



ML Strategies Update

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Energy & Environment Update

ENERGY AND CLIMATE DEBATE

Congress returns from the August recess after the Labor Day holiday next week, and in the meantime, energy and environment issues continue to play a significant role on the national and international stages through the rest of the year.

Congress returns September 8 to a packed fall schedule that includes appropriations, the highway bill, reauthorization of the Export-Import Bank, the customs bill, the Iran nuclear deal, cybersecurity legislation, TSCA reform, tax extenders, the debt limit, criminal justice reform, energy legislation, a conference agreement on No Child Left Behind reform, and trade promotion authority.

President Obama kicked off a busy fall climate schedule with the August 3 unveiling of the final [Clean Power Plan](#). For recent Clean Power Plan developments, including the status of litigation, please see the Environmental Protection Agency section below. Since then, the president has traveled to Las Vegas, New Orleans, and Alaska to emphasize different aspects of his climate message, and the Obama Administration will continue in the same vein as the end of the year global climate negotiations in Paris near.

As climate change increasingly becomes part of President Obama's legacy, the president keynoted Senate Minority Leader Harry Reid's (D-NV) eighth annual [National Clean Energy Summit](#) in Las Vegas August 24 and [unveiled](#) a series of new renewable energy efforts. The Administration announced an additional \$1 billion in loan guarantee authority for distributed energy projects that use innovative technologies, and the Department of Energy invited distributed energy projects to apply for the \$10 billion in loan guarantees currently available, clarifying that state green banks and other affiliated entities can participate. The Advanced Research Projects Agency-Energy awarded \$24 million for 11 high performance solar power projects that could reduce the cost and improve the performance of solar photovoltaic power systems. The Department of Defense secured commitments with four companies to put 233 MW of new solar power on 40 military bases. The Department of Interior approved the 485 MW Blythe Mesa solar project on federal lands in California, as well as a transmission line. The president created a clean energy task force comprised of federal energy, environment, and housing agencies to help states and communities deploy energy efficiency and renewable energy in low-income areas. The Federal Housing Administration increased financing for home energy improvements. President Obama used the majority of his speech to announce these new executive actions intended to promote more clean power projects across the country, and to criticize fossil fuel interests that oppose his clean energy agenda. Some of the other speakers and panelists at the summit included Energy Secretary Ernest Moniz, former Colorado Governor Bill Ritter, Clinton campaign Chairman John Podesta, and Center for American Progress President Neera Tanden.

President Obama marked the tenth anniversary of Hurricane Katrina August 27 with a visit to New Orleans during

which he said that making coastal communities more resilient to climate change is increasingly important and he urged a global response to the problem, which may include harsher droughts, wildfires, floods, and storms. The Federal Emergency Management Agency, Department of Housing and Urban Development, and other agencies involved with the ten-year restoration and resiliency efforts participated in related [events](#).

President Obama traveled to Alaska this week to speak at the State Department's Conference on Global Leadership in the Arctic: Cooperation, Innovation, Engagement, and Resilience ([GLACIER](#)) about how climate change is impacting the Arctic. The first president to tour the U.S. Arctic, he is also visiting communities in the state that are experiencing first hand the impact of climate change, such as rapidly rising average temperatures and sea levels and more frequent wildfires. In addition to reiterating last week's climate resiliency theme, President Obama focused on urgency – the need to address climate change now, as it is a current, and not just a future problem, and needs a present day international solution via a successful global climate accord in Paris at the end of the year.

President Obama will meet in September with Pope Francis, in part to discuss climate change and the recent encyclical, *Laudato Si*, during the pontiff's visit to the United States. International climate negotiators will continue to meet throughout the fall to further prepare the negotiating text for the end of the year global climate negotiations in Paris, and President Obama continues to reiterate that one of his biggest goals for the rest of the year is to have a successful outcome in Paris. The Administration will hold several other climate events in the coming months as well, including several White House events in September and a State Department sustainability event in late October.

