with limited natural resources, little open land for new projects, and congested transmission capacity—also currently have the most expensive retail electricity rates in the nation. Offshore wind may be expensive, but it does not need to be cost-competitive with traditional resources in Utah or Indiana to succeed domestically. As the only utility scale renewable resource near coastal population centers like New York, New Jersey, or Boston, where power prices are high and it is expensive to build new traditional generation, offshore wind can be competitive in select markets.

With such a foothold, offshore wind—even with a late start—could comprise an important portion of the nation's future energy mix.

## ENERGY AND CLIMATE DEBATE

The House passed, 253-170, its fiscal year 2015 Energy and Water Appropriations bill (H.R. 4923) July 10. The measure increases funding for the Department of Energy's fossil energy programs while reducing renewable energy spending by about \$111 million. Before the bill became final, representatives included several amendments to further oppose President Obama's energy agenda.

Representative Michael Burgess (R-TX) received approval of an amendment blocking the Department of Energy from spending money to enforce efficiency standards for incandescent bulbs. The House approved Representative Paul Gosar's (R-AZ) language preventing spending on the Department of Energy's Climate Model Development and Validation program, as well as a measure to end grants for high efficiency toilets. Representative David McKinley (R-WV) was successful in getting two of his amendments added to the measure; the first prevents funding for nearly all climate change studies, while the second prevents spending to consolidate or close the Department of Energy's National Energy Technology Laboratory, or to allow contractors to operate the labs. The House approved amendments June 10 to block the Department of Energy from continuing the development of the Administration's social cost of carbon calculation and any agency attempt to consider a greenhouse gas emissions report in its liquefied natural gas export reviews.

The House supported an amendment increasing the Department of Energy's Advanced Research Projects Agency-Energy program funding by \$20 million, as well as one to increase funding by \$9 million for the agency's office of energy efficiency and renewable energy.

The House also approved a bipartisan amendment from Representatives Janice Hahn (D-CA) and Bill Huizenga (R-MI) striking more than \$73 million from the Department of Energy's nuclear energy office to offset a \$57.6 million increase in funding for the Harbor Maintenance Trust Fund.

The White House threatened to [veto](#) the measure July 9, citing its environmental riders and lack of funding for clean energy projects.

The Senate is still considering its version of the legislation, and we anticipate a lengthy conference to work out the differences between the two dissimilar measures. With a continuing resolution now expected, we are likely to see a final agreement on energy and water ultimately rolled into a larger omnibus appropriations package in the fall.

The House will consider funding for the Highway Trust Fund (H.R. 5021) this week, and may address fiscal year 2015 Financial Services appropriations (H.R. 5016). The Senate will consider terrorism risk insurance (S. 2244), contraception coverage by for-profit companies (S. 2578), and how to address the issue of child immigrants on the border. The Senate will also hold cloture and confirmation votes July 15 on two nominees to the Federal Energy Regulatory Commission: Norman Bay to serve as commissioner, and Cheryl LaFleur to serve as chair of the commission.

## CONGRESS

### Subcommittee Approves Interior-EPA Funding

The House Appropriations Subcommittee on July 9 approved by voice vote a fiscal year 2015 appropriations [bill](#) to fund the Interior Department, Environmental Protection Agency, and related agencies. The measure would reduce Environmental Protection agency funding by nine percent, would increase oil and gas permitting and enhance wildfire fighting, and would block several agency regulations. Committee Democrats plan to offer amendments when the full committee considers the bill.

### Subcommittee TSCA Hearings

New York University School of Law Professor Richard Revesz testified before the House Energy and Commerce Subcommittee on Environment and Economy July 11 that Environmental Protection Agency performance standards are necessary to constrain fugitive methane emissions from fracking. The hearing is part of the subcommittee's efforts to consider legislation to revise the Toxic Substances Control Act.

### Grassley Predicts 2014 RFS for Fall

Senator Chuck Grassley (R-IA) said last week that the Environmental Protection Agency is unlikely to finalize the 2014 renewable fuel standard until the fall. The agency extended its deadline for petroleum refiners and importers to demonstrate compliance with the 2013 RFS to September 30.

