



## ML Strategies Update

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## Energy & Environment Update

### ENERGY AND CLIMATE DEBATE

With the November 20 deadline looming, Congress will focus much of this week on the surface transportation bill as House and Senate conferees try to quickly negotiate differences on H.R. 22 and enact the first multi-year highway authorization law since 2012. The measure would renew highway and surface transportation programs for six years, paying for three of them. Conferees are expected to meet on Wednesday, and the House is taking up legislation to extend the current authorization through December 4, giving Congress an additional two weeks to negotiate past Friday's deadline.

Shortly thereafter, Congress must come to an agreement on the 12 spending bills by December 11, and though appropriators are trying to get the package ready as soon as possible, sorting out specific allocations and negotiating riders, as well as taking into account the Thanksgiving holiday recess, means that finalization of the \$80 billion omnibus is not truly expected until the week of December 7. Congressional Democrats said last month that they would oppose the inclusion of all policy riders, but they appear to be softening their stance, opening up the possibility for Congressional Republicans to attach, among other things, a handful of riders that target environmental policy issues, with language to block the Environmental Protection Agency's waters of the U.S. and ozone rules as most likely contenders for inclusion, though unsuccessful efforts will also be made to attach Clean Power Plan and new and modified power plant language as well.

The upper chamber will vote this week on measures (S. J. Res. 23 and S. J. Res. 24) disapproving the Environmental Protection Agency's power plant rules, both of which have companion Congressional Review Act resolutions in the House (H. J. Res. 71, H. J. Res. 72), and though passage is expected, the White House has already threatened to veto the measures. When it comes to it, Congress will not have the votes to override the veto. As expected, the House is planning to address energy issues, including H.R. 8, portions of which were adopted as an amendment to the highway bill, and the power plan opposition efforts on the floor the week of November 30.

It remains to be seen how tax extenders may play out, but they may move as a part of the highway bill, the customs reform conference report, the omnibus, or even as a standalone measure, with or without various items attached. There is substantial support for the Senate Finance Committee approved two-year package, but, with Senate Finance Committee Chair Orrin Hatch (R-UT) and House Ways and Means Chair Kevin Brady (R-TX) favoring plans to prioritize permanent extensions for select tax provisions, it is also possible that Congress will make some of the extenders permanent or finalize a one-year renewal.

Following the tragedy in Paris late last week, the global climate negotiations, scheduled to take place November 30-December 11, are scheduled to proceed, though security has been tightened, and Foreign Minister Laurent Fabius is meeting with outside groups to determine the extent to which associated marches, rallies, and side events would

be allowed to proceed. Prime Minister Manuel Valls said Monday that the summit would be reduced to negotiators, though a final decision is expected in the coming days. The White House confirmed early this week that President Obama would still attend the negotiations, as will more than 100 heads of state and dozens of other world leaders who were already scheduled to travel to Paris for the beginning of the two-week talks. The summit is expected to draw some 10,000 government representatives, 7,000 observers each week, and 3,000 journalists to the Le Bourget conference center in a northeast Paris suburb.

In advance of the formal talks, ministers and heads of delegations from about [75 countries](#) met November 8-10 to discuss the [51 page](#) draft text and make progress on a range of issues still outstanding, including climate finance, adaptation and mitigation efforts, and the responsibilities of developing versus developed nations; the group focused heavily on long-term goals. The International Energy Agency Ministerial is still on for November 17-18 in Paris, though a Department of Energy technology showcase, along with other side events intended to coincide with the meeting, have been cancelled.

After Secretary of State John Kerry and French Foreign Minister Laurent Fabius and French President Francois Hollande publically disagreed over the structure of the international climate agreement last week, President Obama and French President Francois Hollande spoke November 13 in part to smooth over the rift over the degree to which the Paris accord would be legally binding. The two emphasized their commitments to reaching an ambitious and durable climate agreement in Paris and underlined that the precise nature of the accord would be negotiated in Paris next month. A treaty would need to be ratified by the Senate, where its chances of success are slim to none. The Obama administration has long held the position that the Paris agreement should be a hybrid mix of legally binding and nonbinding elements, with countries voluntarily offering pledges to reduce emissions but subjecting those reductions to binding transparency and verification requirements.

