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ENERGY AND ENVIRONMENT UPDATE July 29, 2013

ENERGY AND CLIMATE DEBATE

In his June 25 climate change strategy announcement, President Obama stressed the importance of a strong economy and of U.S. leadership in global greenhouse gas reduction efforts. The administration continued pushing these two aspects of the strategy this past week. First, in his two speeches on Wednesday, President Obama explained that a strong economy is needed for climate action. The same day, Vice President Biden traveled to India where environmental issues were on the agenda. Following on Secretaries Kerry and Moniz's recent trip, the Vice President said China, India, and the U.S.—the world's largest emitters of greenhouse gases--should act to prevent climate change, such as limiting hydrofluorocarbons. The climate change strategy has been highlighted regularly basis by the administration and Democratic members of Congress. They may be responding to recent polls which have shown that as climate change becomes a major political issue, voters favor proactive policies rather than denying the science behind climate change.

In their final week before a five week recess, the House will consider several bills, chiefly H.R. 2610, the Transportation, Housing and Development, and Related Agencies Appropriations Act of 2014. The Senate, meanwhile, will vote on nominations to the National Labor Relations Board and to the FBI. While the chamber has yet to finish debate on its transportation and housing appropriations bill, Senate Majority Leader Harry Reid (D-NV) has expressed optimism that the Senate will consider S. 761, the Energy Saving and Industrial Competitiveness Act of 2013 (known as Shaheen-Portman) before recess. However, there is growing doubt on the Senate's ability to take up Shaheen-Portman before recess.

Off the Hill this week, the Interior Department will hold its first offshore wind lease sale on Wednesday. 164,750 acres off the coast of Rhode Island and Massachusetts are available. The Energy Department's Bioenergy Technologies Office will hold its annual conference Biomass 2013 on Wednesday and Thursday.

CONGRESS

Republican Climate Change Report Released

The Republican members of the Senate Environment and Public Works Committee reported in their July 18 study [Critical Thinking on Climate Change: Questions to Consider Before Taking Regulatory Action and Implementing Economic Policies](#) that the Environmental Protection Agency should not regulate greenhouse gas emissions because most emission increases are from developing countries. The report also questioned the science behind reports on rising temperatures and sea levels.

Rockefeller Requests GAO Natural Gas, Transportation Report

Senate Commerce, Science, and Transportation Chairman John Rockefeller (D-WV) [asked](#) the Government Accountability Office July 19 to examine the impact of natural gas boom on the transportation sector. He expressed interest in infrastructure updates, safety, and the role of federal government.

House Letter Opposes NSPS

House Appropriations Chairman Hal Rogers (R-KY) and 22 Republican representatives asked the President in a July 22 [letter](#) to reject proposed new source performance standards. The letter said the regulation would hurt jobs and increase energy prices, especially in Appalachia.

House GOP Demand Air Pollution Information

Republican leaders of the House Science, Space, and Technology Committee sent a [letter](#) to Environmental Protection Agency Administrator Gina McCarthy on July 22 requesting that the agency release data behind health benefit claims used to support Clean Air Act regulations. In the letter, Committee Chairman Lamar Smith (R-TX) and Environmental Subcommittee Chairman Chris Stewart (R-UT) said that they would like to have the conclusions from this data independently verified and requested that the agency refrain from issuing any new rules based on the data until that time. The agency has said that they have released all available information, but it will request additional information from participating researchers.

Hoeven Considers Keystone Amendment to Shaheen-Portman

Senator John Hoeven (R-ND) announced July 23 that he is considering proposing an amendment approving the Keystone XL pipeline to S. 761, the Energy Savings and Industrial Competitiveness act of 2013, when it is considered on the floor. He continued that he will not introduce an amendment if a standalone vote is held or if the administration promises to reach a decision by the end of the August.