### Upton Threatens EPA Subpoena

House Energy and Commerce Committee Chair Fred Upton (R-MI) [threatened](#) July 9 to subpoena the Environmental Protection Agency after charging that the agency has failed to provide requested documents related to the agency's decision making process in crafting its greenhouse gas standards for new power plants. Representatives Upton and Tim Murphy (R-PA) have requested that the agency produce the documents or provide a suitable log by July 23. The agency plans to respond to the letter.

### Legislation Introduced

Senator Richard Blumenthal (D-CT) introduced legislation (S. 2573) July 9 to increase, expand, and extend the credit for hydrogen-related alternative fuel vehicle refueling property and to increase the investment credit for more efficient fuel cells.

Representatives Marsha Blackburn (R-TN) and Kurt Schrader (D-OR) introduced the Energy Savings and Building Efficiency Act (H.R. 5027) July 9 to increase transparency and cost effectiveness in the development of model energy codes.

The same day, Representative Sam Graves (R-MO) introduced legislation (H.R. 5034) to halt all proposed Environmental Protection Agency regulations until the agency completes a review of all existing regulations; require a retroactive review of all past agency regulations; and require that Congress approve all proposed regulations with an economic impact over \$50 million before they take affect.

Senators John Hoeven (R-ND), Lisa Murkowski (R-AK), John Barrasso (R-WY), and John McCain (R-AZ) introduced legislation (S. 2592) July 11 to accelerate permitting on federal lands for energy development, to reduce natural gas flaring associated with oil production on federal lands, and to expedite liquefied natural gas exports to Ukraine, NATO countries, and Japan

### **Upcoming Hearings**

The House Appropriations Committee will mark up its fiscal year 2015 Interior-EPA spending bill July 15.

The House Natural Resources Subcommittee on Energy and Mineral Resources will hold a hearing July 15 on implementing the 2013 Helium Stewardship Act.

The Senate Commerce Committee will hold a hearing July 17 entitled "The Federal Research Portfolio: Capitalizing on Investments in R&D."

The Senate Environment and Public Works Committee will hold a hearing July 23 to consider the Clean Power Plan. Environmental Protection Agency Administrator Gina McCarthy will testify.

## **ADMINISTRATION**

### **Clinton Supports Administration's Climate Goals**

Speaking June 30 at the Aspen Ideas Festival, former secretary of state Hillary Clinton said that she supports President Obama's strategy for addressing climate change, and expressed optimism that the United States' actions would encourage other nations to reach a 2015 global climate agreement in Paris.

### **Engaging with Insurers on Extreme Weather**

The White House Council on Environmental Quality said July 3 that the administration is considering [ways](#) to work with the insurance and re-insurance industries to make neighborhoods and businesses more [resilient](#) to extreme weather events. Making communities more resilient to such extreme weather events could save tens of billions of dollars every year.

### **CRS Grid Security Report**

The Congressional Research Service released a [report](#) July 7 finding that Congress may want to consider issues related to grid security oversight, including the adequacy of current protections, and whether voluntary measures are appropriate. The report concluded that a coordinated and simultaneous attack on the country's electric grid could have crippling effects and significant economic and social consequences.

### **Sherwood-Randall Nominated**

President Obama nominated July 8 Elizabeth Sherwood-Randall to become deputy energy secretary. Dan Poneman, the current deputy secretary, will depart this fall for Harvard after five years at the Department of Energy. Ms. Sherwood-Randall, a special assistant to President Obama, has served as the White House coordinator for defense policy, countering weapons of mass destruction, and arms control on the National Security Council since April 2013. She previously served as senior director for European Affairs, and during the Clinton administration, served as deputy assistant secretary of defense for Russia, Ukraine, and Eurasia. She also served as chief foreign affairs and defense policy advisor to Vice President Biden. She was a Stanford University senior research scholar from 2000 to 2008, and served as an adjunct senior fellow at the Council on Foreign Relations during that time.

