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## ENERGY & ENVIRONMENT UPDATE January 21, 2014

### ENERGY AND CLIMATE DEBATE

After approving a three-day continuing resolution through January 18 to buy time for debate, Congress sent a bipartisan \$1.1 trillion omnibus Fiscal Year 2014 spending [bill](#) (H.R. 3547) to President Obama January 16. The [measure](#), which the president signed the following day, funds the federal government through September, and though it includes a few energy riders, it leaves the big debates for later.

The agreement gives \$30.1 billion overall for Interior and environmental programs, \$231 million above the enacted level for fiscal year 2013, increasing spending for national parks and avoiding deeper sequestration cuts that both parties hoped to prevent. The measure boosts the Environmental Protection Agency's budget by \$299 million from post-sequestration 2013 levels. The legislation includes \$34.1 billion for energy and water programs for the remainder of the fiscal year, a \$777 million increase over current funding levels; \$27.3 billion would go to the Department of Energy.

The measure limits mountaintop mining regulations and puts a hold on rules that would stop funding of overseas coal-fired power plants. It prohibits the Environmental Protection Agency from establishing greenhouse gas regulations for livestock producers, requires the agency to compromise with states on haze issues, and requires the administration to report to Congress on federal agency obligations and climate change program spending. The bill blocks funding for the implementation or enforcement of federal light bulb efficiency standards, though the provision will have little impact, as the standards have largely gone into effect.

Both houses are in recess for the Martin Luther King Jr. holiday, but will return January 27. When the Senate returns, it will resume work on the unemployment insurance extension and consider a flood insurance bill. Other potential issues for the upcoming three-week work period may include legislation to raise the minimum wage, final conference agreements on the farm and water resources bills, and consideration of administration nominees. President Obama will address Congress during his annual State of the Union January 28.

On the tax extender issue, Speaker of the House John Boehner (R-OH) said January 16 that he is not sure whether the cost of reinstating the now-expired tax extenders package should be offset with deficit reduction measures elsewhere or added to the government's existing debt. Debate over the issue is likely to continue for several months.

## CONGRESS

### **Senate Efficiency Bill Forthcoming**

Senator Rob Portman (R-OH) said January 13 that he is confident that his energy efficiency package with Senator Jeanne Shaheen (D-NH) has the 60 votes necessary to move to the Senate floor. The pair plans to introduce soon a new version of the bill that incorporates several amendments.

### **Committee Confirms Science Nominations**

The Senate Commerce, Science, and Transportation Committee approved January 13 Kathryn Sullivan to be administrator of the National Oceanic and Atmospheric Administration and undersecretary of commerce for oceans and atmosphere. The committee also approved Bob Simon as associate director for environment and energy in the White House Office of Science and Technology Policy, and Jo Handelsman to be associate director for science in the same office.

### **Murkowski Requests Export Ban Lift**

Senator Lisa Murkowski (R-AK) sent a [letter](#) to President Obama January 14 asking him to lift the prohibition on exporting domestic crude oil.

### **Senate Climate Caucus Launched**

Sixteen Democrats and two independents launched the Senate Climate Action Task Force January 14. The group hopes to pave the way for future congressional action on climate change, but in the meantime, to serve as a forum for defending President Obama's climate action plan, and specifically the Environmental Protection Agency's greenhouse gas standards for power plants. The caucus held its inaugural meeting January 16.

### **Use of Social Cost of Carbon Delay Sought**

Senate Environment and Public Works Committee Ranking Member David Vitter (R-LA), who announced January 21 that he would run for governor of Louisiana, led a group January 14 in sending a [letter](#) to Office of Information and Regulatory Affairs Administrator Howard Shelanski to extend the comment period on the revised social cost of carbon from 60 to 120 days. The group urges that federal agencies should not be allowed to use the revised figure in their regulations until the office can review and respond to comments.