Secretary Kerry said November 10 that he is convening a task force of senior government officials to integrate analyses of national security and other climate-posed threats to all domestic foreign policy planning and priority setting in all host countries where U.S. embassies are located.

The United Nations Global Compact business coalition and Accenture consultants released survey [results](#) November 12 in which chief executive officers called for an international agreement to provide certainty and clarity to help them plan for a low carbon future. Survey results are expected to be formally presented at a December 7-8 business forum.

The G20 reemphasized last week its commitment to phasing out fossil fuels over the medium term, but India and Saudi Arabia rejected a European Union attempt to strengthen the G20's commitment to addressing climate change by requiring members to accept a review mechanism of countries' progress on achieving their climate goals every five years. Climate Transparency released a report November 10 finding that greenhouse gas emissions per capita are falling in eleven of the G20 major economies, and 15 of the nations have experienced strong renewable energy growth in the past several years. The G20 accounts for about three quarters of world greenhouse gas emissions. In advance of the G20 summit, the Organization for Economic Cooperation and Development [urged](#) world leaders to consider collective public investments in climate mitigation infrastructure and undertake other efforts to increase the global economy and trade. Saudi Arabia [submitted](#) November 12 its Intended Nationally Determined Contribution to the United Nations Framework Convention on Climate Change, concentrating on economic diversification through renewable energy, energy efficiency, and natural gas investments. The nation currently relies on petroleum revenues for 80 percent of its budget revenue. The ten biggest emitters have all submitted pledges, and Iran, the eleventh largest, indicated in October that it would submit its pledge by mid-November.

## CONGRESS

### House CRA EPA Effort

The House Energy and Commerce Committee will mark up and vote on two measures November 18 to nullify the Environmental Protection Agency's Clean Power Plan (H. J. Res. 72) and the agency's final new source performance standards for new and modified power plants (H. J. Res. 71). Companion efforts (S. J. Res. 23, S. J. Res. 24) in the upper chamber led by Senate Majority Leader Mitch McConnell (R-KY) and Senator Shelley Moore Capito (R-WV) are also likely to get votes in the upper chamber this week, though neither chamber has the votes necessary to override a certain presidential veto.

### Legislation Introduced

Senator Debbie Stabenow (D-MI) introduced legislation (S. 2271) November 10 to amend the Internal Revenue Code of 1986 to provide credits for the production of renewable chemicals and investments in renewable chemical production facilities.

Senator Deb Fischer (R-NE) introduced legislation (S. 2276) November 10 to amend title 49 of the United States Code to provide enhanced safety in pipeline transportation.

### **Upcoming Hearings**

The Senate Energy and Natural Resources Committee will hold a hearing November 17 to review past wildfire seasons to inform and improve future federal wildland fire management strategies.

The House Science Subcommittees on Space and Environment will hold a hearing November 17 on exploring commercial opportunities to maximize earth science investments.

The Senate Environment and Public Works Committee will hold a hearing November 18 examining the international climate negotiations.

The House Natural Resources Committee will hold a hearing November 18 on a discussion draft of Protecting America's Recreation and Conservation Act, which would rewrite the Land and Water Conservation Act, which expired September 30.

The House Science Committee will hold a hearing November 18 to examine the international climate negotiations.

The House Science Subcommittee on Energy will hold a hearing November 18 to consider recommendations of the commission to review the effectiveness of the national energy laboratories.

The Senate Energy and Natural Resources Committee will hold a business meeting November 19 to consider several pieces of legislation as well as nominations.

The Senate Energy and Natural Resources Committee will hold a hearing December 1 to receive testimony on the well control rule and other regulations related to offshore oil and gas production.

The Senate Energy and Natural Resources Committee will hold a hearing December 3 to receive testimony on the implementation of the Alaska National Interest Lands Conservation Act of 1980, including perspectives on the Act's impacts in Alaska and suggestions for improvements to the Act.

