



## ML Strategies Update

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## Energy & Environment Update

### ENERGY AND CLIMATE DEBATE

The House and Senate are in session until the July 4 recess, and have full schedules until then. House Majority Leader Kevin McCarthy (R-CA) has outlined additional June issues to include agricultural legislation, Affordable Care Act measures, and Environmental Protection Agency regulations, specifically legislation allowing states to opt out or defer compliance with the Clean Power Plan (H.R. 2042), to address coal ash (H.R. 1734), and to modernize the Toxic Substances Control Act (H.R. 2576). The House will spend this week considering and finalizing the Permanent Internet Tax Freedom Act (H.R. 235), the Commodity End-User Relief Act (H.R. 2289), the fiscal year 2016 Transportation, Housing, and Urban Development Appropriations bill (H.R. 2577), the Country of Origin Labeling Amendments Act of 2015 (H.R. 2393), the fiscal year 2016 Department of Defense Appropriations Act (H.R. 2685), and potentially the Intelligence Authorization Act (H.R. 2596) to authorize Trade Promotion Authority. The Senate will continue to consider the National Defense Authorization Act (S. 1376), wading through more than 200 filed amendments. Energy issues will see some time in several committee hearings, including regarding broad energy legislation, the Environmental Protection Agency's proposed ozone rule, appropriations, and nominations.

On the Administration side, the Environmental Protection Agency sent last week its final Clean Power Plan to the White House Office of Management and Budget for interagency review. The agency is expected to release final greenhouse gas standards for new, existing, and modified power plants in August.

In the meantime, climate negotiators continue to prepare for the end of the year global summit, the 21<sup>st</sup> Conference of Parties to the United Nations Framework Convention on Climate Change, with eleven days of debate and text redrafting concluding toward the end of this week in Bonn, Germany.

### CONGRESS

#### Crude Oil Exports

During a June 2 House Energy and Commerce Subcommittee on Energy and Power hearing, full committee Chair Fred Upton (R-MI) said that the committee should consider legislation this year to end the 40-year crude oil export ban. The lower chamber's broad energy package does not currently include such a measure, but Representative Upton hopes to work with Subcommittee Chair Ed Whitfield (R-KY) and others to add language to the legislation.

#### House C-J-S Appropriations

The House passed June 3 two amendments to the \$51.4 billion Commerce-Justice-Science spending bill (H.R. 2578) that would block funding for the United States Global Climate Research Program's National Climate Assessment, the Intergovernmental Report on Climate Change, the United Nation's Agenda 21 sustainable development plan, and the May 2013 Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis under Executive Order 12866, as well as block funding for negotiating or entering a trade agreement that would

limit United States greenhouse gas emissions. The House passed the full measure the same day. President Obama has issued a veto threat of the bill.

### **Ozone Hearing**

During a June 3 Senate Environment and Public Works Committee hearing, panelists and senators disagreed over the costs and benefits of the Environmental Protection Agency's proposal to revise the current national ambient air quality standards for ozone of 75 parts per billion to something in the range of 65 ppb to 70 ppb. Local government officials suggested that they would need additional federal assistance to implement a tighter ozone standard as well as to research and monitor ground level ozone. Several committee Republicans highlighted the projected economic and job impacts of a more stringent standard, while committee Democrats promoted the public health benefits of the tougher standard. The agency proposed the revision in November and is under a court-ordered October 1 deadline to issue a final decision on whether to revise or retain the standards.

### **WV CPP Compliance**

The West Virginia House delegation sent a letter June 3 to Governor Earl Ray Tomblin (D) urging him not to submit a state implementation plan in accordance with the Environmental Protection Agency's forthcoming Clean Power Plan.

### **House Efficiency Opposition**

During a June 3 House Energy and Commerce Subcommittee on Energy and Power hearing, Department of Energy Deputy Assistant Secretary for Energy Efficiency Kathleen Hogan and Federal Energy Regulatory Commission Director of Energy Policy and Innovation J. Arnold Quinn criticized House energy efficiency [legislation](#) that would block the Department of Energy from issuing final energy efficiency standards for furnaces and roll back other energy conservation standards.

### **Energy and Water Spending**

Senator Lamar Alexander (R-TN) said June 5 that he is confident that Senate Majority Leader Mitch McConnell (R-KY) will bring the \$35.4 billion energy and water spending bill (H.R. 2028) to the floor before the August recess, despite threats by Senate Democrats to block the measure over a funding level dispute. The Senate Appropriations Committee approved the measure May 21.