### **House Subcommittee Approves Block on EPA GHG Limits**

The House Energy and Commerce Subcommittee on Energy and Power approved legislation (H.R. 3826) January 14 to stop the Environmental Protection Agency from limiting greenhouse gas emissions from new power plants. Subcommittee chair Ed Whitfield (R-KY) introduced the measure January 9; it would delay the rules until carbon capture and storage technologies are commercially demonstrated at six different sites for at least a year. Senator Joe Manchin (D-WV) introduced companion legislation (S. 1905) the same day, but faces an uphill battle in the Senate.

### **Keystone XL Campaign**

Senator John Hoeven (R-ND) met with Canadian Minister of Foreign Affairs John Baird and Canadian Ambassador to the United States Gary Doer January 15 to discuss their efforts to persuade President Obama and Secretary of State John Kerry to approve the Keystone XL pipeline. Senator

Hoeven said that another State Department public comment period for the proposed pipeline would create an unnecessary delay; President Obama will meet with Canadian Prime Minister Stephen Harper in February.

### **Senate Foreign Relations Committee Approves Nominee**

The Senate Foreign Relations Committee approved the nomination of Catherine Ann Novelli to be undersecretary of State for economic growth, energy, and the environment January 15. Ms. Novelli is currently vice president for worldwide government affairs at Apple Inc. She previously served as an assistant U.S. trade representative for Europe and the Mediterranean and staff member of the Commerce Department's Office of General Counsel.

### **ENR Approves Nominees**

The Senate Energy and Natural Resources Committee approved several nominations January 16, including Michael Connor to be Deputy Secretary of the Interior, Elizabeth Robinson to be Under Secretary of Energy, Franklin Orr, Jr. to be Under Secretary for Science at the Department of Energy, Steven Croley to be General Counsel of the Department of Energy, Esther Kia'aina to be Assistant Secretary of the Interior for Insular Areas, Tommy Beaudreau to be Assistant Secretary of the Interior for Policy, Management, and Budget, Chris Smith to be Assistant Secretary of Energy for Fossil Energy, Jonathan Elkind to be Assistant Secretary of Energy for International Affairs, Neal Kornze to be Director of the Bureau of Land Management at the Department of the Interior, Mark Kastner to be Director of the Office of Science at the Department of Energy, and Ellen Williams to be Director of the Advanced Research Projects Agency-Energy.

### **McConnell Files NSPS Disapproval**

Senate Minority Leader Mitch McConnell (R-KY) launched a formal attempt January 16 to block the Environmental Protection Agency's new source performance standards for future power plants. He was joined by 40 Republican cosponsors in filing a resolution of disapproval under the Congressional Review Act, which requires 60 votes to invoke cloture. In a separate letter the same day, Senator McConnell asked the Government Accountability Office to clarify whether the Congressional Review Act could be applied to proposed rules.

### **Air Time for Climate Change Sought**

Nine Democratic senators sent a [letter](#) January 16 to major television networks, urging them to devote more air time on their Sunday talk shows to the threat of climate change. They pointed to a Media Matters for America [study](#), finding that NBC's "Meet the Press," ABC's "This Week," CBS's "Face the Nation," and Fox News Sunday devoted 27 minutes of air time to climate change in 2013.

### **EPW Climate Hearing**

The Senate Environment and Public Works Committee held a hearing January 16 to highlight President Obama's Climate Action Plan. Environmental Protection Agency Administrator Gina McCarthy, Outgoing White House Council on Environmental Quality Chair Nancy Sutley, General Services Administrator Dan Tangherlini, U.S. Fish and Wildlife Service Director Daniel Ashe, and a panel of climate researchers testified. During the hearing, Senators David Vitter (R-LA) and James Inhofe (R-OK) accused President Obama of delaying final Environmental Protection Agency regulations for greenhouse gas emissions from new power plants in order to protect vulnerable Democrats during the November elections. It took nearly four months for the proposed limits to be formally published in the Federal Register after the agency unveiled them last September.

