



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

With just two or three weeks before the August recess – two for the House, three for the Senate – Congress has a full schedule. The Senate will devote much of this week to the Highway bill, while the House will consider veterans, coal ash (H.R. 1734), and food labeling (H.R. 1599) legislation, among other measures.

The Senate Finance Committee will mark up [tax extenders](#) legislation July 21. The \$95.6 billion package includes a two-year extension – credits that expired at the end of 2014 and going through 2016 – of the production tax credit and a dozen other energy-related tax incentives, including one to promote residential energy efficiency and another to support biofuels production, for example. The energy provisions together would cost \$16.4 billion over ten years. Amendments to the measure are already flying, including offshore wind language from Senators Tom Carper (D-DE), Bob Menendez (D-NJ), and Ben Cardin (D-MD), and domestic solar language from Senator Ron Wyden (D-OR).

House Ways and Means Committee Chair Paul Ryan (R-WI) is continuing an effort to make some of the tax extenders permanent as part of a broader effort to reform the U.S. tax code. The House has voted several times this year to make some of them permanent, and Representative Ryan hopes to address the rest of them beginning in September.

The House Energy and Commerce Subcommittee on Energy and Power will mark up [comprehensive energy legislation](#) July 22. The measure, released July 20, includes four titles: Modernizing and Protecting Infrastructure; 21st Century Workforce; Energy Security and Diplomacy; and Energy Efficiency and Accountability. The markup follows months of hearings over related discussion drafts.

Senate Energy and Natural Resources Committee Chair Lisa Murkowski (R-AK) indicated last week that her committee might mark up its own broad bipartisan energy package this week, though the committee has yet to officially release draft text. Once the compromise legislation is unveiled, Senators Murkowski and Maria Cantwell (D-WA), the committee's ranking member, intend to mark it up on a title-by-title basis, and Senator Murkowski is hoping to complete the process before the August recess, though timing is obviously a concern. As we have previously discussed, it could be that the Highway bill, tax extenders, and energy legislation are eventually rolled into a big package at the end of the year, so committee leadership is working to get the measure ready now for potential movement then.

CONGRESS

Housing EE Legislation

The House passed July 14 the Private Investment in Housing Act to authorize the Department of Housing and

Urban Development to enter into budget neutral performance based agreements to make publicly subsidized housing more energy- and water-efficient. The language largely mirrors Section 304 of the Senate Shaheen-Portman energy efficiency legislation, which was based on an amendment from Senator Sheldon Whitehouse (D-RI).

NDAA Riders

Eighty-nine House Democrats sent a [letter](#) July 15 to Senate and House Armed Service Committee leaders calling for the elimination of environmental riders from the final National Defense Authorization Act (H.R. 1735) conference deal.

Climate Education Amendment Rejected

The Senate voted July 15 to reject Senator Ed Markey's (D-MA) amendment to the No Child Left Behind reform measure that would have established a federal climate change education program. Senator Markey's language would have amended the Elementary and Secondary Education Act of 1965 to authorize a climate related education grant program coordinated by the departments of Education and Energy, the Environmental Protection Agency, and the National Oceanic and Atmospheric Administration to increase climate science understanding for K-12 grades.

RFS Levels

36 senators [called](#) on the Environmental Protection Agency July 20 to raise biodiesel production mandates under the Renewable Fuel Standard, particularly for 2016 and 2017. The agency is expected to finalize the proposed RFS levels by November 30, with public comments open through July 27.

Legislation Introduced

Senators Martin Heinrich (D-NM) introduced legislation (S. 1749) July 13 to amend the Internal Revenue Code of 1986 to allow allocation of certain renewable energy tax credits to Indian tribes.

Senator Mark Warner (D-VA) introduced legislation (S. 1750) July 13 to decrease the deficit by realigning, consolidating, disposing, and improving the efficiency of Federal buildings and other civilian property.

