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ENERGY & ENVIRONMENT UPDATE March 17, 2014

ENERGY AND CLIMATE DEBATE

Energy issues garnered attention on the international front as well as here at home last week.

Delegates at last week's climate talks in Bonn continued to take steps to prepare for a 2015 climate treaty. The next round of meetings will take place in June, setting up for the annual Conference of Parties negotiations at the end of the year in Peru.

In Congress, the Senate Climate Action Task Force held an all-night session on the Senate floor March 10 to highlight the importance of acting to address climate change. Over in the House, Energy and Commerce subcommittees held a joint panel to debate the question of whether carbon capture and sequestration technology has been adequately demonstrated, even though it is not produced at a commercial scale.

With Congress in recess this week, leaders in both houses are beginning to craft agendas and plans for the spring. Senate Majority Leader Harry Reid (D-NV) has said that he plans to revive his economic agenda, including renewed jobless aid, a minimum wage hike, and pay equity guarantees, soon after returning from the recess next week. Speaker of the House John Boehner (R-OH) said March 13 that the House's priorities in the upcoming months will include legislation dealing with highway funding, terrorism risk insurance, the Export-Import Bank, and food stamp eligibility. He said that the House will also continue to address issues surrounding immigration and the Affordable Care Act, as well as the budget.

CONGRESS

Additional MD LNG Hearings Requested

Senators Ben Cardin (D-MD) and Barbara Mikulski (D-MD) sent a [letter](#) March 6 to Federal Energy Regulatory Commission Chair Cheryl LaFleur requesting that the agency hold additional public hearings in Maryland regarding the proposed \$3.8 billion Dominion Cove Point Liquefaction facility. The facility would liquefy 770 million cubic feet/day of fracked Appalachian natural gas, and export it to Asia from a terminal in the Chesapeake Bay.

All-Night Climate Talks

Twenty-nine Democrats and two Independent senators held an all-night session on the Senate floor March 10 to urge action to combat climate change. Given what they called the overwhelming scientific evidence of the need to act, the group called for a renewed push for climate change legislation, though warned that the overnight session was intended to raise public awareness of the issue in the hope of passing comprehensive climate legislation in the next few years. The event, organized by Senators Brian Schatz (D-HI) and Sheldon Whitehouse (D-RI), was the highest profile event to date from the Senate Climate Action Task Force.

ENR Staff Director Named

Senate Energy and Natural Resources Chair Mary Landrieu appointed March 11 longtime aid Elizabeth Craddock as her committee staff director. Ms. Craddock has been with Senator Landrieu since 2006, and currently serves as her legislative director and counsel, focusing primarily on energy issues. She is the first woman to lead the committee's majority staff.

Solar ITC Support Letter

Twenty-eight senators sent a letter March 11 to Senate Majority Leader Harry Reid (D-NV) and Finance Committee Chair Ron Wyden (D-OR), asking them to incorporate in tax extender legislation a bill to allow solar projects to qualify for the Investment Tax Credit while they are under construction, as opposed to after they are completed, before the credit expires at the end of 2016.

PTC Future Uncertain

Representative Charles Boustany (R-LA) said March 11 that as House Republicans attempt comprehensive tax reform, they are uninterested in moving forward this year with the production tax credit. Efforts are underway in the Senate and by some in the House to resurrect the expired tax extender programs sometime this year.

ENR Agenda Forthcoming

Senator Mary Landrieu said March 12 that she is considering holding a hearing on the Keystone XL pipeline as she finalizes the Senate Energy and Natural Resources Committee's agenda. The senator is expected to unveil a detailed committee agenda this week, but it is likely to focus on energy infrastructure, job creation, and energy independence.

New Technologies Needed

Senator Lisa Murkowski (R-AK) said March 12 that while the United States has made progress in addressing climate change, additional technologies are needed to promote energy resources while battling greenhouse gas emissions. She said that the country needs to invest more in energy efficiency and conservation as well.