## **ADMINISTRATION**

### **US-Canadian Climate Cooperation**

Traveling to Ottawa, Canada, November 16, White House senior advisor Brian Deese spoke with officials in Canadian Prime Minister Justin Trudeau's new government about cooperating on climate change and energy issues. Prime Minister Trudeau, like his predecessor Stephen Harper, supported approving the Keystone XL oil pipeline, which President Obama rejected earlier this month, but he has signaled that he is open to acting more on climate change than Prime Minister Harper was.

## **DEPARTMENT OF ENERGY**

### **Residential Furnace Rule**

The American Gas Association and other members of the natural gas industry criticized the Department of Energy in supplemental comments November 6 for not providing additional analysis of the cost impacts of the agency's proposed energy efficiency standards for non-weatherized gas residential furnaces. The industry contends that the proposed standards are too costly to implement, and is developing its own proposed residential furnace standard to suggest to the agency or Congress as an alternative.

### **Transformational Technologies**

The Department of Energy released a [report](#) November 13 highlighting four transformational technologies, wind turbines, solar panels, electric vehicles, and LED bulbs, as solutions to fight climate change. The report also highlighted three technologies as on the verge of wider deployment and cost reduction in the coming years: smart building systems, fuel-efficient freight trucks, and vehicle lightweighting. Energy Secretary Ernest Moniz said last week that increasing affordability for innovative technologies will lead to the rising adoption of the technologies and will ultimately reduce CO2 emissions, and he plans to focus on energy technology innovation during the International Energy Agency ministerial November 17-18 and the United Nations climate negotiations that begin at the end of the month in Paris.

### **Oil Stockpile**

The Energy Information Administration said last week that while domestic crude oil supplies increased for the seventh-straight week, gas supplies decreased.

## **\$23 Million for Solar**

The Department of Energy [announced](#) November 16 \$22.7 million for 23 projects to significantly reduce the cost of solar energy systems across numerous technologies. The Technology to Market funding program combines three historically separate SunShot Initiative funding programs: Incubator, Solar Manufacturing Technology, and Scaling up Nascent PV at Home. Concept papers are due November 18.

## **DEPARTMENT OF INTERIOR**

### **NJ Offshore Wind**

The Bureau of Ocean Energy Management held its first offshore wind lease [auction](#) in New Jersey November 9, awarding two leases to RES Americas Inc. and U.S. Wind, who paid \$880,715 for 160,480 acres and \$1,006,240 for 183,353 acres, respectively. Fishermen's Energy failed to secure a lease. The auction was the fifth held for wind energy sites in federal waters, but the only offshore wind farm that has reached the construction stage in the United States is Deepwater Wind in Rhode Island waters near Block Island. RES Americas and U.S. Wind will have 12 months to submit a site assessment plan, and after those are approved, they will have four and a half years to submit construction and operations plans, after which the agency would develop an environment assessment and offer the companies 25-year leases. The companies will pay annual rent until they have approved operating lease contracts, at which point they will pay an annual operating fee based on project capacity and wholesale electricity prices.

## **ENVIRONMENTAL PROTECTION AGENCY**

### **CPP Defended**

Addressing an annual meeting of the National Association of Regulatory Utility Commissioners in Austin, Texas November 9, Environmental Protection Agency Administrator Gina McCarthy defended the economic and health benefits of the Clean Power Plan, even as a new American Coalition for Clean Coal Electricity [analysis](#) suggests that the rules will cost utilities significantly more than the agency predicts.

### **Murray Energy Case**

The Environmental Protection Agency asked the U.S. Court of Appeals for the Fourth Circuit November 10 to block a scheduled deposition in a case Murray Energy brought against the agency over its rules agenda, contending that the agency does not properly consider the job impact of its regulations before issuing them.