Representative Tony Cardenas (D-CA) introduced legislation (H.R. 3041) July 13 to require the Secretary of Energy to provide loans and grants for solar installations in low-income and underserved areas.

Representative Sam Graves (R-MO) introduced legislation (H.R. 3056) July 14 to amend Title 5 of the United States Code to provide for certain special congressional review procedures for EPA rulemakings.

Senator Dick Durbin (D-IL) introduced legislation (S. 1763) July 14 to require a study on the public health and environmental impacts of the production, transportation, storage, and use of petroleum coke.

Senator Brian Schatz (D-HI) introduced legislation (S. 1755) July 14 to amend the Internal Revenue Code of 1986 to provide for a five year extension of the tax credit for residential energy efficient property.

Senators Jeanne Shaheen (D-NH) and Chris Coons (D-DE) introduced legislation (S. 1756) July 14 to help small businesses take advantage of energy efficiency.

Representative Charlie Dent (R-PA) introduced legislation (H.R. 3072) July 15 to remove the authority of the Secretary of Energy to amend or issue new energy efficiency standards for ceiling fans.

Senator Jeff Merkley (D-OR) introduced legislation (S. 1794) July 16 to prohibit drilling in the Arctic Ocean.

Senators John Hoeven (R-ND) and Joe Manchin (D-WV) introduced legislation (S. 1803) July 16 to amend subtitle D of the Solid Waste Disposal Act to encourage recovery and beneficial use of coal combustion residuals and establish requirements for the property management and disposal of coal combustion residuals that are protective of human health and the environment. The measure would permanently prohibit the Environmental Protection Agency from regulating coal ash as a hazardous waste under the Resource Conservation and Recovery Act. The measure is a Senate companion to Representative David McKinley's (R-WV) coal ash legislation (H.R. 1734), which the House will consider this week.

Representative Scott Peters (D-CA) introduced legislation (S. 3108) July 16 to improve energy savings by the Department of Defense.

Upcoming Hearings

The Senate Finance Committee will mark up the tax extenders package July 21.

The House Rules Committee will meet July 21 to consider the Improving Coal Combustion Residuals Regulation

Act, among other legislation.

The Senate Homeland Security and Governmental Affairs Committee will hold a hearing July 22 entitled "Protecting the Electric Grid from the Potential Threats of Solar Storms and Electromagnetic Pulse.

The Senate Commerce Committee will hold a hearing July 22 to consider the nomination of Marie Therese Dominguez to be administrator of the Pipeline and Hazardous Materials Safety Administration.

The House Natural Resources Committee will hold a hearing July 22 to consider social cost of carbon calculations.

The House Energy and Commerce Subcommittee on Energy and Power will mark up [comprehensive energy legislation](#) July 22.

The House Foreign Affairs Subcommittee on the Western Hemisphere will hold a hearing July 23 to consider Mexico's energy reforms.

ADMINISTRATION

NRC Nomination

President Obama nominated July 16 Jessie Roberson to fill the remaining leadership seat on the Nuclear Regulatory Commission. Ms. Roberson currently serves as vice chair of the Defense Nuclear Facilities Safety Board, and previously served as the Department of Energy's assistant secretary for environmental management, overseeing nuclear weapons cleanup efforts, as an environmental consultant, and as Exelon Corp.'s director of nuclear regulatory programs. If confirmed, her term would run through June 2020.

DEPARTMENT OF COMMERCE

State of the Climate

The National Oceanic and Atmospheric Administration released its [2014 State of the Climate Report](#) July 15, finding that 2014 was either the hottest year on record, or tied for the hottest year on record. The report concluded that 2014's global average sea level also set a record, at 2.6 inches higher than the 1993 average, as global sea levels continue to rise 1/8 inch a year.

DEPARTMENT OF ENERGY

QER Electricity Installment

Speaking at a Center for Strategic and International Studies event July 14, Melanie Kenderdine, counselor to Energy Secretary Ernest Moniz, said that the next installment of the Quadrennial Energy Review will focus on electricity and will be released before the end of the Obama Administration. The first installment, released April 21, included recommendations to modernize and update domestic energy transmission, storage, and distribution infrastructure.