NSPS Questioned

The House Energy and Commerce Committee launched an investigation March 12 into how the Environmental Protection Agency reached its decision to effectively require carbon capture and sequestration technology use in order to comply with emission standards for new power plants. Six senior Republicans sent a [letter](#) questioning the legality of the agency's proposed rule and requesting information that could shed light on the proposal's development. The same day, Acting Administrator for Air and Radiation Janet McCabe told the Energy and Environment Subcommittees that the proposed new source performance standard would not explicitly require power plants to install the technology, but said that the technology has been adequately demonstrated. She also said

that the proposed rule for limiting greenhouse gas emissions for modified power plants would come out this spring.

LNG Amendment Blocked

The Senate Foreign Relations Committee ruled March 12 that an amendment to a Ukraine aid bill that would have required expedited approval of natural gas exports to members of the North Atlantic Treaty Organization was out of order. Senator Robert Menendez (D-NJ) said that the amendment from Senator John Barrasso (R-WY) was not in the committee's jurisdiction. Senator Barrasso has prepared a second amendment to require the Energy Department to approve natural gas export applications to a wider range of countries; he will attempt to attach his amendments during consideration on the Senate floor.

Kerry Declines to Answer Keystone Questions

Appearing before House and Senate appropriation subcommittees March 13, Secretary of State John Kerry testified on the State Department's budget, but rebuffed questions on the Keystone XL pipeline.

Keystone XL Pipeline Debate

Twenty-seven House Democrats sent a letter last week to Secretary of State John Kerry urging him to reject the Keystone XL pipeline. The group charges that the pipeline would contribute negatively to climate change. The Senate Foreign Relations Committee debated the pros and cons of the project during a March 13 hearing.

Kerry Defense Climate Comments

Secretary of State John Kerry testified before the House Foreign Affairs Committee March 13, defending his comment last month that included climate change in the top tier of global threats including terrorism, weapons of mass destruction, and poverty. He said that if we do not soon act to address climate change, "life on Earth could literally end."

Legislation Introduced

- Representative Matt Cartwright (D-PA) introduced legislation (H.R. 4162) March 6 to establish a financing energy efficient manufacturing program in the Department of Energy to provide financial assistance to promote energy efficiency and onsite renewable technologies in manufacturing and industrial facilities.
- Senators Susan Collins (R-ME) and Dick Durbin (D-IL) introduced legislation (S. 2100) March 10 targeting carbon pollution from cookstoves. The Clean Cookstoves Support Act would authorize appropriations for the Departments of State and Energy, the Environmental Protection Agency, and the National Oceanic and Atmospheric Administration to support the goals of the Global Alliance for Clean Cookstoves.
- Senator Ed Markey (D-MA) introduced legislation (S.2136) March 13 to require that if the Keystone pipeline is approved, all oil transported and refined fuels produced from the oil be kept in the country for domestic use.
- The same day, Senators Markey and Carl Levin (D-MI) introduced legislation (S. 2135) to require oil companies that import or produce tar sands oil that allows them to avoid paying into an oil spill trust fund.
- Senator John Barrasso (D-WY) introduced the Indian Tribal Energy Development and Self-Determination Act Amendments of 2014 (S. 2132) March 13 to make changes to a process set up by the 2005 Energy Policy Act that the senator says will make it easier for tribes to develop energy resources.

Upcoming Hearings

- The House Energy and Commerce Committee will hold a hearing March 25 on Representative Cory Gardner's (R-CO) bill (H.R. 6) to expedite United States liquefied natural gas exports.
- The Senate Energy and Natural Resources Committee will hold a hearing March 25 titled "Importing Energy, Exporting Jobs. Can it be Reversed?" This will be Senator Mary Landrieu's (D-LA) first hearing on energy exports since becoming committee chair.
- The House Natural Resources Committee will hold a hearing on the Fish and Wildlife Service's wildlife protection enforcement strategy March 26. Committee Chair Doc Hastings (R-WA) issued a [subpoena](#) March 12 for details from the Fish and Wildlife Service on its approach to enforcing wildlife protection laws when energy producers are involved.
- The Senate Committee on Commerce, Science, and Transportation will hold a field hearing April 22 in Miami Beach on the impacts of climate change and sea level rise.