### **RFS Increase Sought**

A bipartisan group of 30 representatives sent a [letter](#) January 16 to Environmental Protection Agency Administrator Gina McCarthy asking the agency to increase the amount of renewable fuel required for 2014 under the renewable fuel standard when it finalizes the proposal later this year. The agency proposed November 29 a three billion gallon reduction for the first time in the amount of renewable fuel refiners are required to blend into the motor fuel supply this year.

### **Legislation Introduced**

- Representative Tom Reed (R-NY) introduced legislation (H.R. 3860) January 14 to revise the formula for allocating funding to states under the Low-Income Home Energy Assistance Act of 1981.
- The same day, Representative Alan Lowenthal (D-CA) introduced legislation (H.R. 3859) to amend the Mineral Leasing Act to adjust minimum bids and annual rentals for oil and gas and tar sands leases to reflect inflation.
- Representative Jeff Duncan (R-SC) introduced the Energy Exploration and Production to Achieve National Demand Act (H.R. 3895) January 16. The wide-ranging bill covers issues ranging from energy development to repealing energy tax subsidies and rewriting environmental regulations.

### **Upcoming Hearings**

- Senator Mary Landrieu will hold a field hearing January 21 to examine the role of domestic energy production in creating high-skilled, high-wage jobs for America's 21<sup>st</sup> century economy.
- The Senate Energy and Natural Resources Committee will consider the bipartisan Critical Minerals Policy Act of 2013 on January 28.
- Two days later, the committee will hold a hearing to explore the opportunities and challenges associated with lifting the ban on U.S. crude oil exports.

## **ADMINISTRATION**

### **Prompt Battery Rulemaking Review Requested**

A coalition of 24 industry groups led by the Rechargeable Battery Association sent a letter to the White House Office of Management and Budget January 10 calling on the office to review quickly the lithium battery rulemaking. The group concludes that harmonizing federal and international standards on battery transport would remove the compliance burden of inconsistent safety requirements. The Department of Transportation rulemaking schedule calls for the rule to be submitted by January 27.

### **Challenge to All of the Above Strategy**

Eighteen environmental and public health groups sent a [letter](#) to President Obama January 17 calling on him to do away with the all of the above strategy, charging that it benefits fossil fuels too much and clean energy too little. The group contends that the policy does not properly address climate issues.

### **OMB Reviewing CCS Data**

The Environmental Protection Agency sent a notice of data availability to the White House Office of Management and Budget for review January 16, after concerns were raised that its proposed carbon dioxide performance standards for new power plants violates the Energy Policy Act of 2005. The additional information is expected to reinforce the administration's case for proposing the use

of carbon capture systems for new coal-fired power plants after facing criticism for including CCS in the proposed rule.

## DEPARTMENT OF COMMERCE

### 2013 Weather Events Overview

The National Oceanic and Atmospheric Administration released [data](#) January 15 concluding that the United States experienced seven weather and climate disasters with losses exceeding \$1 billion each last year.

### Solar Investigation Determination Forthcoming

The Department of Commerce announced January 17 that it would make a decision January 22 on whether to proceed with another investigation into solar imports from China and Taiwan. The case, requested by SolarWorld Industries, would focus on a broader category of crystalline silicon photovoltaic products than the previous investigation and would involve Taiwan as well as China.

## DEPARTMENT OF DEFENSE

### Power Purchase Agreements Benefit Army

During a January 16 Pew Charitable Trusts [webinar](#), Katherine Hammack, assistant secretary of the Army for installations, energy, and environment, [said](#) that the Department of Defense is increasingly using third party contracts to finance renewable energy and energy efficiency projects on its facilities to ensure a reliable energy supply and address budget constraints. New financing strategies allow companies to invest in equipment and sell the energy to a military base, with energy savings performance contracts helping the Army install at least a gigawatt of renewable energy on their facilities.

## DEPARTMENT OF ENERGY

### 2013 CO2 Emissions Up

The Energy Information Administration released a [snapshot](#) January 13 projecting that CO2 emissions from energy consumption will be two percent higher in 2013 than in 2012, primarily due to an increased coal use. Despite the increase, 2013 CO2 emissions were ten percent below 2005 levels, and are expected to remain stable through 2015.

