



## ML Strategies Update

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## Energy & Environment Update

### ENERGY AND CLIMATE DEBATE

Congress returns this week to being their spring work period, and energy issues are expected to garner significant attention.

We anticipate that the annual appropriations process (see the attached legislative update), the Highway Trust Fund, and a host of messaging bills will dominate this work period. The House plans to quickly move the first of the fiscal year 2015 appropriations bills to the floor soon, with others to follow shortly in May. House appropriators have signaled that they plan to have all 12 measures passed on the floor by the time they depart for the August recess. After addressing the minimum wage, the Senate plans to move to the Senate Finance Committee-approved tax extenders package, as well as the Shaheen-Portman energy efficiency measure (S. 2074), a national manufacturing strategy (S. 1468), and Presidential nominations. The Senate plans to address some of the first appropriations bills on the floor in June.

While Senate Majority Leader Harry Reid (D-NV) plans to bring the tax extenders package to the floor soon, House Ways and Means Chair Dave Camp (R-MI) is taking a slower approach, with multiple hearings and markups scheduled before the August recess.

The State Department's recent move to delay a decision on the Keystone XL pipeline has reignited a Congressional interest in forcing approval of the project. A plurality of senators are on record supporting the pipeline, but no legislation other than a nonbinding resolution has passed in the chamber because supportive Democrats have not wanted to usurp the president's authority to make the final call. Senator John Hoeven (R-ND) has reached out to Senate Energy and Natural Resources Committee Chair Mary Landrieu (D-LA) to strategize, and Senator Heidi Heitkamp (D-ND) has gone on record saying that she is interested in reopening the discussions again. The House has already passed measures requiring the Obama Administration approve the pipeline. Meanwhile, project opponents Senators Barbara Boxer (D-CA) and Sheldon Whitehouse (D-RI) sent a [letter](#) April 25 to Secretary of State John Kerry asking him to commit to a comprehensive human health study of tar sands oil and the proposed Keystone XL pipeline.

On the Administration front, *Rolling Stone* released a lengthy [article](#) April 23 reporting that President Obama is launching one of the "biggest gambles of his presidency" by attempting to address climate change. From greenhouse gas standards for new, modified, and existing power plants; to delaying and potentially blocking the Keystone pipeline; to positioning the United States as a climate leader in the next round of international climate negotiations, the Obama Administration could significantly impact United State energy policies, but some fear that

administrative actions will cost Democrats control of the Senate, and even prevent the country from successfully addressing climate change in a meaningful and lasting way.

## CONGRESS

### **NH Oil Sands Pipeline Concerns**

New Hampshire Senators Jeanne Shaheen (D) and Kelly Ayotte (R) and Representatives Carol Shea-Porter (D) and Ann Kuster (D) sent a letter April 18 to Secretary of State John Kerry asking him to insist on a presidential permit if Portland Pipe Line Corporation pursues a plan to ship Canadian oil sands production through New England to a port facility in Maine. The New Hampshire delegation said that state residents are concerned about the plan.

### **Climate Change Risks FL Properties and Tourism**

During an April 22 field hearing in Miami Beach organized by Senator Bill Nelson (D-FL), local officials said that climate change impacts could put at risk billions of dollars worth of coastal properties and tourism activities in South Florida. Senator Nelson charged that the state has already experienced between five and eight inches of sea level rise, while Florida Atlantic University says that another three to nine inches by 2050 could destroy most of the coastal structures protecting Southeast Florida from flooding and saltwater intrusion. Senator Nelson will discuss the issue with the Senate Climate Change Task Force, and Senator Sheldon Whitehouse (D-RI) met with elected officials and scientists in Miami April 25 as part of his climate road trip.

### **Upcoming Hearings**

The House Energy and Commerce Committee will meet April 30 to mark up legislation (H.R. 6) from Representative Cory Gardner (R-CO) that would expedite the Department of Energy's approval of liquefied natural gas export permits. The United Steelworkers released a letter April 28 opposing the legislation.

The Senate Energy and Natural Resources Committee will hold a hearing in May on the Keystone XL pipeline and other energy infrastructure.

## ADMINISTRATION

### **CEQ Staff**

Kate Brandt will soon depart the Department of Energy's Office of Science to serve as Federal Environmental Executive at the Council on Environmental Quality.