ADMINISTRATION

Climate Adaptation Preparations as Part of Disaster Recovery

White House Council on Environmental Quality Deputy Associate Director for Climate Change Adaptation Susan Ruffo said March 10 that a task force of state, local, and tribal leaders is considering how to build climate change resilience into federal natural disaster recovery programs.

DEPARTMENT OF COMMERCE

Trade Mission

Commerce Secretary Penny Pritzker led a trade mission to the United Arab Emirates, Qatar, and Saudi Arabia last week. During March 9 remarks in the UAE, Secretary Pritzker said that American firms are eager to work with the region's partners on transportation and renewable energy infrastructure projects, and urged that the two countries expand the scope of their investment relationship.

Solar Trade Case Delayed

The Commerce Department [delayed](#) March 11 a preliminary subsidy determination until June 2 in a case involving Chinese solar products, finding that the case is incredibly complicated. The subsidy determination deadline was previously set for March 28 in the SolarWorld America Industries Inc. case.

Top RE Export Markets

The International Trade Administration released a [report](#) March 12 finding that Canada, China, Brazil, Chile, and Mexico are the top five anticipated export markets for American renewable energy exports through 2015. The report is part of a multi-agency effort to expand renewable energy and energy efficiency exports.

DEPARTMENT OF DEFENSE

Climate Inaction Poses Security Threat

Speaking at a March 13 Bicameral Task Force on Climate Change event, military experts including retired U.S. Army Brig. Gen. Gerald Galloway concluded that the failure to address and adapt to climate change will pose significant national security threats around the world. Echoing the conclusions of the Defense Department's Quadrennial Defense Review, the group charged that

climate change impacts are already being felt on American military installations and they have the potential to exacerbate existing conflicts.

Navy Seeks Stable Energy Sources

Secretary of the Navy Ray Mabus said March 13 that energy prices are increasingly a national security issue for the Navy. Further, he said that significant fuel price increases are threatening the Navy's operations and training, and that varied, stable, innovative, domestic energy sources contribute to stronger armed services.

DEPARTMENT OF ENERGY

Commercial Ice Maker Efficiency

The Department of Energy released a [proposal](#) March 7 that would require commercial icemakers to be 30 percent more efficient. The proposed standards, to be finalized by the end of the year, will save 30 billion KW over 30 years and reduce CO2 emissions by 15 MMT.

Indian Nuclear Stalemate

Energy Secretary Ernest Moniz met with Indian officials March 11-12 for an ongoing India-U.S. Energy Dialogue. The two countries are no closer to resolving their stalemate over India's nuclear liability law. The current law allows nuclear power plant operators to hold a supplier responsible for an accident if the cause is defective equipment, which has deterred many in the industry from participating in the Indian market. Secretary Moniz is trying to persuade the country to bring its liability laws into conformity with the International Convention on Supplementary Compensation for Nuclear Damage.

CCS Critical for China Energy Strategy

Department of Energy Deputy Assistant Secretary for Clean Coal Julio Friedmann said March 12 that carbon capture and sequestration technology will be an important component of China's long term energy strategy. The Clean Air Task Force reiterated that Chinese investment in the technology would require either economic incentives or pressure from the United States government.

Supplemental EIS for Yucca Mountain Denied

The Department of Energy announced March 14 that it would deny a request from the Nuclear Regulatory Commission to provide a supplemental Environmental Impact Statement of the Yucca Mountain nuclear waste repository. Instead, the agency will submit an updated version of a 2009 report on possible groundwater impacts, which would provide all of the necessary technical information.

DEPARTMENT OF INTERIOR

Wastewater Injection May Have Caused OK Earthquakes

The U.S. Geological Survey released a [study](#) March 7 finding that wastewater disposal wells may have caused a series of earthquakes in Oklahoma in 2011. The study may help to reduce seismic risks from the wells.