CONGRESS

REIT Letter

Senators Ben Cardin (D-MD), Bob Casey (D-PA), Bob Menendez (D-NJ), Johnny Isakson (R-GA), and Mark Warner (D-VA) sent a letter August 17 to Treasury Secretary Jack Lew and Internal Revenue Service Commissioner John Koskinen asking them to amend language in a proposed rule related to the definition of real property for real estate investment trusts by removing the equivalent interest requirement for structural components.

Upcoming Hearings

The Senate Committee on Environment and Public Works will hold a field hearing in Nebraska September 1 entitled "Impacts of EPA's Proposed Ozone Standard on Manufacturing and Utilities."

The House Committee on Natural Resources will hold an oversight field hearing in New Orleans September 15 to consider the impacts of federal policies on energy production and economic growth in the Gulf of Mexico.

ADMINISTRATION

Social Cost of Carbon

The National Academies of Sciences, Engineering, and Medicine [announced](#) August 26 that it has begun a two year review of the process the federal government uses to set its social cost of carbon figure. The ad hoc multidisciplinary committee conducting the review will host its first [meeting](#) September 2.

Keystone XL Status

White House Press Secretary Josh Earnest said August 27 that the State Department is still reviewing the Keystone XL pipeline application and has not yet submitted it to the White House.

DEPARTMENT OF COMMERCE

Chinese Solar Trade Case

SolarWorld Americas Inc. and foreign solar producers filed challenges August 12 and 13 in the U.S. Court for International Trade against the Commerce Department's determinations in the first administrative reviews of the dumping and countervailing duty orders on certain Chinese solar products. The agency published the results of administrative reviews July 14. The court blocked August 25 the liquidation of Chinese solar cell imports while SolarWorld challenges the countervailing duty rate.

Record Heat

The National Oceanic and Atmospheric Administration, the National Aeronautics and Space Administration, and the Japanese Meteorological Society reported this month that July 2015 was the hottest month worldwide on record. According to NOAA data, July's average global temperature was 61.86 degrees Fahrenheit, warmer than the previous record-setting month of July 1998 by 0.14 degrees Fahrenheit. The record follows record-breaking warm months this year for February, March, May and June, and ocean waters are also experiencing record setting

temperatures. Nine of the ten hottest months have occurred in the last decade.

Climate Strategy

The National Oceanic and Atmospheric Administration released August 25 a Climate Science Strategy to reduce the impacts of climate change on the world's oceans. The strategy outlines seven steps to increase the use and collection of climate data to better manage protected species and fish stocks.

DEPARTMENT OF DEFENSE

Navy Solar

The Navy announced August 20 that it had signed a deal to build a 210 MW solar facility as the largest purchase of renewable energy ever made by the federal government. The project, to be completed next year, will run 14 Navy and Marine Corps installations using more than 650,000 solar panels.

Solar Commitments

The Department of Defense made commitments with four companies August 24 to provide 233 MW from solar energy on more than 40 military bases. The White House released a [fact sheet](#) detailing those commitments the same day.

DEPARTMENT OF ENERGY

Wind Reports

The Department of Energy released reports August 10 highlighting the trends of a growing U.S. wind energy industry. The [2014 Wind Technologies Market Report](#) found that total installed domestic wind power capacity grew at a rate of eight percent last year and now stands at almost 66 GW, the second in the world, meeting 4.9 percent of end-use electricity demand in an average year, with wind price at an all-time low and competitive with wholesale and traditional power sources across many areas of the country. The [2014 Distributed Wind Market Report](#) found that total domestic turbines in distributed applications reached a cumulative installed capacity of more than 906 MW from about 74,000 turbines across all 50 states, Puerto Rico, and the U.S. Virgin Islands.

Fan Standards

The Department of Energy published in the Federal Register August 13 revised energy efficiency standards for ceiling fan light kits that would lead to total net energy savings ranging from \$650 million to \$820 million for consumers from 2019 to 2048 and save .047 quad of energy over the same period. The revised standards are expected to lead to cumulative emissions reductions of 3.3 MMT CO₂, 3,500 MT SO₂, 4,700 MT NO_x, 11,200 MT CH₄, 37 MT N₂O, and 11 MT Mercury. The agency is required to conduct a review of the standard every six years.