HVAC Standards

The Department of Energy released a [final rule](#) July 17 adopting the American Society of Heating, Refrigerating, and Air-Conditioning Engineers standard 90.1-2013, a commercial building energy conservation code for heating, air conditioning, and water-heating equipment that all states must meet or exceed. The rule becomes effective September 15.

DEPARTMENT OF STATE

Ambitious Chinese Pledge

Vance Wagner, China counselor with the United States Office of the Special Envoy for Climate Change, told a World Resources Institute and Environmental and Energy Study Institute forum July 14 that China's pledge to peak its CO2 emissions by 2030 or before while increasing its renewable energy is an ambitious goal that will require significant economic and climate policy changes.

ENVIRONMENTAL PROTECTION AGENCY

Air Modeling Guidelines

Environmental Protection Agency Administrator Gina McCarthy signed a [proposed rule](#) July 14 to update its Guideline on Air Quality Models for the first time in a decade to enhance the agency's preferred dispersion modeling system and incorporate a new approach for addressing the secondary formation of ozone and fine

particulate matter.

NRDC CPP Report

The Natural Resources Defense Council [urged](#) the Environmental Protection Agency July 15 to expand the role of renewable energy and energy efficiency under the Clean Power Plan before the agency finalizes it in August. The report highlights the Clean Power Plan's economic, environmental, and public health benefits and says that increasing the role energy efficiency and renewable energy plan in the plan could produce more significant CO2 emissions reductions.

SNAP Alternatives Approved

Under the Significant New Alternatives Policy, the Environmental Protection Agency [approved](#) July 15 the use of several alternative substances for use in refrigeration, air conditioning, solvent cleaning, and other uses in order to transition away from ozone-depleting compounds to lower risk substitutes.

NA CEC Plan

Environmental Protection Agency Administrator Gina McCarthy, Canadian Minister for the Environment Leona Aglukkaq, and Mexican Secretary for the Environment Rodolfo Lacy Tamayo released July 15 a five year [strategic plan](#) that focuses on climate change adaptation and mitigation, green development, and sustainable communities and ecosystems. The 2015-2020 strategic plan signals a renewed commitment from the countries to conserve, protect, and enhance the North American environment through the Commission for Environmental Cooperation.

FEDERAL ENERGY REGULATORY COMMISSION

Order 745 Defense

The Federal Energy Regulatory Commission filed a [brief](#) July 9 in the Supreme Court defending its authority to regulate a demand response compensation program in the wholesale electricity markets. The commission argued that the U.S. Court of Appeals for the District of Columbia Circuit erred in vacating Order 745. The Electric Power Supply Association must submit its response by August 31.

Interconnection Revisions Sought

The American Wind Energy Association petitioned the Federal Energy Regulatory Commission June 19 for a rulemaking to revise provisions of its Large Generator Interconnection Procedures and Large Generator Interconnection Agreement for wind industry and other renewable technologies. The commission [announced](#) July 15 that it is seeking public comment on the petition.

INTERNATIONAL

LSE Climate Benefits

The London School of Economics released a [report](#) July 13 finding that reducing emissions is in the economic interest of individual countries. The study concludes that domestic decarbonization efforts improve local air quality, public health, and the environment and improve energy efficiency, energy security, and energy affordability because the cost of renewable energy continues to decline.

Energy Mix Shift

International Energy Agency Chief Economist Faith Birol said in Beijing July 14 that climate pledges from China, the European Union, and the United States will have a substantial impact on the global energy sector, shifting the energy mix to nearly 60 percent renewable energy among new power capacity additions if countries follow through on their climate commitments. The agency forecasts that 25 percent of global energy will come from renewable energy by 2030, and two-thirds of renewable capacity coming from China, Europe, India, and the United States.