### **Robinson's Nomination Withdrawn**

President Obama formally withdrew July 9 Elizabeth Robinson to be his nominee to serve as under secretary of energy at the Department of Energy. The president initially nominated her last July to succeed Kristina Johnson, who resigned, and he resubmitted her name with dozens of other pending nominations in January. Senator David Vitter (R-LA) placed a hold on Ms. Robinson's nomination last October, citing concerns about her work at NASA, where she served as chief financial officer.

### **Ex-Im Reauthorization Opposition**

Friends of the Earth, Greenpeace, the Sierra Club, and other environmental groups sent a letter July 11 to Senate leadership and President Obama urging opposition to Senator Joe Manchin's (D-WV) draft bill that would reauthorize the Export-Import Bank amidst a dispute over a provision that would reverse bank policy limiting overseas coal project financing.

## DEPARTMENT OF COMMERCE

### Chinese Cyberespionage Investigation Requested

SolarWorld asked July 1 the Department of Commerce to investigate what potential trade advantages Chinese companies may have obtained due to cyberespionage alleged in a recent Department of Justice indictment.

## DEPARTMENT OF ENERGY

### Cape Wind Loan Guarantee

The Department of Energy offered July 1 a proposed \$150 million loan guarantee for the Cape Wind project off the coast of Massachusetts. The project will cost \$2.5 billion, and will include more than 100 turbines in Nantucket Sound.

### \$4 Billion for RE, EE Loan Guarantees

The Department of Energy announced July 3 that it will begin accepting applications for as much as \$4 billion in loan guarantees for renewable energy and energy efficiency projects. The agency has identified advanced grid integration and storage; drop-in biofuels; waste to energy; existing facility enhancement; and efficiency improvements as areas of interest.

### FLEXLAB Unveiled

The Lawrence Berkeley National Laboratory unveiled July 10 FLEXLAB, the world's most advanced lab for studying energy efficiency in commercial buildings. Startups, architects, designers, utilities, and manufacturers are invited to use the lab for fees that vary based on the time needed to conduct the testing and the rigor of the analysis. Four separate laboratories can test technologies including HVAC systems, lighting, windows, and the building envelope. Each outlet has its own circuit and power metering, and designers can swap out windows, walls, skylights, lighting, and other architectural elements, or compare products side by side. Lux Research forecasts that green building will be a \$280 billion global industry by the end of the decade.

### US-China Energy Cooperation

During the sixth round of the U.S.-China Strategic and Economic Dialogue in Beijing July 10, the Department of Energy agreed to share information on oil stockpiles with China's National Energy Administration to ensure that the world's top two oil consumers can effectively respond to disruptions in the global petroleum supply. Energy Secretary Ernest Moniz and National Energy Administration Administrator Wu Xinxiong signed an agreement to collaborate on technical, management, and policy issues related to the stockpiles, and the agencies will hold annual meetings. Secretary Moniz also agreed with Chinese Ministry of Industry and Information Technology head Miao Wei to expand efforts to promote industrial energy efficiency and electric vehicle interoperability. Secretary Moniz met with China's Atomic Energy Authority Chairman Xu to discuss collaborations on nuclear power and security. The U.S. and China also agreed to launch eight demonstration projects on the capture, utilization, and storage of CO2 emissions and smart grids. Secretary of State John Kerry, head U.S. climate negotiator Todd Stern, and other U.S. officials were joined by their Chinese counterparts in restating their cooperation on an ambitious 2015 global climate change agreement.

## ENVIRONMENTAL PROTECTION AGENCY

### Landfill Methane Limits

The Environmental Protection Agency [proposed](#) July 1 methane limits for municipal landfills. Proposed limits for new landfills would require operators to capture two-thirds of their methane and air toxics emissions by 2023. Under current landfill emissions regulations, sites that emit 50 MT are required to install and operate gas collection control systems within 30 months of reaching or exceeding those annual levels. The agency is proposing to lower the threshold for new landfills to require those controls when they emit 40 MT. Existing sites may also face limits. Comments are due 60 days from publication in the Federal Register.