### FutureGen Approved

The Department of Energy issued a final [approval](#) January 13 of a \$1.65 billion FutureGen 2.0 carbon capture project that would refit a coal-fired power plant in Illinois. After project planners addressed Environmental Protection Agency concerns, the agency is providing \$1 billion to the project, with remaining costs covered by the FutureGen Alliance.

### \$70 Million for Power Electronics Hub

President Obama and Energy Secretary Ernest Moniz announced January 15 that North Carolina State University will lead a new [Department of Energy Next Generation Power Electronics National Manufacturing Innovation Institute](#). The [effort](#), supported by \$70 million in matched-agency funding over the next five years includes more than a dozen company partners as well as several universities and federal research laboratories.

## DEPARTMENT OF STATE

### Keystone Decision Forthcoming

Secretary of State John Kerry said January 17 that he would soon announce a decision on the Keystone XL pipeline. The agency is currently engaged in the environmental impact statement analysis.

## ENVIRONMENTAL PROTECTION AGENCY

### NRDC Criticizes EPA Fracking Investigations

Environmental Protection Agency Administrator Gina McCarthy [responded](#) January 10 to a September letter from Natural Resources Defense Council Frances Beinecke by defending its investigation of water contamination cases at fracking operations in Texas, Wyoming, and Pennsylvania. She said that the agency must work cooperatively with states on these issues, rather than in be in conflict with them, which prompted NRDC to issue a blog entry later in the week criticizing her response.

### McCarthy's Comments at Car Show

Speaking at the North American International Auto Show January 13, Environmental Protection Agency Administrator Gina McCarthy said that car companies are embracing the challenge of stricter fuel economy standards and investing in technologies that will meet those standards. The agency will undertake a review process midway through the process of reaching the 2025 corporate average fuel economy requirement of 54.5 miles per gallon, as outlined in the 2012 final rule.

### Region 4 Administrator Announced

President Obama selected Heather McTeer Toney to be the Environmental Protection Agency's Region 4 administrator January 14. The region covers Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, and six tribal nations. Ms. McTeer Toney comes to the agency from Mississippi Valley State University, where she heads the Center for Excellence in Student Learning, and she heads her own law practice. She served as the first African-American and female mayor of Greenville, Mississippi from 2004-12.

### Pebble Mine Assessment

The Environmental Protection Agency released an [assessment](#) January 15 finding that the proposed Alaskan Pebble Mine project would pose risks for salmon fisheries and wildlife resources because of leaks from routine operations; dam, pipeline, and culvert failures; and truck accidents. The document also discusses potential impacts on native Alaskan cultures but does not recommend policy decisions.

### NE Sues Over NSPS

Nebraska filed a complaint in the U.S. District Court for the District of Nebraska January 15 asking the court to compel the Environmental Protection Agency to withdraw its proposed carbon dioxide performance standards for new power plants, charging that it violates the Energy Policy Act of 2005. Three of the EPA-cited facilities in the proposed rule that demonstrate carbon capture technologies' viability have received funding under the Act and are allegedly ineligible for consideration.

### **Air Regulation Uniformity Sought**

During oral arguments January 17, the U.S. Court of Appeals for the District of Columbia Circuit indicated that the Environmental Protection Agency may have overstepped its authority by requiring regional offices to apply different air permitting requirements in different states but questioned whether the National Environmental Development Association had brought a case that is ripe for review by the court.

### **SAB Teleconference**

The Environmental Protection Agency's Science Advisory Board will hold a teleconference January 21 to determine whether the panel should conduct additional review of the scientific research behind the agency's proposed greenhouse gas emissions rule for future power plants.

### **McCarthy in Davos**

Environmental Protection Agency Administrator Gina McCarthy will highlight President Obama's Climate Action Plan at the World Economic Forum in Davos January 22-25. She will also discuss business and economic opportunities that come from addressing climate change. Energy Secretary Ernest Moniz will also attend the forum.