### **Carbon Fee Legislation Forthcoming**

Senator Sheldon Whitehouse (D-RI) said during a May 18 floor speech that he would announce carbon fee legislation at a June 10 event at the American Enterprise Institute. Senator Whitehouse hopes his bill introduction will encourage serious debate over how best to address climate change. He introduced legislation late last year that would require large greenhouse gas emitters to pay a \$42 fee for every ton of emitted CO<sub>2</sub>; the collected revenue would then be returned to taxpayers through economic assistance to low-income families, tax cuts, and infrastructure investments.

### **Legislation Introduced**

Representative David Jolly (R-FL) introduced legislation (H.R. 2630) June 3 to amend the Gulf of Mexico Energy Security Act of 2006 to extend the moratorium on oil and gas leasing and related activities in certain areas of the Gulf of Mexico.

Representative Robin Kelly (D-IL) introduced legislation (H.R. 2636) June 3 to require a study on the public health and environmental impacts on the production, transportation, storage, and use of petroleum coke.

Representative Mike Kelly (R-PA) introduced legislation (H.R. 2637) June 3 to amend the Clean Air Act to prohibit the regulation of CO<sub>2</sub> emissions from new or existing power plants under certain circumstances.

Senator Susan Collins (R-ME) introduced legislation (S. 1516) June 4 to amend the Internal Revenue Code of 1986 to modify the energy credit to provide greater incentives for industrial energy efficiency.

Representative Tom Reed (R-NY) introduced legislation (H.R. 2657) June 4 to amend the Internal Revenue Code of 1986 to modify the energy credit to provide greater incentives for industrial energy efficiency.

Representative Paul Gosar (R-AZ) introduced legislation (H.R. 2663) June 4 to promote the development of renewable energy on public land.

### **Upcoming Hearings**

The Senate Energy and Natural Resources Committee will hold a [hearing](#) June 9 to consider 42 accountability and reform measures under consideration for inclusion in Senator Lisa Murkowski's (R-AK) and Maria Cantwell's (D-

WA) broad bipartisan energy package. Energy Department Undersecretary for Science and Energy Lynn Orr will testify.

The House Appropriations Subcommittee on Interior, Environment, and Related Agencies will mark up June 10 the fiscal year 2016 Interior and Environment appropriations bill.

The Senate Environment and Public Works Committee will hold a hearing June 11 to consider the nominations of Ann Dunkin to serve as Environmental Protection Agency Assistant Administrator for Environmental Information, Thomas Burke to serve as Environmental Protection Agency Assistant Administrator of the Office of Research and Development, and Jane Nishida to serve as Environmental Protection Agency Assistant Administrator of the Office of International and Tribal Affairs.

The House Energy and Commerce Subcommittee on Energy and Power will hold a hearing June 12 to consider the Environmental Protection Agency's proposed ozone rule.

The Senate Homeland Security and Governmental Affairs Subcommittee on Regulatory Affairs and Federal Management will hold a hearing June 18 to examine the Environmental Protection Agency's proposed renewable fuel standards for 2014-2016. Environmental Protection Agency Acting Assistant Administrator for the Office of Air and Radiation will testify.

## ADMINISTRATION

### Corporate Climate Support

Senior Advisor to President Obama Valerie Jarrett is working behind the scenes quietly to build a coalition of major American corporations to support the president's goal of negotiating a global climate agreement in Paris at the end of the year. President Obama is hoping to have the coalition finalized by the end of the month.

### Energy and Water Funding Concerns

White House Office of Management and Budget Director Shaun Donovan sent a [letter](#) to Senate Appropriations Committee Chair Thad Cochran (R-MS) June 2 signaling the White House's serious concerns with the Senate Appropriation Committee's \$34.5 billion fiscal year 2016 energy and water bill. The legislation cleared the committee May 21 and is expected to be addressed on the floor soon. In addition to maintaining sequestration level spending, the administration is concerned about significant cuts to the Department of Energy's Office of Energy Efficiency and Renewable Energy, grid modernization and resilience programs, and the Advanced Research Projects Agency-Energy, as well as several riders.

## DEPARTMENT OF COMMERCE

### Warming Pause Ruled Out

The National Oceanic and Atmospheric Administration's National Centers for Environmental Information published a study June 4 in [Science](#) concluding that there may not have been any pause in global warming at all, but only incorrect data. NOAA scientists adjusted their data on land and ocean temperatures to address residual data biases that impact a number of measures and found that the revised and updated global surface temperature data do not support the idea of a global warming hiatus.

### Ozone Source Research Needed

The National Oceanic and Atmospheric Administration's Earth System Research Laboratory published a [paper](#) June 5 in *Science* finding that the Environmental Protection Agency's proposed national ambient air quality standards for ozone will require more scientific efforts to quantify and attribute sources of ground-level ozone. The report concludes that attaining a tighter ozone standard in high altitude areas and the Western United States would be particularly difficult, as they are likely to be more impacted by Asian pollution and stratospheric intrusions.