### CSAPR Challenged

[Texas](#), [Wisconsin](#), and [Louisiana](#) asked the U.S. Court of Appeals for the District of Columbia July 3 to allow states to file supplemental briefs presenting "as-applied" challenges to the Environmental Protection Agency's cross state air pollution rule. The rule, which has not gone into effect, would require 28 states to reduce power plant NOx and SO2 emissions to assist downwind states in attaining national ambient air quality standards. The agency must respond to the motions by July 17.



### **Study Finds 111(d) Benefits Outweigh Costs**

The Analysis Group released a [report](#) July 14 finding that the Environmental Protection Agency's proposed Clean Power Plan will bring some costs, but that those costs will be much lower than the public health and overall economic benefits. The study finds that electric rate impacts will be modest in the near term, and can be accompanied by long term benefits as well.

### **RFS Biodiesel Increase Sought**

The American Soybean Association urged its members July 9 to lobby the Environmental Protection Agency and Congress to require that the agency mandate the blending of 1.7 billion gallons of biodiesel into the nation's fuel supply as part of the final 2014 renewable fuel standard. The agency is proposing to require 1.28 billions of gallons of biodiesel to be blended into the fuel supply in 2014, and expects to send the final RFS to the Office of Management and Budget for interagency review in the next month.

### **HFC Limits Proposed**

The Environmental Protection Agency [proposed](#) July 10 prohibiting certain uses of several hydrofluorocarbons that have a high global warming potential. The [proposal](#) would reduce GHG emissions by between 31 and 42 MMT CO<sub>2</sub>e in 2020. The agency will accept public comment for 30 days following the proposal's publication in the Federal Register.

## **FEDERAL ENERGY REGULATORY COMMISSION**

### **NJ-NY Pipeline Challenges Rejected**

The U.S. Court of Appeals for the District of Columbia rejected petitions July 1 by three environmental groups and Jersey City to delay or block a project to expand a natural gas pipeline network in New Jersey and New York because they did not establish "injury in fact."

### **Order 745 Rehearing Requested**

The Federal Energy Regulatory Commission filed a [petition](#) July 7 in the U.S. Court of Appeals for the District of Columbia Circuit seeking an en banc rehearing in an effort to sustain its demand response program for wholesale electricity markets. The commission contends that electricity costs, grid reliability, and power plant construction are at stake because the court vacated its demand response program.

## **INTERNATIONAL**

### **Chinese Environmental Tribunal Established**

China's Supreme People's Court released July 3 a guiding document for environmental cases and established a tribunal to address significant air, water, and soil pollution cases. The moves pave the way for additional judicial scrutiny of environmental cases and potentially further public interest action.

### **Australian Carbon Price Scheme Faces Uncertainty**

Australia's new senators were sworn in July 7, giving Prime Minister Tony Abbott's government the majority it needs to abolish the fixed carbon price within the next few weeks. It is uncertain what might replace the current pricing scheme.

### **EU Industry Chair Calls for Market Changes**

European Union Parliament Industry Committee Chair Jerzy Buzek said July 7 that the bloc should overhaul its emissions program to ensure it encourages clean energy investment without recurrent market intervention. He contends that the EU emissions trading system has failed to transition the country to low emission technologies because of a flawed design and an economic crisis, and that a European Commission proposal to begin automatic supply controls will not solve the problem. Environment Committee Chair Giovanni La Via said July 9 that Parliament will begin carbon pricing framework discussions in the fall.

### **Draft Climate Negotiations Language**

The United Nations released a policy [paper](#) July 7 outlining potential language to include in the upcoming global climate agreement. The paper leaves open the option for maintaining a division between developed and developing nations with respect to their obligations to address climate change. The current agreement requires industrial nations to have targets for reducing emissions, while developing countries need only volunteer their efforts.

