



## ML Strategies Update

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## Energy & Environment Update

### ENERGY AND CLIMATE DEBATE

With election day looming, our attention turns to the outcomes of the close races, potential lame duck issues, and what the election means for the new 115<sup>th</sup> Congress.

While Republicans may reclaim control of the Senate, they will need to employ creative approaches to advance their energy agenda, which may include approving the Keystone XL pipeline; restricting Environmental Protection Agency regulatory authority; altering the Renewable Fuel Standard; expediting liquefied natural gas exports; streamlining transmission project decisions; and expanding oil and gas drilling. Unlike in the House, the Senate's close majority will necessitate the use of tools such as authorization bills, appropriations riders, oversight hearings, and the Congressional Review Act in order to move any of the contentious issues forward.

House Republicans are likely to use the first 100 days of the 115<sup>th</sup> Congress to reapprove many of the same measures they passed this Congress.

Of course, we'll need to see the election results before we know anything for sure. It is likely to be a long day and night, and some of the races, including the Louisiana and Georgia contests, may not be finalized for weeks. Stay tuned for our elections results.

In the meantime, Senate Majority Leader Harry Reid (D-NV) promised in September to hold a vote before the end of the year on the \$84 billion tax extenders package (EXPIRE Act, H.R. 3474), that would retroactively extend more than 50 expired tax credits. Supporters and opponents of the package's pieces are already jockeying for position during the lame duck session. For example, supporters of the production tax credit, and those hoping to tweak it, are primed for an extensive debate this month as Congress considers a more sweeping tax overhaul in the new Congress.

On the international front, the Intergovernmental Panel on Climate Change released November 2 the final portion of its Fifth Assessment on global climate change, a synthesis of three reports released over the past year and a half on the physical science of climate change, adaptation and vulnerability, and potential mitigation efforts. The [synthesis report](#) is intended to be a resource for policymakers who are devising climate rules, and was condensed even further into a [Summary for Policy Makers](#). The report provides a strong case for the need to act immediately to address climate change, urging the total elimination of greenhouse gas emissions by 2100.

## CONGRESS

### Recess

Congress is in recess until after the November 4 elections. The House and Senate both return November 12 for the lame duck session.

### Science Transparency Legislation Forthcoming

House Majority Leader Kevin McCarthy (R-CA) announced October 28 that the House will soon consider legislation requiring the Environmental Protection Agency to base regulations on public and replicable science. The measure, the Secret Science Reform Act (H.R. 4012), which the House Science Committee approved in June, would require the agency to identify all scientific information used in the development of regulations.

### Whitehouse Climate Comments

During a New York University Law School Institute for Policy Integrity forum October 29, Senator Sheldon Whitehouse (D-RI) said that he knows at least a dozen Senate Republicans who privately support action on climate change but stay quiet in order to avoid political consequences. Senator Whitehouse attributed their silence to the Supreme Court's 2010 decision in *Citizens United v. Federal Election Commission*, which effectively eliminated campaign contribution limits for companies and individuals. Senator Whitehouse plans to introduce carbon fee legislation this month.

## ADMINISTRATION

### Coal Ash Regs

The White House Office of Management and Budget began its review October 27 of the Environmental Protection Agency's final coal ash rule. Skepticism remains about whether the agency can comply with the December 19 court-ordered deadline, though administration officials say that they are on track to issue the final regulation on time.

### Adaptation Plans Released

More than three dozen federal agencies released their climate [adaptation plans](#) October 31. The plans, which were released in draft form last year, are required as part of President Obama's climate change agenda, and their final release coincides with the fifth anniversary of an executive order that called on agencies to reduce their GHG emissions and establish water, energy, and waste targets. Agencies also reported on their progress toward these targets via 2015 sustainability reports.

## DEPARTMENT OF COMMERCE

### Trade Mission

Commerce Department Under Secretary for International Trade Stefan Selig traveled to Lima, Peru November 3 to lead the Renewable Energy and Energy Efficiency Trade Policy Mission. The mission will center around creating a policy environment conducive to growth in Peru's clean energy market and will introduce American exporters to key Peruvian officials.

## DEPARTMENT OF ENERGY

### Tech Transfer

The Department of Energy launched a [pilot program](#) October 29 to hasten the transfer of clean energy technology developed at its national labs to the private sector. Lab-Corps is funded with \$2.3 million to train researchers at National Renewable Energy Lab, Argonne National Laboratory, Idaho National Lab, Lawrence Berkeley National Lab, Lawrence Livermore National Lab, and Pacific Northwest National Lab to support entrepreneurial teams that will work to commercialize technologies in efficiency, transportation, and renewable energy.