VA Offshore Wind

The Bureau of Ocean Energy Management announced March 13 that it would hold a public comment session as it prepares an environmental impact statement for the Dominion Resources proposed wind farm, one of the first along the Atlantic coast. The project is one of seven

demonstration projects that received funding from the Department of Energy in December 2012, and is expected to produce 12 MW. Comments are due April 14.

Cape Wind Upheld

The U.S. District Court for the District of Columbia upheld March 14 the Interior Department's approval of the Cape Wind offshore project, but it ordered the Fish and Wildlife Service and the National Marine Fisheries Service to clarify their findings on the impact the farm would have on migratory birds and right whales.

ENVIRONMENTAL PROTECTION AGENCY

Adaptation Tools Under Development

Environmental Protection Agency Administrator Gina McCarthy told the National League of Cities March 10 that federal agencies are developing the data and tools local governments need to develop their own climate adaptation strategies. President Obama called in February for a \$1 billion fund for climate resiliency; his proposed budget would provide enough funding for federal agencies to address adaptation programs in 100 additional cities beyond participants in the Partnership for Sustainable Communities.

Particulate Matter Standards Upheld

The U.S. Court of Appeals for the District of Columbia Circuit [upheld](#) March 11 the Environmental Protection Agency's particulate matter emissions performance standards for new power plants, ruling that many of the petitioners' challenges were not ripe for litigation.

MATS Upheld

The U.S. Court of Appeals for the District of Columbia Circuit upheld March 11 the Environmental Protection Agency's Mercury and Air Toxics Standards for power plants.

RFS Pathways Delay Sought

The Environmental Protection Agency announced March 11 that it is seeking a six-month delay to improve the petition process for renewable fuel standard pathways. The agency is prioritizing existing pathway applications based on three criteria: first, whether they contribute to cellulosic pool; second, their potential to reduce greenhouse gas emissions; and third, their ability to fit within existing infrastructure.

100 Hours "Reasonable"

The Environmental Protection Agency filed a [brief](#) March 11 in the U.S. Court of Appeals for the District of Columbia Circuit, saying that it struck a reasonable balance between protecting air quality and maintaining electricity reliability when it allowed backup emergency engines to operate up to 100 hours a year without pollution controls, a 2013 increase from 15 hours.

Fracking Chemical Reporting Regs

The Environmental Protection Agency Office of Chemical Safety and Pollution Prevention sent March 14 a prerule notice to the White House Office of Management and Budget as it begins to consider what reporting requirements it may impose on the use of fracking chemicals.

FEDERAL ENERGY REGULATORY COMMISSION

Freeport EIS Released

The Federal Energy Regulatory Commission [issued](#) March 14 a favorable draft environmental impact statement for the proposed \$14 billion Freeport liquefied natural gas export terminal. The report concluded that the environmental impacts would be minimal and can be mitigated. Comments are due May 5.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Climate Sensitivity Heightened

National Aeronautics and Space Administration scientists released a [study](#) March 11 predicting that global temperatures will continue to rise in the coming decades, despite a recent slowing in the rate of climate change. The report's climate sensitivity findings suggest that countries need to reduce greenhouse gas emissions more dramatically than anticipated to limit warming to 2 degrees Celsius.

NUCLEAR REGULATORY COMMISSION

Insufficient Funding for Yucca Review

Nuclear Regulatory Commission Chair Allison Macfarlane told the agency's annual regulatory conference March 11 that while the agency has enough funds to complete a safety report for the Yucca Mountain waste site this fall, it does not have sufficient funds to complete the entire license review process. The Administration did not request additional funding in its fiscal year 2015 budget request to complete the license review.

INTERNATIONAL

Global Climate Negotiations

The United Nations Climate Change Conference held talks March 10-14 in Bonn to continue preparing for the 2015 climate agreement. Delegates took steps to assure that talks on the global agreement's text will get underway at the next round of meetings in June, but many participants are concerned that the gap between the goals of developed and developing countries continues to widen.