Subcommittee Passes DOI, EPA Appropriations

The House Appropriations Subcommittee on Interior, Environment, and Related Agencies approved on July 23 the \$24.3 billion FY14 Interior and Environment Appropriations [bill](#) 7-4. The bill cuts Environmental Protection Agency funding by 34 percent from FY13 enacted levels to \$5.5 billion. The bill also included language requiring a presidential report on climate change spending and preventing the agency from completing Tier 3 rules. Ranking Member Jim Moran (D-VA) left the markup following his opening statement because he opposed the environmental funding cuts, specifically to 20 agency [initiatives](#) including brownfields program. The full committee is expected to consider the bill this week.

Administration Cannot Support FAIR Act

Deputy Assistant Interior Secretary for Budget, Finance, Performance, and Acquisition Pamela Haze announced at a July 23 Senate Energy and Natural Resources hearing that the administration cannot support [S. 1273](#), Fixing America's Inequities with Revenues (FAIR) Act of 2013, because

funding offsets have not been identified and because it believes Congress has already addressed this issue through the Submerged Lands Act and amendments to the Outer Continental Shelf Lands Act. Ranking Member Lisa Murkowski (R-AK) and Senator Mary Landrieu (D-LA), sponsors of the bill which would increase revenue sharing to coastal states for offshore energy projects, said they are committed to finding acceptable offsets.

RFS Hearing Held

The House Energy and Commerce Subcommittee on Energy and Power held a two-day hearing on the Renewable Fuels Standard July 23 and 24, concentrating on blending requirements, the blend wall, the renewable identification number market, advanced and cellulosic biofuels, infrastructure incompatibility, and biodiesel. The three panels focused on fuel production, fuel sales and use, and the agricultural sector. Representative Bill Cassidy (R-LA) commented that he does not think there are enough votes to repeal the standard. Rep. John Shimkus (R-IL) urged both ethanol groups and those opposed to the RFS to offer constructive comments on how the RFS could be reformed. On July 26, the Energy and Commerce Committee received comments on its fifth and final white paper on the RFS. The committee is expected to use this hearing and the set of comments from the white papers to draft legislation reforming the RFS.

E&C Hearing on DOE Oversight

At the July 24 House Energy and Commerce Subcommittee on Oversight and Investigations hearing on Department of Energy oversight, Inspector General Gregory Friedman testified that the department reorganization will be beneficial as long as momentum is maintained. He said past initiatives lost their effectiveness over time. He expressed concerns about department contractor oversight and duplicative National Nuclear Security Administration programs.

House Science Hearing on Fracking Investigations

The House Science, Space, and Technology Subcommittees on Environment and Energy held a joint hearing on July 24 to examine Environmental Protection Agency investigations of the lifecycle of water used in fracking. Several members asked why the agency was not conducting a quantitative risk assessment, and Director of the Office of Science Policy Dr. Fred Hauchman said there is not enough peer-reviewed literature to conduct an assessment at this time. The study will analyze available literature, public comments, and stakeholder comments; a final draft will be published in late 2014.

Natural Resources Passes DOI Onshore Energy Plan Bill

The House Natural Resources Committee approved [H.R. 1394](#), the Planning for American Energy Act of 2013, 27-14 on July 24. The bill directs the Department of the Interior to create a four year onshore energy development plan for federal lands.

PA RIN Price Letter to McCarthy

Senators Pat Toomey (R-PA) and Bob Casey (D-PA) and Representatives Patrick Meehan (R-PA) and Bob Brady (D-PA) sent a [letter](#) to Environmental Protection Agency Administrator Gina McCarthy on July 24, asking her to reduce pressure on renewable identification number (RIN) prices.

House Passes Defense Appropriations

[H.R. 2397](#), the \$600 billion FY14 Department of Defense Appropriations Act, passed the House 315-109 on July 24. Included in the bill is an amendment from Representative Steve Scalise (R-LA) that would end funding for biofuels procurement and production; the amendment was approved by voice vote. Another amendment from Representative Bill Flores (R-TX) to end enforcement

funding for a requirement that prohibits agencies from buying unconventional fuels, including oil sands, was also approved by the House 237-189.