### **IBM-China Air Quality Management**

International Business Machines Corp. started a project July 7 to support China in managing air quality and energy

consumption and forecast renewable energy supply. The project will allow utilities to estimate the amount of renewable energy that will be available for grid transmission or storage. IBM is also developing a system to manage industrial company energy consumption, which represents more than 70 percent of China's total energy consumption.

### **WTO EGA Talks**

Fourteen World Trade Organization members launched July 8 negotiations on a proposed Environmental Goods Agreement. The countries aim to achieve a shared goal of global free trade in environmental goods. The National Association of Manufacturers, National Foreign Trade Council, and United States Council for International Business formed July 9 a Coalition for Green Trade to encourage ambitious negotiation outcomes.

### **EU-Germany RE Legislation Resolved**

The European Commission and German reached an agreement July 9 on German's renewable energy law. Germany has agreed to reduce exemptions to surcharges for German companies producing their own fossil fuel power and allow a percentage of non-German renewable energy to benefit from surcharge exemptions.

### **Decarbonization Pathways**

The United Nations released a study of 15 major GHG emitters July 10 and found that China may struggle to reduce CO2 emissions to levels that prevent the worst impacts of global warming. The report concluded that per-capita emissions from burning fossil fuels need to fall to 1.6 MT in 2050 from 5.4 MT currently across the 15 countries in order to have a chance of capping the global average temperature rise at a safe level.

### **EU May Renew Biodiesel Tariffs**

The European Union threatened July 10 to renew tariffs on biodiesel from the United States for another five years as a sign of persistent trade tensions over renewable energy. The bloc will examine whether to reimpose the 2009 duties to counter alleged subsidies and price undercutting by U.S. biodiesel exporters.

### **Chinese Green Investment Opportunity**

International Institute of Sustainable Development Vice President Mark Halle told the Eco Global Forum July 10 that China's significant pollution problems offer substantial opportunities for innovative cleanup technologies, but that green investment financing roadblocks are hindering progress in the country.

### **Italian EU Leadership to Focus on Green Jobs**

Italian Minister of Environment Gian Luca Galletti said July 11 that Italy would use its six-month term with the European Union's presidency to hasten the transition to a green economy that could create as many as 20 million environmentally friendly jobs in the bloc by 2020.

### **Plans for World's Biggest Solar Plant Abandoned**

First Solar Inc. announced July 11 that it would not build the world's largest solar plant in China after more than four years of pricing negotiations failed to produce an agreement.

### **MEF Considers Climate Agreement Progress**

The Major Economies Forum on Energy and Climate met July 11-12 for informal climate talks in Paris. Negotiators from the United States, China, India, and other high GHG emitting countries considered progress toward the 2015 global climate agreement.

### **Latin America's Climate Policies**

The World Bank released findings last week that Latin America is expected to enact several climate change laws in the next few years to avoid a rising economic toll from natural disasters. Brazil and Colombia could be the next to pursue climate legislation; Peru will soon consider a climate initiative. Costa Rica, Honduras, and El Salvador have recently enacted climate laws, while Bolivia and Ecuador have introduced laws to protect the environment, and Argentina is attempting to generate eight percent of its energy from renewable sources by 2016. Latin America accounts for 12.5 percent of global emissions but could be one of the most impacted regions if temperatures rise 4 degrees Celsius by 2100. The World Bank estimates that rising seas could cost the Caribbean Islands as much as \$68.2 billion by 2080.

## **STATES**

### **VA Energy Plan Recommendations**

The Virginia Advanced Energy Industries Association submitted its [recommendations](#) June 25 for the 2014 Virginia

Energy Plan to the Department of Mines, Minerals, and Energy. The coalition made recommendations about renewable energy sources, energy efficiency, conservation and demand, alternative fuels and vehicle technologies, research and workforce development, and the Environmental Protection Agency's Clean Power Plan.