EU Vehicle Standards Adopted

European Union member states [adopted](#) March 10 a regulation requiring all new passenger cars sold in the bloc from 2021 to limit their CO2 emissions on average to 152 grams/mile. 95 percent of new passenger vehicles must comply with the limit in 2020, with the rest following the next year. If manufacturers do not conform to the standard, they will face premiums of 95 euros/g/km/vehicle.

US-India Clean Energy Projects

At the end of week-long bilateral energy talks in New Delhi, the United States and India announced March 11 that the two nations are taking steps to strengthen India's off-grid ecosystem, design a smart micro-grid, and develop early stage clean energy solutions for the nation's unserved and underserved populations. The Promoting Energy Access through Clean Energy initiative is part of the Partnership to Advance Clean Energy, and has mobilized \$2 billion for clean energy projects in India.

EU to Reduce HFC Consumption

The European Parliament approved March 12 a regulation to reduce the European Union's consumption of fluorinated gases by 79 percent through 2030. The regulation would also require the phasing out of such gases in equipment such as commercial refrigeration by 2022 and stationary air conditioning by 2025, and would become effective next January.

Russia Considering Carbon Market

Russian climate negotiator Oleg Shamnov said March 12 that the nation is considering a domestic carbon market to reduce greenhouse gas emissions and may start providing financial support to the United Nation's Green Climate Fund, which works to finance emission reduction efforts in developing countries.

Energy Efficiency Crucial

International Energy Agency Energy Efficiency and Environment Division Head Philippe Benoit said March 13 that energy efficiency must discard its "boring and intangible" image to stimulate spending, as it may be the best tool for reducing greenhouse gas emissions. Measures including insulation and vehicle and appliance standards represent more than 40 percent of the emissions reductions needed to contain greenhouse gas emissions to safe levels, he charged.

Argentinian Biodiesel Trade Case

Argentina informed the World Trade Organization March 13 that it would ask for the establishment of a dispute panel at the next meeting of the agency's Dispute Settlement Body to rule whether the European Union violated global trade rules by imposing antidumping duties on biodiesel imports from Argentina.

WRI's Climate Treaty Research Efforts

The World Resources Institute [launched](#) a research effort March 14 to develop a proposal to inform international negotiations for the 2015 global climate treaty. Their goal is to bring more outside perspectives into the discussions, and they will release initial recommendations for the treaty's format this fall, with legal text to follow by next March.

EU Climate, Energy Decision by End of Year

According to a draft political statement to be adopted later this month, the European Union will set an end-of-year deadline for 2030 climate and energy strategy decision. The European Council is scheduled to have a first debate on the framework for the next decade when they meet in Brussels March 20-21.

Uruguay's Wind Market

R del Sur, a 50 MW wind farm, begins operations this month in Uruguay, the first of nearly 500 farms scheduled to open in the next two years. Producing 1,200 MW, the government hopes the new farms together will account for 30 percent of the nation's energy needs.

Mexican Energy Overhaul

As Mexico prepares to release secondary legislation in April, the country's energy overhaul is expected to fuel \$75 billion in business opportunities for global utilities. With the Mexican economic forecast predicting an annual four percent growth in the next ten years, the country is prepared to open electricity generation and distribution sectors for the first time in 80 years. To meet the rising demand, electricity generation will have to increase 70 percent to 95 GW/hour.

STATES

VA Repeals Hybrid Tax

Virginia [repealed](#) February 19 the annual license tax for hybrid vehicles registered within the state, including a refund for tax collected and attributable to registration years on or after the first of this year. Currently, the state levies an annual \$64 licenses tax on electric, hybrid, or alternative fuel vehicles.

MISCELLANEOUS

Social Cost of Carbon too Low

The Institute for Policy Integrity, the Environmental Defense Fund, and the Natural Resources Defense Council released a [report](#) March 13 concluding that the federal government's revised social cost of carbon figure, \$37/MT, is too low to quantify the social and economic harms posed by climate change. The study recommends that federal agencies continue to use the figure while they reconsider the factors they use to determine climate change's potential risks.