Affordable Solar

Berkeley National Laboratory released a [report](#) August 13 finding that the cost of distributed solar energy dropped 10 to 20 percent in 2014, depending on the size. The drop marks the fifth consecutive year of significant price reductions, and prices continued to fall by 6 to 13 percent in the first half of 2015.

\$9 Million for Bioenergy

The Department of Energy's Bioenergy Technologies Office [awarded](#) August 21 up to \$9 million to the Antares Group to design advanced bioenergy systems that promote the environmental and socio-economic sustainability of cellulosic bioenergy.

\$1 Billion in Loan Guarantees

President Obama [announced](#) August 24 \$1 billion in new loan guarantee [solicitations](#), coming from previously unused portions of appropriated authority. The Department of Energy will allocate \$500 million to its renewables, efficiency, and fossil fuel solicitations from a dealer's choice loan guarantee authority category. Through the Loan Programs Office, the administration is making up to a billion dollars in loan guarantees available to support commercial-scale distributed energy projects, and the Advanced Research Projects Agency-Energy is [awarding](#) \$24 million for 11 high performance solar power projects that could reduce the cost and improve the performance of solar photovoltaic power systems.

Clean Coal Agreement

Assistant Energy Secretary for Fossil Energy Christopher Smith confirmed August 26 that the United States and China have reached an agreement to collaborate on clean coal technology development. The two countries will sign a memorandum of understanding, to focus on carbon capture utilization and storage, in September. As part of the agreement, the nations are establishing six pilot projects in China.

DEPARTMENT OF INTERIOR

CA Solar

The Department of Interior announced August 24 that the Bureau of Land Management approved a 485 MW photovoltaic facility in Riverside County, California. The Blythe Mesa Solar project will produce enough energy power more than 145,000 homes in the state.

DEPARTMENT OF TREASURY

Fuel Tax Credit Clarification

The Internal Revenue Service clarified August 14 that taxpayers claiming Section 4041 biodiesel mixture and alternative fuel credits against 2014 tax liability should treat the credits as if they had never expired.

ENVIRONMENTAL PROTECTION AGENCY

Mercury Rule Reconsideration

The Environmental Protection Agency told the U.S. Court of Appeal for the District of Columbia Circuit August 10 that it plans to move forward with an update to its Mercury Rule by next April 15. The Supreme Court ruled in June that the agency needed to consider costs early in the rulemaking process as part of determining whether a regulation is appropriate and necessary.

Power Plant Litigation

Fifteen states led by [West Virginia](#) filed suit in the U.S. Court of Appeals for the District of Columbia Circuit August 13 to block the Environmental Protection Agency's final CO2 regulations for power plants. Peabody Energy Corp. sought the same day an emergency writ from the court to block implementation of the Clean Power Plan. After the court denied a petition August 19 by the states to consolidate their lawsuit with similar pending challenges, it consolidated them August 24 and ordered the agency to respond by August 31 to the suits. The agency told the court August 31 that it does not expect its final power plant CO2 regulations to be published in the Federal Register until late October.

CPP and RGGI

Bloomberg BNA released an analysis August 13 finding that six of the nine Regional Greenhouse Gas Initiative states are on track to meet or near by 2020 the Clean Power Plan's mass-based goals for 2030. The initiative is currently scheduled to expire in 2020. Only Maryland and Maine are not on schedule to meet the 2030 goal by 2020, and there is no mass-based target for Vermont because the state does not have any qualifying power plants.

Landfill Methane

The Environmental Protection Agency proposed August 14 to significantly reduce the threshold that would require [existing](#) and [new](#) municipal solid waste landfills to capture landfill gas emissions, requiring new and existing landfills to install pollution controls if emissions exceed 34 MT a year, down from 40 MT and 50 MT, respectively. The agency estimates that 106 existing and 127 new or modified landfills would be required to install the controls by 2025.