### **US-China Clean Energy Cooperation**

The U.S.-China Economic and Security Review Commission held a hearing April 25 on the challenges and opportunities to addressing China's energy needs and clean energy policies and recent developments on collaboration between the two countries on clean energy.

## DEPARTMENT OF COMMERCE

### **African Energy Trade Mission**

Secretary of Commerce Penny Pritzker [announced](#) April 25 that she will lead 20 American companies on an Energy Business Development trade mission to West Africa May 18-23.

### **American Business in Africa's Power Sector**

The Commerce Department's Minority Business Development Agency's Miami Business Center hosted April 22 the Power Africa B2B Summit to promote the public-private partnership envisioned by President Obama's Power Africa Initiative. President Obama announced the initiative last year to double the number of people with access to power in Sub-Saharan Africa, where 600 million people lack access to electricity.

## DEPARTMENT OF ENERGY

### **LNG Export Applications Continue**

Secretary of Energy Ernest Moniz said April 23 that the department would continue to process licenses to export liquefied natural gas to non-free trade agreement countries. Six conditional approvals are pending at the Federal Energy Regulatory Commission for National Environmental Policy Act review. 24 applications representing more than 35 billion cubic feet per day of exports are pending review before the department, which has already approved

or conditionally approved 9.3 billion cubic feet per day.

### **Loan and Loan Guarantee Closures Forthcoming**

Secretary of Energy Ernest Moniz said April 23 that he expects the Department of Energy to finalize by the end of the year several loans and loan guarantees. The agency has about \$40 billion in existing authority in its 1703 Advanced Technology Vehicle Manufacturing programs, as well as an active solicitation for fossil energy projects, a draft [solicitation](#) for renewable and efficiency projects, and a soon-to-be-closed loan guarantee for the Vogtle nuclear project.

### **G7 Fracking**

Secretary of Energy Ernest Moniz said April 25 that preliminary conversations ahead of an upcoming meeting of G7 energy officials indicate a potential increased openness to more widespread fracking in Europe amid uncertainty over the future use of Russian natural gas.

## **DEPARTMENT OF INTERIOR**

### **BLM Methane Capture**

The Bureau of Land Management will publish in the Federal Register April 29 a request for public comment on a [proposal](#) to establish a program to capture or destroy methane waste from coal and mineral mines on federal lands. The agency will accept public comment for 60 days.

## **DEPARTMENT OF JUSTICE**

### **GHG Defense**

The Department of Justice issued a [report](#) April 22 highlighting its legal defenses of greenhouse gas regulations as part of the agency's Environment and Natural Resources Division fiscal year 2013 work. The division brought in nearly \$1.8 billion in penalties and other monetary relief and secured another \$6.5 billion in corrective measures last fiscal year. The Supreme Court will rule later this year on lawsuits over stationary source greenhouse gas regulations.

## **DEPARTMENT OF STATE**

### **Ocean Threats Conference**

Secretary of State John Kerry announced April 21 that he would host a global conference June 16-17 addressing three significant threats to the ocean: overfishing, marine pollution, and ocean acidification.

### **Keystone Determination to Consider Health**

The Department of State confirmed April 23 that its National Interest Determination for the proposed Keystone XL pipeline would consider health impacts.

## **ENVIRONMENTAL PROTECTION AGENCY**

### **Brownfield Clean Up Must Consider Climate Change**

The Environmental Protection Agency will now [require](#) recipients of grants to clean up brownfields to evaluate climate change concerns.

### **Climate Change Challenges**

Appearing on The Daily Show April 21, Environmental Protection Agency Administrator Gina McCarthy called climate change the biggest health and economic issue the United States faces, and said that states and the private sector need to hasten their efforts to develop alternative energy sources.

### **Modified Plant Proposal to OMB**

The Environmental Protection Agency sent April 21 a proposed rule that would regulate CO2 emissions from modified power plants to the Office of Management and Budget for interagency review.

### **Cellulosic Biofuel Standard Reduced**

The Environmental Protection Agency issued April 22 a new direct final [rule](#) reducing the 2013 volume mandate for cellulosic biofuels under the Renewable Fuels Standard. The revisions follow petitions for reconsideration from the

American Petroleum Institute and the American Fuel Petrochemical Manufacturers.