### Increased Production Offsets Increased Exports

The Energy Information Administration released an [analysis](#) October 29 finding that increased production would meet nearly all of the additional domestic natural gas demand even if liquefied natural gas exports were to increase above expected levels. The agency found that natural gas producer prices and consumer spending would see a modest increase. The Office of Fossil Energy will use the updated study as one of its tools for making decisions on future LNG export license applications.

### Tax Extenders Crucial for Market

Energy Secretary Ernest Moniz told the Washington Ideas Forum October 30 that Congress should renew and maintain stable renewable energy tax credits. He also promised that the Obama Administration would continue to

pursue climate goals even if Republicans assume control of the Senate after the midterm elections.

### **ARPA-E Summit**

Energy Secretary Ernest Moniz will address ARPA-E's Energy Innovation summit February 9-11 at National Harbor. Former Treasury Secretary Henry Paulson, University of California President Janet Napolitano, SolarCity CEO Lyndon Rive, Archer Daniels Midland Chairman and CEO Patricia Woertz, and CPS Energy CEO Doyle Beneby will also speak.

## **DEPARTMENT OF INTERIOR**

### **Progress Report**

The Center for Western Priorities released a [report](#) last week scoring Interior Secretary Sally Jewell on her progress on energy and conservation issues.

## **DEPARTMENT OF STATE**

### **Keystone Decision Forthcoming**

Secretary of State John Kerry said during a press conference with Canadian Foreign Minister John Baird October 28 that a decision on TransCanada Corporation's Keystone XL pipeline may come soon.

## **ENVIRONMENTAL PROTECTION AGENCY**

### **RFS Exemption Challenged**

Lion Oil Company filed a [lawsuit](#) October 24 in the U.S. Court of Appeals for the Eight Circuit against the Environmental Protection Agency after the agency denied its request to extend small refiner exemptions from the renewable fuel standard. Sinclair Wyoming Refining Company filed a similar but separate [suit](#) the same day in the U.S. Court of Appeals for the District of Columbia Circuit.

### **Domestic Action Impacts International Efforts**

Environmental Protection Agency policy chief Joel Beauvais told a New York University School of Law Institute for Policy Integrity event October 28 that domestic efforts to address CO2 emissions are already having an impact on international climate negotiations. He also said that the agency is working with the Federal Energy Regulatory Commission as it develops climate change regulations, and defended the Clean Power Plan against industry statements that it will be too costly.

### **CSAPR Schedule Interpretation**

Environmental Protection Agency Acting Assistant Administrator for Air and Radiation Janet McCabe told the Clean Air Advisory Committee October 29 that the agency interpreted an October 23 decision by the U.S. Court of Appeals for the District of Columbia Circuit granting its motion to lift the stay on the Cross-State Air Pollution Rule as also granting the agency's request to delay the compliance deadlines by three years, so that the rule would now take effect January 1, 2015. Administrator McCabe also reiterated that the agency will address methane emissions from the oil and natural gas industry as part of President Obama's methane strategy.

### **Adaptation Plans Released**

The Environmental Protection Agency published its final Climate Change [Adaptation Plan](#) October 31, as well as 17 Climate Change Adaptation Implementation Plans for its program and regional offices.

### **CPP Improvement Data Released**

The Environmental Protection Agency released October 31 a [notice of data availability](#) with several [ideas](#) gleaned from public comments submitted regarding the Clean Power Plan. The notification identifies several areas, including, the trajectory of emissions reductions from 2020 to 2029; aspects of the manner in which building blocks are established; and the way state goals are calculated. The notice addresses the concerns by providing information on the approaches taken in creating the 111(d) rule and highlighting areas of concern that require additional development.

### **CPP for Tribal Lands and Territories**

The Environmental Protection Agency released October 31 a [supplemental proposal](#) to the Clean Power Plan for reducing CO2 emissions on tribal lands and U.S. territories that have fossil fuel-fired power plants. The portfolio includes a diverse portfolio of compliance options for tribal and territorial governments to consider. The agency will accept comments until December 1.

## NUCLEAR REGULATORY COMMISSION

### Continued Storage Rule Challenged

The [Natural Resources Defense Council](#) and a [group](#) of nine other environmental groups filed two lawsuits October 29 with the Court of Appeals for the District of Columbia Circuit, renewing their battle over the Nuclear Regulatory Commission's Continued Storage rule, which governs how the agency oversees nuclear waste stored across the country. New York, Connecticut, and Vermont filed a similar suit over the rule two days prior.