## **FEDERAL ENERGY REGULATORY COMMISSION**

### **Draft EIS Released for LNG Export Facility**

The Federal Energy Regulatory Commission released January 10 a draft environmental impact [statement](#) for Sempra's proposed Cameron liquefied natural gas terminal in Louisiana. The report concluded that while the project would result in some adverse environmental impacts, they could be mitigated. The commission will accept public comment until March 3.

### **Pederson to Remain at FERC**

Federal Energy Regulatory Commission Chair Cheryl LaFleur announced January 16 that Jim Pederson would become the associate director of the agency's Energy Policy and Innovation office, effective February 8. Mr. Pederson previously served as chief of staff to former FERC Chair Jon Wellinghoff.

## **INTERNATIONAL**

### **UN Releases Sustainability Value Tool**

The United Nations Global Compact released a [tool](#) January 13 to help companies measure the financial impact of their sustainability activities. By measuring business growth, productivity gains, and risk mitigation, the value driver tool could help investors to see the connection between sustainability and financial benefits.

### **LNG Company Seeks Canadian Export Permit**

Oregon LNG Marketing Company [applied](#) January 13 to Canada's National Energy Board to export roughly 1.3 billion cubic feet of gas per day for 25 years from fields in British Columbia and Alberta to feed a proposed \$6 billion export plant in Oregon.

### **EU Light Van Emissions Cap Approved**

The European Parliament approved a regulation January 14 that would limit carbon dioxide emissions from light vans to 147 grams/km on average by 2020. The European Union Council will finalize the regulation at a forthcoming meeting.

### **EU Carbon Sequestration Policy Needs Revitalization**

The European Parliament adopted a resolution January 14 charging the European Union with reinvigorating its carbon sequestration policy. The resolution is nonbinding but the European Commission must consider it when preparing relevant proposals. CCS could help the region meet its goal of reducing greenhouse gas emissions by 80 to 95 percent by 2050.

### **Environmental Requirements Difficult for Russia's OECD Membership**

Russia's Deputy Prime Minister Victor Shuvalov said January 15 that environmental requirements are the biggest barrier to the country joining the Organization for Economic Cooperation and Development. The nation will conclude the accession process by the end of the year.

### **Baseline Standards Guidance**

The United Nations Development Program published non-binding [guidelines](#) January 16 for establishing standardized baselines to facilitate like to like comparisons for actions related to reducing global greenhouse gas emissions.

### **EU Rejects Biodiesel Duty Challenge**

The European Union General Court rejected January 17 British Petroleum North America's challenge to antidumping and anti-subsidy duties imposed on some biodiesel that is from the United States but shipped into Europe from Canada or another third country.

### **Blockage of Canadian Pipeline Approval Sought**

A group of Canadian environmental organizations filed a lawsuit January 17 challenging the Canadian National Energy Board's conditional approval of the Enbridge Northern Gateway oil pipeline. The group seeks to prohibit the Canadian cabinet, the minister of the environment, and the National Energy Board from making further pipeline decisions until another environmental assessment is complete.

### **Chinese Solar Duties**

China's Commerce Ministry announced January 21 final anti-dumping and anti-subsidy duties on imports of solar-grade polysilicon. The anti-dumping duties are in line with initial levels levied last year of up to 57 percent on imports of the raw material used to make solar panels.

### **EU Renewable Energy Targets Forthcoming**

The European Commission's energy and climate change proposal, set to include binding, long-term targets for each European Union member state for renewable energy, is due January 23. Currently, EU member states must meet a renewable energy target of 20 percent by 2020. The Council of Ministers and the European Parliament must approve the proposal.

### **Climate Mitigation May Reduce Global GDP**

The United Nations Intergovernmental Panel on Climate Change will soon release a report finding that the cost of containing rising global temperatures within the 2 degree Celsius cap that most world leaders endorse may reach four percent of economic output by 2030. Scenarios that meet the cap would require a 40 to 70 percent reduction in heat-trapping emissions by 2050 from 2010 levels, and the world would need to triple the share of renewables, nuclear power, and carbon capture and sequestration.