### **ND Flaring Requirements**

North Dakota's industrial commission announced July 1 that oil companies in the state must comply with new [requirements](#) to capture natural gas at well sites or face limits to the amount of the oil they can produce. The state began requiring companies in June to submit a gas capturing plan with new drilling permits. The commission is working to reduce flaring to 26 percent by the fourth quarter of this year, and 23 percent by the first quarter of 2015, with flaring at 10 percent by 2020.

### **NJ Proposes Formal RGGI Repeal**

New Jersey proposed July 7 repealing the rules that established a CO2 trading program to enable the state's participation in the Regional Greenhouse Gas Initiative, reigniting criticism of the state's 2012 withdrawal from the program. New Jersey Senate President Stephen Sweeney (D) said July 10 that the legislature can stop an executive rule change "inconsistent with legislative intent" by approving a resolution that needs to pass both houses with simple majorities.

### **WA Smart Grid Grants**

Washington Governor Jay Inslee (D) announced July 8 \$14.3 million in grants to help state utilities better and more efficiently use solar and wind power. Governor Inslee awarded the smart grid grants to Snohomish County PUD, Puget Sound Energy, and Avista Corp, each of which is matched to buy different battery systems.

### **VA Climate Recommendations**

The Chesapeake Climate Action Network released a [report](#) July 9 finding that Virginia could raise about \$200 million a year to spend on flood protection by joining the Regional Greenhouse Gas Initiative. The report offered nine other recommendations for how the state could mitigate and adapt to climate change, including establishing a mandatory energy efficiency standard, encouraging solar and wind development, and working with military leadership to coordinate adaptation efforts.

### **Fracking Guidelines Issued**

Following a legal setback in New York and a voter push in Colorado to ban fracking, the American Petroleum Institute released [guidelines](#) July 9 for improving community relations as fracking extends to more towns.

### **TVA Suit**

The Kentucky Coal Association and its allies [sued](#) the Tennessee Valley Authority July 10, charging that the federal utility violated the National Environmental Policy Act and the Tennessee Valley Authority Act by conducting an illegitimate environmental analysis and failing to employ least-cost planning in a decision to replace two coal fired power generators with a natural gas fired plant.

### **Bay Area Electric Vehicle Purchase**

San Francisco Bay Area cities, counties, and water agencies joined together last week to make one of the largest single government purchases of all-electric vehicles in the country. The Metropolitan Transportation Commission provided a \$2.8 million grant to assist six cities, two counties, and two water agencies in purchasing 90 electric vehicles, estimated to save more than \$500,000 in fuel costs and 2 million pounds CO2 over five years.

## **SUSTAINABILITY**

### **Investors Concerned About Energy Companies' Climate Approach**

The Sustainable Investments Institute released [data](#) July 10 finding that how the energy sector approaches climate change is increasingly becoming a concern at annual shareholder meetings, with 30 [resolutions](#) submitted during the 2014 proxy season. Investors are likely to continue working with energy companies are climate-related risks and corporate political spending and lobbying on climate change.

## **MISCELLANEOUS**

### **RFA Sales Concerns**

The Renewable Fuels Association released a [report](#) July 8 finding that petroleum companies are using franchise agreements and sales contracts to prevent the sale of higher ethanol blend fuels. More E15 and E85 use could help meet the increasing annual blending requirements under the renewable fuel standard.



### **VMT Approach to Transportation Funding**

The Center for American Progress released a report July 11 finding that switching from the gas tax to a mileage-based user fee would better sustain long term transportation funding. Increasing fuel efficiency, inflation, and no gas tax increase since 1993 have resulted in inadequate revenue. Since switching to a vehicle miles traveled user fee would take time, the report calls for raising the gas tax by 15 cents a gallon and committing \$100 million to 10 to 15 state to study aspects of a potential program.

### **Call to Simplify RE Purchases**

Wal-Mart, Facebook, and ten other major U.S. corporations [called](#) on regulators, utilities, and energy providers July 11 to make it easier for them to purchase renewable energy. The companies released a set of principles outlining what changes they need to see to fix issues such as the difficulty of accessing cost-competitive renewable energy options and the complexity of contracts for buying or investing in renewable energy.

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