GHG Permit Regs

The Environmental Protection Agency released a [final rule](#) August 14 amending its greenhouse gas permitting regulations to remove language the U.S. Court of Appeals for the District of Columbia Circuit vacated following a 2014 Supreme Court decision. The rule updates the Code of Federal Regulations sections dealing with prevention of significant deterioration and Title V permitting so that only industrial sources already required to obtain permits for conventional pollutant emissions will be required also to permit their GHG emissions.

Demand Response Case

The U.S. Court of Appeals for the District of Columbia Circuit granted August 14 an Environmental Protection Agency motion and will not issue a mandate vacating the 100-hour backup engine exemption for emergency demand-response until next May 1. The agency argued that the delay is needed to ensure grid reliability and give engine operators time to install pollution controls.

Plant Startup Lawsuits

The U.S. Court of Appeals for the District of Columbia Circuit halted two lawsuits August 18 over power plant startup provisions included in the mercury and air toxics standards until a decision is made on whether those standards should remain in place. Motions to govern future proceedings in the litigation are due September 10.

Methane Regs

The Environmental Protection Agency unveiled August 19 its plan to reduce methane from new and modified oil and gas facilities. The agency announced August 26 public hearings on the rules for September 23 in Denver and Dallas and September 29 in Pittsburgh. The Administration has set a goal to reduce methane emissions by as

much as 45 percent from 2012 levels by 2025.

US-Japan Cooperation

Environmental Protection Agency Administrator Gina McCarthy and Japan's Minister of the Environment Yoshio Mochizuki agreed in Tokyo August 24 to cooperate on issues such as fighting global mercury poisoning, working toward an international climate agreement, regional air quality management, environmental education, decontamination of tainted materials, child environmental health issues, environmental impact assessments, and low carbon technologies.

Fracking Litigation

Seven environmental groups filed a [notice of intent](#) August 26 to sue the Environmental Protection Agency to compel it to update its regulations on the handling and disposal of waste generated from oil and gas drilling and fracking activities. The groups will file a lawsuit within 60 days unless the agency commits to a revision schedule under the Resource Conservation and Recovery Act.

Biogenic Carbon Framework

The Science Advisory Board's Biogenic Carbon Emissions Panel posted an [analysis](#) August 27 finding that the Environmental Protection Agency's most recent attempt at developing a methodology to account for the net greenhouse gas impact of biomass facilities is an improvement over previous efforts but lacks crucial policy details. The advisory panel recommended that the agency adopt specific accounting policies and use those to develop its methodology.

INTERNATIONAL

Vatican Environment Day

Pope Francis declared August 10 September 1 World Day of Prayer for the Care of Creation. He said that he hopes the Church's efforts will impact the global climate negotiations in Paris at the end of the year.

Chinese Pollution Impacts US

Nature magazine published a paper August 10 finding that Chinese air pollution blowing across the Pacific Ocean is partially offsetting California's clean air measures. Scientists led by the Willem Verstraeten at Wageningen University found that more than two fifths of the anticipated benefits of emissions controls in the Western United States were cancelled out by rising ozone pollution from China.

Australian INDC

Australia submitted its Intended Nationally Determined Contribution to the United Nations August 11, pledging to reduce emissions between 26 and 28 percent from 2005 levels by 2030. After Climate Change Authority Chair Bernie Fraser criticized the pledge August 14 for being substantially weaker than the authority recommended, Australian Prime Minister Tony Abbott defended the pledge and his administration's climate policies the following day, noting the importance of protecting the economy while addressing environmental concerns.

Chinese Environmental Monitoring

China's State Council announced August 12 that the country will build a nationwide environmental monitoring network by 2020 to more accurately track air, water, and soil pollution, saying that current environmental monitoring is incomplete and lacks uniformity, information-sharing, and sufficient supervision.

Chinese Emissions Overestimated

Nature magazine published a [paper](#) August 19 finding that carbon emissions in China are about 14 percent less than previously estimated between 2000 and 2013, finding a cumulative overestimate of 2.9 GT CO₂. The study found that coal used by Chinese industries had 40 percent less carbon on average than the emissions factor used for official calculations.