### **Haze Delay Explanation Required**

The U.S. District Court for the District of Columbia ruled April 23 that the Environmental Protection Agency must provide a brief explanation to justify its request for more time to issue rules to limit regional haze in Oklahoma and Texas. The agency must submit an explanation by May 7.

### **AK Particulate Matter Case**

Environmental groups filed a lawsuit in the U.S. District Court for the Western District of Washington April 24 seeking to compel the Environmental Protection Agency to find that Alaska failed to submit by last June a required state implementation plan for addressing fine particulate matter in Fairbanks, Alaska.

### **OH Permitting Violations Alleged**

The Environmental Protection Agency filed a [lawsuit](#) April 24 in the U.S. District Court for the Northern District of Ohio accusing Akron, Ohio, and Akron Energy Systems of operating a coal-fired boiler without the proper permits for almost 15 years, violating prevention of significant deterioration permitting requirements and new source performance standards.

### **Vehicular GHG Reductions Greater than Required**

The Environmental Protection Agency released a [report](#) April 25 finding that light-duty vehicle manufacturers achieved more greenhouse gas emissions reductions in model year 2012 vehicles than the agency required. Environmental Protection Agency Deputy Administrator Bob Perciasepe said that the agency's pending rule on greenhouse gas emissions for existing power plants could use market based approaches similar to those employed by the vehicular standards, but that it would not be the same.

### **Tier Three Finalized**

The Environmental Protection Agency will publish in the Federal Register this week the Tier 3 rule for gasoline, setting an ethanol content of 10 percent, and an RVP of 9psi for emissions test gasoline.

## **FEDERAL ENERGY REGULATORY COMMISSION**

### **Midwest Rolling Blackouts Projected**

Federal Energy Regulatory Commissioner Philip Moeller said April 23 that a projected 2 GW generation shortfall and extreme weather could lead to rolling blackouts for the Midwest in 2016.

### **Cyber Security Meeting**

The Federal Energy Regulatory Commission will hold a technical [meeting](#) April 29 on cybersecurity and communications security standards for power generators. The agenda includes a discussion of possible disjunctures between the commission's grid reliability standards and the National Institute of Standards and Technology's voluntary cybersecurity framework for critical infrastructure.

## **INTERNATIONAL TRADE COMMISSION**

### **Wind Dispute Settled**

The International Trade Commission [terminated](#) April 24 its investigation under Section 337 of the Tariff Act of 1930 into imports of variable speed wind turbines after General Electric and Mitsubishi reached a settlement agreement.

## **INTERNATIONAL**

### **UN 2015 Climate Treaty Options**

The United Nations released April 22 a [summary](#) of options for the global 2015 climate agreement, including one that would make emissions reductions binding for developed countries but voluntary for developing nations, and another that would make the agreement legally binding for all participating countries. European Union Commissioner for Climate Action Connie Hedegaard said during a visit to China April 25 that the agreement must be legally binding for all nations, and that China, specifically, must take strong action.

### **EU Auto Engine Test by 2017**

The European Commission said April 23 that it plans to adopt by 2017 a new engine test cycle for estimating vehicular fuel efficiency standards, the World Light Duty Test Procedure, despite opposition from European car manufacturers insisting that the time line is too ambitious. The automobile manufacturers want the date pushed

back to 2021.

### **Biodiesel WTO Dispute**

World Trade Organization members agreed April 25 to establish a dispute panel to rule whether the European Union's antidumping duties on imports of biodiesel fuel violate global trade rules. Argentina requested the panel, but the European Union first blocked it at a Dispute Settlement Body meeting March 25.

### **Indian Solar Trade Case**

India blocked April 25 a United State request for the establishment of a World Trade Organization dispute panel to rule whether India's domestic content requirements for products used in its national solar energy program violate global trade rules.

## **STATES**

### **IN Natural Gas Vehicle Legislation**

Indiana enacted legislation ([H.B. 1180](#)) March 27 to limit the tax credit for compressed natural gas vehicles, add a requirement for certain alternative fuel vehicles to obtain a tax fuel decal, and change the definition of commercial vehicles.