## INTERNATIONAL

### Cooking Oil to Aviation Fuel

Boeing and Commercial Aircraft Corporation of China opened a plant in Hangzhou October 22 designed to demonstrate the feasibility of turning cooking oil waste into aviation fuel on a commercial scale. This type of biofuel has already powered more than 1,600 commercial flights.

### Chinese Fuel Consumption Taxes

China Automotive News reported October 24 that China is considering higher taxes on fuel and the purchase of inefficient cars to encourage consumers to purchase smaller-engine and alternative-energy vehicles. Governments in Beijing and Tianjin, as well as in the provinces of Hebei and Guangdong, announced October 22 updated alternative energy vehicle targets.

### Solar Energy Grid Parity by 2016

Deutsche Bank released a research note October 26 finding that solar energy will be cost competitive with retail electricity prices in 47 states by 2016. Solar power has already reached grid parity in Arizona, California, Connecticut, Hawaii, Nevada, New Hampshire, New Jersey, New Mexico, New York, and Vermont.

### EU Sustainability Reporting Prep

The Global Reporting Initiative released an [analysis](#) October 27 advising U.S. companies to take steps now to ensure that they are ready to comply with European Union requirements for sustainability reporting. The requirements, which go into effect in 2017, apply to 6,000 companies in the European Union and could impact another 118 companies in the United States.

### Canadian LNG's Climate Role

Canada's Pembina Institute released a [report](#) October 27 finding that natural gas could play a short-term role in helping some countries address climate change, but only if it is viewed as part of a comprehensive policy to limit greenhouse gas emissions. More than a dozen British Columbian plants are planned for liquefied natural gas export, primarily to Asia.

### China-US Climate Cooperation

White House advisor John Podesta met with Chinese Vice Premier Zhang Gaoli in Beijing October 28 to discuss bilateral relations between the countries on several issues, including climate change. The parties agreed on the need for cooperation between the two nations in addressing climate change.

### Early EU ETS Fix Possible

United Kingdom Secretary of State for Energy and Climate Change Ed Davey said during a quarterly meeting of European Union environment ministers October 28 that the European Union plan to introduce a mechanism to curb the oversupply of CO2 permits in the European Union's Emissions Trading System has a good chance of starting earlier than 2021. The European Parliament may finish work on the proposal to introduce the market stability reserve by the middle of 2015. Germany seconded the idea, favoring supply controls beginning in 2018.

### Australian Direct Action Approved

Australia's Senate voted, 31-29, October 31 to replace a three-month repealed carbon tax with a plan that offers to reward polluters that voluntarily reduce CO2 emissions. Prime Minister Tony Abbott insists that the bill paves the way for the country to reduce emissions to at least five percent of 2000 levels by 2020, though no economic modeling has backed up the claim.

## STATES

### Boston's Climate Resiliency

Boston Mayor Martin Walsh (D) announced October 29 a series of initiative to help the city increase its climate resiliency. The initiatives include a \$1.3 million grant for solar arrays at four emergency shelters; a food resilience

study to examine how climate change may impact production, storage, and transportation systems; a partnership with FM Global to protect 33 of the city's largest buildings from extreme weather events; and a regional climate summit next spring at the University of Massachusetts, Boston.

### **OH Shale Gas Drilling Bans**

Community Environmental Legal Defense Fund Ohio organizer Tish O'Dell said October 29 that a record number of citizen initiatives to ban fracking are on the ballot in Ohio municipalities.

### **SolarWorld Expansion**

SolarWorld announced October 30 that it will expand operations at a Hillsboro, Oregon factory and headquarters, adding 200 jobs and expanding production capacity. The company will expand its cell and module production capacity early next year, making \$10 million in investments in Hillsboro.

## **MISCELLANEOUS**

### **Wells Fargo Clean Tech**

Wells Fargo launched October 28 the Innovation Incubator program, a \$10 million environmental grant program for clean technology startups. The IN2 was announced at the NREL Industry Growth Forum in Denver and is the first of its kind in the banking industry. The Wells Fargo Foundation will fund the startups, and will co-administer them, along with the National Renewable Energy Laboratory, to foster early stage clean technologies for commercial buildings.

### **Sustainability Comment Portal**

The Sustainability Accounting Standards Board unveiled October 29 a direct web [portal](#) to collect public comments on sustainability standards. The board aims to issue a public comment proposal during the first quarter of 2015 on its finalization procedures.

### **Fracking's Financial Impact**

The American Petroleum Institute released an ICF International [study](#) October 30 finding that new horizontal drilling and fracking technologies saved consumers between \$63 billion and \$248 billion in fuel costs last year. Between 2008 and 2013, consumers saved between \$165 billion and \$624 billion.

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