House Passes Coal Ash Bill

The House passed [H.R. 2218](#), the Coal Residuals Reuse and Management Act of 2013, 265-155 on July 25. The bill would consider coal ash as a solid waste. Representative David McKinley (R-WV), the bill's sponsor, announced he is considering introducing the legislation as an amendment to another bill if the Senate does not pick up the issue; Senator John Hoeven (R-ND) has been working on similar legislation. Two days prior, the White House [announced](#) it would oppose the bill if environmental and public health issues are not addressed.

Wyden, Murkowski to Work on Natural Gas Policies

Senate Energy and Natural Resources Chairman Ron Wyden (D-OR) announced on July 25 that he and Ranking Member Lisa Murkowski (R-AK) have begun looking at ways to modify federal natural gas laws. He said they are developing legislation that targets four main areas: infrastructure development and methane leaks, transportation fuels, LNG exports, and the regulatory division between states and the federal government. The two lawmakers will be reaching out to lawmakers on both sides of the aisle over the August recess.

Wyden Requests NAS FracFocus Study

Senate Energy and Natural Resources Chairman Ron Wyden (D-OR), in a July 25 [letter](#) to Energy Secretary Ernest Moniz, requested a National Academy of Sciences (NAS) study of FracFocus. The senator asked NAS to review accessibility of data, data retention, operating procedures, and water quality monitoring.

House Science Hearing on Coal

At a July 25 House Science, Space, and Technology Subcommittee on Energy hearing on coal, witnesses promoted carbon capture and storage and enhanced oil recovery technologies. Acting Assistant Energy Secretary for Fossil Energy Chris Smith said the government plays an important role by promoting research collaboration and funding critical programs. He also commented that low natural gas prices have created competition for coal and that technological innovations can help ensure coal remains relevant.

Rush, Blumenauer, Markey Climate Change Task Force Co-Chairs

Representatives Bobby Rush (D-IL) and Earl Blumenauer (D-OR) were named House co-chairs of the Bipartisan Task Force on Climate Change on July 25, and Senator Ed Markey (D-MA) was made a Senate co-chair. Current chairmen of the task force, which formed in January, include Senators Ben Cardin (D-MD) and Sheldon Whitehouse (D-RI) and Representative Henry Waxman (D-CA).

Merkley Letter on Clean Energy Tax Reform Sent

Senator Jeff Merkley (D-OR) led a July 26 letter to Senate Finance Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT) advocating for clean energy tax policy initiatives. The letter, cosigned by six Democrats and one Independent, promoted clean energy investment, policy certainty, tax policy parity, and access to low-cost private capital. Specific issues addressed included the Section 45 and Section 48 tax credits. A copy of the letter is attached.

Sanders Tax Reform Letters Sent

Senator Bernie Sanders (I-VT) sent several tax reform letters to Senate Finance Chairman Max Baucus (D-MT) and Ranking Member Orrin Hatch (R-UT) on July 26, including [one](#) on energy and

environment tax policies. The senator advocated for a carbon tax, predictable clean energy federal incentives, and the ending of subsidies for the oil, gas, and coal industries.