### **UT Solar Credit**

Utah enacted legislation ([S.B. 224](#)) April 1 providing a refundable tax credit to taxpayers who own or lease solar commercial energy systems they begin using after next January 1. The credit is equal to the product of 35 cents and the number of kilowatt-hours of electricity produced and used or sold during the tax year.

### **MN GHG Law Ruled Unconstitutional**

The U.S. District Court for the District of Minnesota [overturned](#) April 18 a Minnesota law that aimed to reduce CO2 emissions from power plants, ruling that it violated the Commerce Clause. Minnesota Governor Mark Dayton (DFL) will appeal the ruling.

### **NE Governor Calls for Keystone Ruling Dismissal**

Nebraska Governor Dave Heineman (R) asked the State Supreme Court April 21 to dismiss a trial judge's February 19 ruling that the Keystone XL pipeline was approved without proper authority. The court may not hear the case until at least September, and is likely to not rule on it until after the November midterm elections.

### **U.S. Cities Progressing Toward CO2 Goals**

The U.S. Conference of Mayors released a [survey](#) April 22 finding that more than half of American cities have made formal pledges to reduce their CO2 emissions and that most of those cities are making progress toward their goals.

### **NY Solar Commitment**

New York Governor Andrew Cuomo [committed](#) April 24 \$1 billion to NY-Sun, to significantly expand solar deployment throughout the state and transform the state's solar industry to a sustainable, subsidy-free sector.

## **SUSTAINABILITY**

### **Businesses Addressing Climate Change**

Business for Social Responsibility released two reports last week describing how businesses can build climate resilience by investing in adaptation and mitigation efforts. The [first](#) report finds that companies around the world are facing increasing climate change risks; and the [second](#) focuses on the transportation sector, describing how to address challenges to adopting low-carbon fuels.

### **Electronics Recycling Rising**

The Consumer Electronics Association [announced](#) April 21 that the United States recycled more than 620 million pounds of consumer electronics last year, more than double the amount recycled in 2010. The association and twelve industry leaders hope to recycle more than one billion pounds of consumer electronics a year by 2016.

### **\$5 Million Efficiency Competition**

Georgetown University [launched](#) April 23 a new energy efficiency competition with a \$5 million prize. At least 49 small and medium United States communities and cities will compete, and thousands more are eligible. Participants will compete to reduce power and gas consumption through 2017.

### **\$1 Billion for GE Renewables**

General Electric announced April 24 that its Energy Financial Services unit will invest more than \$1 billion a year on renewable power projects, building upon the \$10 billion the company has invested in 17 GW of mostly wind and solar power since forming the unit in 2006. Those plants help avert 26 MMT GHG/year.

### **MISCELLANEOUS**

#### **Cellulosic Ethanol Emissions**

Researchers from the University of Nebraska-Lincoln published a [study](#) in the April 20 edition of Nature Climate Change finding that using corn stover to produce cellulosic ethanol releases carbon dioxide that would otherwise have been stored in the soil. The study concludes that ethanol produced from corn stover can emit 7 percent more life-cycle GHGs than gasoline, exceeding the 60 percent life-cycle GHG emissions reduction required to qualify as advanced biofuel under the renewable fuel standard.

#### **Nuclear Matters Members**

Former Clinton-era Environmental Protection Agency Administrator and energy advisor to President Obama Carol Browner joined the Nuclear Matters campaign April 22. Former Senators Evan Bayh and Judd Gregg launched Nuclear Matters last month to promote the benefits of the country's existing reactor fleet. The group's Leadership Council already includes former Energy Secretary Spencer Abraham and former Commerce Secretary and chief of staff to President Obama Bill Daley.

#### **Gallup Climate Poll**

An April 22 Gallup [poll](#) found that a quarter of Americans are skeptical of climate change, believing that it is due to natural temperature variations and will not pose a major threat. 39 percent attribute climate change to human activities and are worried, and 36 percent are somewhere between the two groups.

#### **FASB to Vote on Carbon Disclosure**

The Financial Accounting Standards Board will decide today whether to begin an effort aimed at having oil, gas, coal, and power companies make footnote disclosures about their carbon holdings. If the board does not reject the general course, it could add it to the standard-setting agenda or direct it toward the Emerging Issues Task Force to potentially draft guidance.

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