Environmental Goods

U.S. Trade Representative Michael Froman sent a letter August 20 to the International Trade Commission requesting a report on the impacts of duty-free treatment on American industries producing 400 products that had not been addressed in two previous reports. World Trade Organization members resume Environmental Goods Agreement talks in September. The International Trade Commission [launched](#) August 28 an investigation to provide advice on the economic effect of reducing tariffs on certain environmental goods, and will hold a public hearing October 14.

Australian Emissions Increase

Australia released its quarterly greenhouse gas emissions update August 21, finding that emissions through March

2015 had increased by 0.3 percent compared to the same period last year. National carbon intensity decreased, though electricity generation emissions increased by 3.5 percent.

Indian Solar

Madhya Pradesh India announced August 23 that it will build one of the largest solar power parks in the world, at 750 MW, on 1,500 acres in the Rewa district; the project will be operational by 2017. Current installed capacity in the region stands at 650 MW, and 1,500 MW are under development. The state is also home to the largest solar power project in the country.

Mayors to Paris

A coalition of U.S. mayors and city officials announced August 24 that they will join the climate negotiations in Paris at the end of the year to demonstrate their climate leadership and call for an ambitious global agreement. The [Local Climate Leaders Circle](#) includes the mayors of Atlanta, Boulder, Chula Vista, Columbus, Des Moines, Grand Rapids, Oakland, Pittsburgh, Salt Lake City, and West Palm Beach, and councilmembers from Santa Monica and King County, Washington.

Carbon Accounting

The Stockholm Environment Institute released a [paper](#) August 24 calling for establishing a legally binding accounting system as part of a global climate agreement at the end of the year in Paris.

Water in Paris

World Water Council President Benedito Braga said August 25 that climate negotiators meeting in Paris at the end of the year need to begin addressing critical water-related impacts from climate change, such as increased drought and flooding.

Paris Preparations

United Nations Secretary General Ban Ki-Moon urged during a conference with French Foreign Minister Laurent Fabius August 26 countries to set aside their national interests and work together to achieve an ambitious global climate agreement at the end of the year in Paris. One of the biggest areas of disagreement is over climate financing. He also said that he hopes the currently over 80-page negotiating draft can be reduced to 20 pages by mid-October.

Carbon Risk Framework

The World Resources Institute and the United Nations Environment Program released a [framework](#) August 26 to help banks and investors measure and manage risks associated with their carbon intensive businesses. The framework will help the institutions account for the carbon asset risks when making new financing or investment decisions and managing existing investment portfolios.

Water Stress

The World Resources Institute published a [report](#) August 26 finding that among a ranking of 167 countries, 33 will face extremely high water stress by 2040, which could harm their economic growth. Bahrain, Kuwait, and Qatar top the list, and the region draws heavily upon groundwater and desalinated seawater, and faces significant water-related challenges for the foreseeable future.

STATES

CEC Small Projects

The California Energy Commission approved August 12 a \$2.4 million grant to build seven zero-emission fuel-cell freight-scale trucks to haul cargo at ports in Long Beach and Los Angeles, two of the top ten busiest ports in the country. The commission also approved a \$1.2 million grant to expand electric vehicle use at Los Angeles Air Force Base with the hope of applying vehicle to grid technology for home use. The commission approved a one percent interest \$1.8 million loan to Santa Cruz for the installation of more efficient lighting and HVAC systems and a zero-interest loan of more than \$400,000 to the Montague Elementary School District to install a 40 KW solar photovoltaic system, efficient lighting, and HVAC systems.

NY LEDs

The New York Public Service Commission approved a plan August 13 to allow Central Hudson Gas and Electric Corporation to provide LED lights for municipalities in its coverage area. The move marks the beginning of an aggressive state effort to install energy efficient lighting to increase efficiency and reduce demand on the electric grid.

CA RE

San Diego Gas and Electric hit a major milestone for renewable energy delivery in its service territory, achieving a

record 1042 MW renewable energy generation on its power grid on August 19. The utility delivered 33 percent renewable power, from wind and solar, over the last twelve months, the first California utility to reach that number.

CO Solar

SunEdison Inc. began construction on a 156 MW Colorado solar farm August 20 that will be the largest in the state and will be price competitive with natural gas. The Comanche solar farm will deliver power to the Excel Energy Inc. Public Service of Colorado utility under a 25-year agreement.