### **CPP During Litigation**

Speaking to the annual meeting of the American Nuclear Society November 12, Environmental Protection Agency Acting Assistant Administrator for Air and Radiation Janet McCabe said that the agency will continue to work with states on developing and implementing their state targets under the Clean Power Plan even if a federal court stays the rule.

### **Boiler MACT**

The American Chemistry Council, American forest and Paper Association, and Council of Industrial Boiler Owners asked the U.S. Court of Appeals for the District of Columbia Circuit November 12 to uphold the current oral argument schedule for Environmental Protection Agency boiler and incinerator emissions standards, which begins December 3, and reject November 6 environmental group requests for panel reassignment. Major industrial sources need to comply with the Boiler MACT rule in January.

## **INTERNATIONAL**

### **Nuclear Capacity Increasing**

The United Kingdom's Met Office released a [report](#) November 9 finding that the global average temperature from January to September 2015 was 1.02 degrees Celsius above preindustrial levels, making it likely that this year will be the first to have a warming of one degree Celsius above preindustrial levels. The report concluded that countries had emitted by 2014 about two-thirds of the 2,900 GT CO2 budget that can be released without surpassing the two degrees Celsius threshold.

### **Atmospheric GHGs**

The World Meteorological Organization's Global Atmospheric Watch program released its annual [report](#) November 9 compiling monitoring data of atmospheric greenhouse gas concentrations and found that the global average of atmospheric CO2 concentrations early this year exceeded 400 ppm for the first time in recorded history.

### **Chinese Electric Vehicle Partnerships**

Kandi Technologies Group announced November 9 that it plans to work with companies like Alibaba Group

Holding, Uber China, China Minsheng Banking Corp., Zhejiang Geely Holding Group, and ZTE Corp. to promote connected electric vehicles. The groups signed a manifesto in Hangzhou, China the following day pledging to form strategic partnerships to work together on areas conducive to promoting connected electric vehicles.

### **Coal Consumption Reduction**

Greenpeace released a report November 9 finding that coal consumption is on the verge of its biggest decline in history, driven by China's pollution reduction efforts, economic overhauls, and attempts to promote renewable energy. Global coal use fell 2.3-4.6 percent in the first nine months of the year compared to the same period last year, a decline of as much as 180 million tons of standard coal.

### **World Energy Outlook**

The International Energy Agency [released](#) its annual markets assessment November 10 finding that the significant price reduction in oil could potentially undermine efforts to reduce carbon emissions. The [World Energy Outlook](#) concluded that if the cost of crude oil remains near \$50 a barrel, a drop from a peak of more than \$140 a barrel in 2008, until the end of the decade, less expensive conventional fuels could delay the development of electric vehicles and biofuels and \$800 billion in vehicular efficiency improvements would also be lost. At the same time, lower oil prices do not necessarily impact renewable energy deployment, and renewable energy accounted for nearly half of the new power generation investment last year and is predicted to overtake coal as the largest source of electricity by the early 2030s.

### **Mexico's Competitive Market**

Unveiling the final terms for the auction November 11, Mexican Energy Secretary Pedro Joaquin Coldwell announced that the country plans to auction up to 6 million clean energy certificates in the nation's first wholesale electricity auction. Certificates will be awarded to private generation companies through 20-year contracts for as much as 2,500 MW of new renewable generation, and awards are scheduled for next March. The National Center for Energy Control, Mexico's new independent grid monitor, will oversee the auction, and interested participants must demonstrate at least ten years of experience and relevant technical requirements to take part. Fossil fuel generators will be required to purchase clean energy certificates beginning in 2018.

### **Canadian Cos Talk Climate Change**

During a November 13 discussion at the Economic Club of Canada's annual energy summit in Calgary, Cenovus Energy Vice President for Environment Al Reid said that the company, one of Canada's earliest adopters of oil sands steam technology, is beginning quiet conversations with other companies and organizations about addressing emissions, including vehicular emissions. The company is considering the study of end use emissions and finding ways to fund research and innovation to ensure that oil remains part of the country's energy future.