EU ETS Updates

The European Commission [announced](#) July 15 plans to restructure the European Union Emissions Trading Scheme. The update will reduce the number of free emissions allowances provided to companies in an attempt to increase the price of carbon permits, providing only 50 economic sectors, down from 177, with free allowances.

EU RE Plan

The European Commission unveiled a plan July 15 to revamp the energy market to accommodate the growing renewable energy market, revise energy efficiency labeling, and floated the idea of reducing value added tax rates for some energy saving products. Renewable energy is expected to provide 50 percent of the bloc's electricity by 2030.

EU NEC Revisions

The European Parliament environment committee [voted](#) July 15 to strengthen the 2001 European Union National Emissions Ceiling Directive, which establishes country specific emissions limits for ammonia, nitrogen oxides, nonmethane volatile organic compounds, and sulfur dioxide.

Global Climate Text Talks

United Nations climate change negotiations French ambassador Laurence Tubiana said July 16 that 45 countries will send high-level representatives to Paris July 20-21 for informal climate talks intended to truncate and refine the too lengthy and unresolved negotiating text for the global climate negotiations at the end of the year in Paris.

Japanese INDC

Japan formally submitted July 17 its Intended Nationally Determined Contribution to the United Nations Framework Convention on Climate Change, committing to reduce emissions 26 percent by 2030 compared to 2013 levels. The plan follows Prime Minister Shinzo Abe's pledge earlier this year.

Canadian Energy Plan

Canada's provincial premiers agreed July 17 to the [Canadian Energy Strategy](#), a new national energy plan that calls for more hydrocarbon pipeline, electricity transmission capacity, and faster energy project approvals.

STATES

RGGI Benefits

The Analysis Group released a [report](#) July 13 finding that the Regional Greenhouse Gas Initiative generated \$1.3 billion in net economic benefits in 2015 dollars and 14,200 job-years from 2012-2014. Net energy costs savings over those three years was \$460 million and did not adversely impact power system reliability in the nine participating states. The group's 2011 report found that RGGI's first three operational years, 2009-2011, generated \$1.6 billion in 2011 dollars and 16,000 job years.

NC Wind

Iberdrola Renewables [contracted](#) with Amazon Web Service July 13 to construct and operate a \$400 million, 208 MW wind farm in Eastern North Carolina. The 670,000 MWh/year farm will be operational in the fourth quarter of 2016 and will become the first utility-scale wind farm in North Carolina, and generated energy will be delivered into the grid that supplies current and future Amazon Cloud data centers. The proposed facility could eventually deploy 150 turbines and generate 300 MW of power at full capacity, but will start with 104 turbines.

DC Wind

Washington, D.C. Mayor Muriel Bowser announced July 14 a 20-year Power Purchase Agreement with Iberdrola Renewables, LLC to supply 35 percent of the District of Columbia government's electricity with wind power. The agreement is the largest wind power deal of its kind ever entered into by an American city, and is projected to save area taxpayers \$45 million over the next 20 years. The South Chestnut 46 MW wind farm in southwestern Pennsylvania will supply Washington with about 125,000 MWh of electricity every year.

SD Wind

Con Edison Development announced July 14 that it will build a 55 turbine, 400,000 MWh/year wind farm in South Dakota, enough electricity to power 25,000 homes a year.

NY Green Bank

The New York Public Service Commission approved July 16 \$150 million in state funding to help the New York Green Bank reach its \$1 billion threshold. The commission's funding brings the bank to \$368 million in state funds.

NJ Solar

Campbell Soup Company will soon install solar energy on its headquarters in Camden, New Jersey. The project would place 8,000-9,000 solar panels atop its corporate offices and neighboring properties, with a 4.4 MW solar field meeting about 30 percent of the headquarters' annual energy needs.

MISCELLANEOUS

Ceres Emissions Benchmarking

Ceres published a [report](#) July 14 finding that even as the United States' economy recovered from the recession, power plant carbon emissions decreased 12 percent from 2008-2013.

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