Bills Introduced

- On July 22, Representatives Ted Poe (R-TX), John Carter (R-TX), and Pete Olson (R-TX) reintroduced [H.R. 2771](#), the Expedite Our Economy Act of 2013. The bill would repeal requirements outlined in the Natural Gas Act to import and export natural gas.
- The same day, Representative Rodney Davis (R-IL) and 24 cosponsors introduced [H.R. 2776](#), a bill to create a regulatory review process for rules promulgated by the Environmental Protection Agency Administrator.
- The same day, Representatives Steve Stivers (R-OH) and Cedric Richmond (D-LA) introduced [H.R. 2784](#), the American-Made Energy and Infrastructure Jobs Act. The bill would expand Outer Continental Shelf drilling; revenue would go to support transportation and water infrastructure projects.
- On July 23, Representative Paul Tonko (D-NY) introduced [H.R. 2803](#), a bill to create a research, development, and technology demonstration program to improve gas turbine efficiency in combined cycle and simple cycle power generation systems.
- On July 24, Senators Jim Inhofe (R-OK), Mark Begich (D-AK), Roy Blunt (R-MO), and Bob Casey (D-PA) introduced [S. 1355](#), a bill to remove the cap on CAFE bonus credits to encourage dual-fuel natural gas and other alternative fuel vehicles.
- On July 25, Senator Dean Heller (R-NV) introduced [S. 1363](#), the Energy Consumers Relief act of 2013. The bill prevents the Environmental Protection Agency from finalizing regulations if the rule is determined to cause significant adverse economic effects. The bill also requires the agency to submit cost-benefit analysis to Congress prior to finalizing rules estimated to cost over \$1 billion.
- The same day, Representative Lee Terry (R-NE) introduced [H.R. 2823](#), the Gas Accessibility and Stabilization Act of 2013. The bill would require a fuel system requirements harmonization study by the Environmental Protection Agency.
- The same day, Representative Matt Cartwright (D-PA) introduced [H.R. 2825](#), the Closing Loopholes and Ending Arbitrary and Needless Regulations Act of 2013. Cosponsored by 42 Representatives, the bill would require that crude oil, geothermal energy, and natural gas waste materials be regulated by the Solid Waste Disposal Act.

Upcoming Hearings

- On July 30, the Senate Energy and Natural Resources Committee will consider [S. 1240](#), the Nuclear Waste Administration Act of 2013. Energy Secretary Ernest Moniz is a witness.
- On July 31, the Senate Environment and Public Works Committee will host a hearing to examine public health and toxic chemical threats.
- The same day, the Senate Finance Committee will hold a hearing to review energy tax reform.
- The same day, the House Appropriations Committee will mark up the FY14 Interior and Environment Appropriations bill.
- The same day, the House Energy and Commerce Subcommittee on Environment and the Economy will hold a hearing on the President's nuclear waste proposal. Secretary of Energy Ernest Moniz will be the only witness.
- The same day, the House Natural Resources Committee will mark up several bills including [H.R. 2728](#), Protecting States' Rights to Promote American Energy Security Act.

ADMINISTRATION

Simon to OSTP

President Obama nominated on July 24 former Senate Energy and Natural Resources Democratic staff director Bob Simon to serve as Office of Science and Technology Policy Associate Director for Energy and Environment. He currently serves as an advisor in the Department of Energy Office of Science. He previously worked as the Energy Department Office of Energy Research Principal Deputy Director in the early 1990s.

WV Meeting on Coal Set

The administration is set to meet with approximately 15 to 17 West Virginia Democratic officials on August 1 to discuss coal. The officials will advocate for the importance of coal in the all-of-the-above strategy, citing positive impacts on the job and energy markets in the state. Senators Joe Manchin (D-WV) and John Rockefeller (D-WV), Representative Nick Rahall (D-WV), and Governor Earl Ray Tomblin (D) are expected to participate in the meeting.

DEPARTMENT OF ENERGY

Global Energy Consumption to Rise 56 Percent

The Energy Information Administration reported July 25 in its [International Energy Outlook 2013](#) that global energy consumption is projected to grow 56 percent over the next 30 years. The rise is linked to growth in developing countries; China and India will account for half of the increase. The agency projects that 80 percent of the world's energy will come from fossil fuels in 2040 with natural gas being the fastest growing fuel.

First QER Report to Focus on Energy Infrastructure

Melanie Kenderdine, an advisor to Energy Secretary Ernest Moniz, announced on July 25 that the White House's first Quadrennial Energy Review will focus on energy infrastructure. She justified the move by highlighting the importance of energy infrastructure to transforming the energy economy and stressed that focused reports are frequently more useful than broad, comprehensive ones.