CA Drought

Geophysical Research Letters published a [study](#) August 20 finding that climate change has caused about a fifth of California's record drought, with underground water supplies evaporating more quickly than they would have without the higher temperatures caused by greenhouse gas emissions. The majority of rainfall is due to natural weather patterns, but warmer temperatures exacerbate the dry conditions, intensifying drought by about 20 percent.

RGGI Emissions Reductions

The Nicholas Institute for Environmental Policy Solutions at Duke University published a [study](#) August 21 in *Energy Economics* finding that the Regional Greenhouse Gas Initiative was responsible for half of the CO2 emissions reductions achieved in the power sector in the nine participating states from 2009 through 2012. The report concluded that the remaining emissions reductions from the power sector are due to a decline in economic activity, increased availability of low priced natural gas, and renewable portfolio standards, among other things.

CO Solar, EV Discounts

Boulder, Adams, and Denver counties, Colorado [announced](#) August 25 that they will offer residents the opportunity to purchase discounted home solar systems and electric vehicles through the Solar Benefits Colorado program. The program will offer homeowners a 15 percent discount on solar rooftop systems and about \$8,300 off the cost of a Nissan Leaf. The initiative grew out of a similar program Boulder and Denver counties offered employees in 2013.

NV Net Metering

Nevada's Public Utilities Commission extended August 27 the state metering policy through the end of the year. The state's customers hit a cap on the amount of net metering in its customer base, and the commission has to determine if it wants to continue the policy, which it will do at the end of the year. Colorado's Public Service Commission ended its net metering reassessment the day before, deciding to leave the program unchanged.

NY Solar

The village of Perry, New York, announced earlier this month that it is negotiating with Solar Liberty to host a 640-watt solar energy project at its wastewater treatment plant. The village is pursuing cheaper electricity, to the tune of \$850,000 over 25 years, and \$7 million in wastewater plant upgrades.

NY Efficient Heating

New York increased earlier this month the financial incentive for consumers and businesses to invest in wood-pellet and other high efficiency heating systems. The Renewable Heat program provides consumers funding to replace oil heating systems in older inefficient wood heating systems. It is designed to reduce air pollution and increase demand for the state's timber industry products, especially in the Adirondacks.

MISCELLANEOUS

Project Sunroof

Google announced August 17 [Project Sunroof](#), a mapping tool that can estimate how much money solar panels could save or cost compared to a house's current energy costs. The tool analyzes a building's roof size and the amount of sunlight it gets each year to suggest savings based on leasing, loaning, or building solar panels, and recommends solar providers for the work.

\$1 Billion Clean Power Fund

SunEdison Inc. announced August 17 that it is launching an investment vehicle with a Goldman Sachs Group Inc.-managed fund to fund \$1 billion in cash and loans to build and buy clean power plants. The West Street Infrastructure Partners III fund will provide \$300 million in equity and a group of banks including Bank of America Corp. and Deutsche Bank AG will supply \$700 million in debt for the world's largest renewable energy developer fund.

#ClimateMayors

The mayors of Houston, Los Angeles, and Philadelphia launched August 25 a social media campaign to reduce greenhouse gas emissions in cities across the country. The #ClimateMayors campaign supports the Clean Power Plan and President Obama's Climate Action Plan, and hopes to encourage Congress to support binding domestic greenhouse gas reduction targets under an international climate agreement.

Coke's Water Goal

Coca-Cola Company Chief Executive Officer Muhtar Kent said August 25 that the company and its bottling partners expect to replenish 100 percent of the water used in their factories by the end of the year, reaching a long-term conservation goal five years ahead of schedule. The company is already balancing about 94 percent of the water via waste treatment at its plants and reforestation projects, among other efforts.

General Mills GHG Target

General Mills announced August 31 an ambitious goal of reducing its greenhouse gas emissions 28 percent by 2025 from farm to fork to landfill, and not just within its own operations. Chief Executive Officer Ken Powell said that the company is compelled to act because climate change is ultimately bad for business.

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