## STATES

### **Governors Urge State-Led Energy Policy**

Colorado Governor John Hickenlooper (D) asked President Obama January 14 to let states lead in developing energy and climate policy. He believes that states could join together to create a national framework that would include regional variation based on geological differences. Oklahoma Governor Mary Fallin (R), chair of the National Governors Association, praised state efforts and said that federal policies should complement state efforts to improve energy security and diversify our domestic energy production.

### **ME PUC Approves Aqua Ventus**

The Maine Public Utilities Commission approved January 14 a state contract to the University of Maine and its partner companies to build a two-turbine, 12MW offshore wind pilot project off the coast of Monhegan Island. The project can now seek a power purchase agreement with Central Maine Power Company, and developers anticipate the project to be online by August 2017.

### **\$20.4 Million for NY Anaerobic Digesters**

The New York State Energy Research and Development Authority [announced](#) January 17 the availability of about \$20.4 million in Renewable Portfolio Standard funding through 2015 to support the installation and operation of Anaerobic Digester Gas to Electricity Systems in the state. Funding is available on a first-come, first-served basis in increments of up to \$2 million per project. NYSERDA must receive applications by the end of 2015.

## MISCELLANEOUS

### **Browner to Ocean Commission**

Carol Browner announced January 14 that she would join the Global Ocean Commission, an international program focused on climate change, acidification, and overfishing. Ms. Browner, former Environmental Protection Agency Administrator during the Clinton Administration and climate advisor to President Obama, is currently a fellow at the Center for American Progress.

### **Chamber's Energy Policy Recommendations**

The U.S. Chamber of Commerce issued 64 [recommendations](#) January 15 to hasten American energy development and contribute billions to the nation's economy. An update to their 2008 plan, the recommendations include advocating for the renewable production tax credit to expire, investing in research and development through ARPA-E, allowing renewable companies to form Master Limited Partnerships, withdrawing the Tier 3 sulfur standards, capping after two years State Department reviews of international energy projects, increasing offshore oil and gas development, and maintaining coal as part of the domestic energy mix.

### **Boeing's Green Diesel Push**

Boeing Company released a technical analysis January 15 suggesting that green diesel can also be used in jet engines. The analysis has sparked an effort to obtain regulatory approval for global use of the fuel, which emits at least 50 percent less CO2 over its life cycle than fossil fuels.

### **BNEF's Renewable Energy Ranking Released**

Bloomberg New Energy Finance released its annual ranking of global investment in renewable energy January 15, finding that global renewable energy investment fell for the second consecutive year in 2013, led by Europe's 41 percent cut in support for clean energy.

### **Pew Defense Report**

Pew Charitable Trusts released a [report](#) January 16 concluding that the Department of Defense is making significant progress on its renewable energy and energy efficiency initiatives. The Administration has made it a goal to have each branch install a gigawatt of renewable power by 2025.

### **Increase in Low-Carbon Transport Crucial**

Climate Bonds Initiative CEO Sean Kidney said January 16 that addressing climate mitigation and adaptation pressures will require significant growth in [low carbon transport](#). He said that the capital is available, but that funding projects is difficult because of a lack of investor confidence.

### **Coal Mining Jobs Down**

National Mining Association President and CEO Hal Quinn told a U.S. Energy Association annual energy forum January 16 that there are about 30,000 fewer coal miners than there were 20 months ago, pointing to power plants closures over tougher environmental regulations. The trade group anticipates that 66 GW of coal-fired electric generation will be [retired](#) by 2020 as a result of new Environmental Protection Agency regulations.

### **Ritter Unveils Energy Recommendations**

Former Colorado Governor Bill Ritter (D) and former White House energy and climate adviser Heather Zichal were joined by others at the Center for the New Energy Economy at Colorado State University January 21 in releasing a [paper](#) outlining presidential and agency actions the administration can take on clean energy in the face of Congressional inaction. The paper makes over 200 recommendations in five areas: energy efficiency; renewable energy financing; natural gas production; alternative fuels and vehicles; and new utility business models.