Moniz, Vilsack to Address Biomass 2013

Energy Secretary Ernest Moniz and Agriculture Secretary Tom Vilsack will speak at the Bioenergy Technologies Office's Biomass 2013 conference on August 1. The conference, which begins July 31, will also feature Bioenergy Technologies Office Acting Director Valerie Reed, Deputy Assistant Energy Secretary for Energy Efficiency and Renewable Energy Michael Carr, Senator Chuck Grassley (R-IA), Representative John Garamendi (D-CA), and White House Deputy Director for Energy and Climate Change Dan Utech.

DEPARTMENT OF INTERIOR

Report: Store Nuclear Waste in Shale

The U.S. Geological Survey released a [paper](#) on July 23 arguing that shale formations should be considered as possible sites for storing nuclear waste. Shale is attractive because it does not let in water easily, and the present clay can prevent the escape of radionuclides though more research is still needed.

Offshore Wind Auction

This week the Bureau of Ocean Energy Management will conduct a competitive auction for the Rhode Island-Massachusetts wind energy area. This will be the first auction conducting under BOEM's recent regulations.

ENVIRONMENTAL PROTECTION AGENCY

FOIA Releases Fracking Earthquake Report

The Environmental Protection Agency reported in a July 22 [draft study](#) that fracking wastewater wells in Arkansas, Ohio, and West Virginia experienced small to moderate earthquakes and that these earthquakes increased in magnitude and frequency over time. The report recommended companies operating these sites should stop the procedure or change their tactics. The authors of the draft study, which was released via a Freedom of Information Act request, are still collecting input from stakeholders. The Science Advisory Board will review the report once it is released.

SCOTUS Brief Defends Greenhouse Gas Regulations

In a July 22 [brief](#) to the Supreme Court, the Environmental Protection Agency requested that the court dismiss petitions to overturn the greenhouse gas regulatory program. The U.S. Court of Appeals for the District of Columbia Circuit upheld the regulations in 2012. The agency said the Clean Air Act required it to promulgate vehicle greenhouse gas regulations.

Court Upholds EPA 2008 Primary Air Quality Standards

The U.S. Court of Appeals for the District of Columbia Circuit upheld the Environmental Protection Agency 2008 primary air quality standards for ozone on July 23. The standards, which tightened the previous level of .08 parts per million, were considered too strict by states and too weak by environmental groups. The court found the agency made the rational decision in tightening the standard.

Ganesan, Feldt Appointments Announced

Environmental Protection Agency Administrator Gina McCarthy appointed Arvin Ganesan as Deputy Chief of Staff on July 25. Ganesan previously worked as Associate Administrator in the Office of Congressional and Intergovernmental Relations and as senior policy advisor to former Senator Frank Lautenberg (D-NJ). The same day, Administrator McCarthy appointed Deputy Assistant Administrator for Solid Waste and Emergency Response Lisa Feldt to be Associate Deputy Administrator.

State Implementation Plan Cases Dismissed.

The U.S. Court of Appeals for the District of Columbia Circuit dismissed on July 26 cases that challenged an Environmental Protection Agency request for state implementation plans for greenhouse gas air pollution plan updates. The court found that plaintiffs Texas, Wyoming, and the Utility Air Regulatory Group failed to show that the regulation caused injury. The agency announced the requirement in December 2010.

NUCLEAR REGULATORY COMMISSION

Court Denies Vogtle Plant Case Rehearing

The U.S. Court of Appeals for the District of Columbia Circuit denied the rehearing of a case involving the Nuclear Regulatory Commission approval of the Southern Co. Vogtle plant. Environmental groups asked the court to review the case, saying the previous rejection conflicted with two other nuclear cases.

INTERNATIONAL

Alberta Finds Little Wrong with Keystone SEIS

The government of Alberta responded to State Department's Supplemental Environmental Impact Statement related to the proposed Keystone XL pipeline on July 19 with a document that held few criticisms of the statement. Instead, in the document submitted to Secretary Kerry, the government agreed with the State Department's conclusion that approving the pipeline would not increase carbon emissions while touting its own environmental record and pledging to be environmentally responsible.