### **US Emissions Intensity Reductions Necessary**

The Organization for Economic Cooperation and Development released [data](#) November 13 finding that the United States would need to significantly reduce its carbon intensity rate to be able to meet its pledge under the upcoming global climate negotiations in Paris. The United States promised to reduce net CO2 emissions 26-28 percent by 2025, relative to 2005 levels, and that would mean that it would need to reduce its GHG emissions per unit of gross domestic product by 2.3 percent to 2.8 percent a year, compared with the current average annual reduction of 1.6 percent from 2005 to 2012.

### **Mexican Nuclear**

Mexican National Action Party Senator Jose Luis Lavalle is preparing legislation that would allow for the expansion of the nation's only nuclear power plant as part of its effort toward developing more clean energy. The measure would encourage additional investment in the sector.

## **STATES**

### **NJ Offshore Wind**

The New Jersey state Assembly advanced legislation November 9 to compel the state Board of Public Utilities to approve wind farms off the Atlantic City coast.

### **CA RE Conservation Plan**

After working on it for seven years, the U.S. Bureau of Land Management and the California Natural Resources Agency released November 10 a final environmental document for the Desert Renewable Energy Conservation Plan, which is intended to streamline utility scale renewable energy project siting and building and encourage energy companies to build solar, wind, and geothermal power plants on 10 million acres of federally managed land in the California desert. When completed, the plan will provide a blueprint for renewable energy and conservation that covers 22.5 million acres of public and private land in California.

## SC Solar Tax

South Carolina's Department of Revenue issued a draft guidance document November 10 to address the applicability of state taxes to energy generated and sold by utility scale solar facilities. Under the draft guidance, sales of utility scale solar energy to other power entities for resale are not subject to the state's sales and use tax, but they are subject to the electric power tax unless otherwise exempt. Comments are due December 1.

## NY Vetoes Offshore LNG Port

In a [letter](#) to the Transportation Department's Maritime Administration, New York Governor Andrew Cuomo (D) vetoed November 12 a federal license for an offshore deepwater liquefied natural gas port that involved a 22-mile pipeline 19 miles off Long Island's beaches. He said that the Port Ambrose project potentially risked the state's security and economy and harmed the potential for offshore wind energy development off Long Island's South Shore. A federal license for the project, as proposed by Liberty Natural Gas LLC, requires approval under the Deepwater Port Act from New York and New Jersey. The New York Power Authority has proposed an offshore wind project in the waters south of Long Island to generate 350 MW of electricity for the Long Island and New York City region, with the ability to expand generation capacity to as much as 700 MW. The Department of Interior's Bureau of Ocean Energy Management acknowledged last week that the project could change significantly before it is built and that prospects for a lease award are at least a year away.

## RGGI Stakeholder Meeting

The Regional Greenhouse Gas Initiative will hold its first stakeholder meeting November 17 as part of a regular quadrennial program review. Stakeholders, including electric power companies, environmental organizations, and others, will provide guidance on compliance with the Clean Power Plan.

## MISCELLANEOUS

### Pollution Triggers Heart Attacks

New research presented at the American Heart Association's annual conference November 8 found that even moderate levels of air pollution are linked to the increased risk of heart attacks in people with heart disease. Analyzing 20 years of data on 16,000 heart attacks treated at Intermountain Healthcare in Utah, researchers matched medical records to weather data on fine particulate matter and found that elevated heart attacks begin at the Environmental Protection Agency's moderate pollution level, around 25 micrograms of fine particulate matter per cubic meter, or an agency air quality index of 78.

### Clinton's \$30 Billion Coal Plan

Democratic presidential candidate Hillary Clinton released November 12 a \$30 billion [plan](#) intended to help communities negatively impacted by a declining demand for coal. She called for increasing funding for the development of carbon capture and sequestration technologies, expanding the amount of renewable energy produced on federal land, streamlining federal permitting for renewable energy projects and related transmission lines, increasing transportation projects, expanding broadband Internet access, funding schools in mining communities, reforming the federal black lung benefit program, and extending the New Markets Tax Credit.

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