Voluntary Greenhouse Gas Program Launched in India

The Indian chapter of the World Resources Institute, the Energy and Resources Institute, and the Confederation of Indian Industry formally launched the Indian Greenhouse Gas Program on July 22. The voluntary program will provide member companies with tools and advisors to help them measure their greenhouse gas emissions, identify reduction opportunities, and set short- and long-term pollution goals. Over 20 large companies from a variety of sectors have already joined the program.

EU Green Economy Report Released

The European Environment Agency reported in its July 24 study [Towards a Green Economy in Europe: EU Environmental Policy Targets and Objectives 2010-2050](#) that the EU green economy goal will require major policy changes to be accomplished. The EU currently has 63 legally-binding targets, but since most are to be met by 2020, additional policies are needed for the long-term.

EU Negotiator Opposes US Aviation Policy

The European Parliamentarian Peter Liese, the environment committee's lead negotiator, said July 24 that the Obama Administration's efforts to reduce aviation greenhouse gas emissions are too weak. He commented that the EU should continue with plans to impose its emissions trading system on international flights should no improvements to U.S. policy be made by the September meeting of the International Civil Aviation Organization.

China Begins Taxing Imported Polysilicon

The Chinese Ministry of Commerce began levying tariffs on July 24 against polysilicon, a key component in solar panel production, imported from the U.S. and South Korea. While the tariffs may be as high as 57 percent, they will not be enforced on materials used to make panels destined for export. The tariff is a result of an anti-dumping study that began in 2012

MISCELLANEOUS

Keystone XL Fails Public Interest Test Says Report

The Natural Resource Defense Council released a [white paper](#) on July 23 arguing that the Keystone XL pipeline should fail the President's test for increasing greenhouse gas emissions. The report argues that tar sands extraction depends on completion of the Keystone XL pipeline, as there are no other economically viable options for transporting the product out of Alberta. The paper was submitted to the State Department as a comment to the Keystone XL project.

NARUC Opposes Order 1000

The National Association of Regulatory Utility Commissioners expressed opposition to the Federal Energy Regulatory Commission's Order 1000 in a July 24 resolution, [Resolution Regarding State Authority Over Public Utility Resource Planning](#). The group said the regional transmission planning rule oversteps upon states' authority to assess and permit bulk electric systems.

CoalBlue Project Launched

Former Representatives Rick Boucher (D-VA), Jerry Costello (D-IL), and John Tanner (D-TN) launched July 24 the [CoalBlue Project](#), which is designed to stress the importance of coal in an all-of-the-above energy strategy. Senators Heidi Heitkamp (D-ND) and Joe Manchin (D-WV) and Representatives Bill Enyart (D-IL) and Nick Rahall (D-WV) praised the project.

AWEA Letter Opposes Hoeven-Manchin Amendment

The American Wind Energy Association expressed opposition to an amendment to S. 761, the Energy Savings and Industrial Competitiveness Act, expected to be introduced by Senators John Hoeven (R-ND) and Joe Manchin (D-WV) in a July 25 letter. The amendment would repeal a requirement set up by the Energy Independence and Security Act of 2007 for all federal buildings to abandon fossil-fuel generated energy by 2030. The letter also expressed support for an anticipated amendment from Senator Sheldon Whitehouse (D-RI) which would keep this requirement in place.

Small Business and Climate Change Preparedness Report

The Small Business Majority reported in its July 25 study [Climate Change Preparedness and the Small Business Sector](#) that small businesses do not have the resources to analyze potential losses associated with climate change. About 25 percent of these businesses do not reopen after a disaster. 57 percent do not have a recovery plan.

Solar Generating Capacity Report

[Lighting the Way: What We Can Learn from America's Top 12 Solar States](#), a July 26 report by Environment America, found that solar power capacity in the United States has tripled since 2010 and has grown ten times since 2007. It recommended more national solar-friendly policies which could increase solar energy production by 10 percent by 2030. The report also listed the top 12 states based on per capita solar capacity: AZ, NV, HI, NJ, NM, CA, DE, CO, VT, MA, NC, and MD.