## DEPARTMENT OF ENERGY

### Final Fluorescent Lamp Rule

The Department of Energy issued a [final rule](#) June 1 clarifying conservation standards and test procedures for fluorescent lamp ballasts. The agency estimates that the rule would save up to 5.6 quads of energy over 30 years and up to \$24.1 billion in energy savings for products shipped between 2014 and 2043, while avoiding up to 106 MMT CO<sub>2</sub>e. The final rule will go into effect 30 days after publication in the Federal Register.

### \$60 Million for Nuclear Research

The Department of Energy awarded \$60 million for nuclear power research June 5.

## DEPARTMENT OF INTERIOR

### Expedited Solar

The Bureau of Land Management [recommended](#) June 5 that the proposed Soda Mountain Solar Project move forward with a smaller footprint because of environmental concerns. Under the guidelines, the project would produce 264 MW on 1,923 acres near Baker, California, rather than the original 358 MW on 2,557 acres plan, if the Bechtel Development Company agrees to the revised plan.

## ENVIRONMENTAL PROTECTION AGENCY

### CPP to OMB

The Environmental Protection Agency sent June 1 a final Clean Power Plan to the White House Office of Management and Budget for interagency review. The agency expects to release the final rule on CO2 standards for existing power plants in August. The office is also reviewing the agency's final new source performance standards for new power plants.

### Airplane Emissions

The Environmental Protection Agency announced June 2 that it is nearing a decision on whether to regulate greenhouse gas emissions from airplanes. A determination is forthcoming later this month.

### UCS CPP Analysis

The Union of Concerned Scientists released an [analysis](#) June 3 finding that more than half of the country's states are over halfway toward meeting their initial emissions rate goals for 2020 based on already taken or announced steps and urging the agency to set more stringent targets.

### Monitoring Methods

The Environmental Protection Agency [approved](#) June 4 new air quality monitoring methods for states and local air quality agencies to use as they monitor compliance with federal ambient air quality standards for ozone and particulate matter.

### State Ozone Plans

The Sierra Club announced June 4 that it plans to sue the Environmental Protection Agency over its failure to act on state plans for implementing the 2008 national ambient air quality standards for ozone. The agency has not approved or disapproved of state plans for Louisiana, Montana, Nevada, New York, South Dakota, and Wisconsin for meeting their good neighbor obligations under the Clean Air Act to address ozone precursor emissions that could impact downwind states. The Clean Air Act requires that it take final action on infrastructure state implementation plan submissions within 12 months after it is administratively complete.

### Fracking's Drinking Water Impacts

The Environmental Protection Agency released a [study](#) June 4 finding that fracking does not have a widespread impact on drinking water. The study provides extensive detail on the potential of pollution and provides examples of definite contamination cases, but finds that they are relatively limited.

### CPP Changes

Environmental Protection Agency Deputy Associate Administrator for Intergovernmental Relations Mark Rupp told a [Great Plains Institute](#) and Bipartisan Policy Center implementation workshop in Detroit June 5 that the final Clean Power Plan will incorporate changes spurred by the millions of comments the agency received during the public comment period. The agency is already working on ways to help states and utilities begin to think about how best to comply with the plan, and will issue a model plan at the same time the final rule is released in August.

### Heavy-Duty Truck Regs Forthcoming

The Environmental Protection Agency is expected to propose regulations this month to reduce greenhouse gas emissions from heavy-duty trucks, requiring that their fuel economy increase up to 40 percent by 2027 from 2010 levels.

## FEDERAL ENERGY REGULATORY COMMISSION

### LNG Export Terminal Opposition

Earthjustice, the Sierra Club, the Chesapeake Climate Action Network, and EarthReports Inc. filed a motion in the U.S. Court of Appeals for the District of Columbia Circuit June 1 challenging the Federal Energy Regulatory

Commission's approval of Dominion's Cove Point liquefied natural gas export terminal in Maryland. The group asked the court to stay orders allowing the company to construct and operate the terminal, and is seeking a response to the motion by June 17, when the company plans to begin construction.

## INTERNATIONAL

### Global Emission Targets

The Grantham Research Institute on Climate Change and the Environment and the London School of Economics and Political Science published May 31 its [2015 Global Climate Legislation Study](#), examining the policies of 98 countries and the European Union. The report found that 45 countries have reduction targets for economy-wide greenhouse gas emissions, and 41 of those have targets through 2020, while 22 have targets that extend past 2020. The acting nations account for more than 75 percent of the world's emissions.

### Bonn Talks

The last full set of international climate negotiations before the end of the year United Nations summit in Paris began June 1 in Bonn, and negotiations will run through June 11. The talks seek to pare down and refine the lengthy negotiating text in an attempt to lay the groundwork for the final Paris accord.

### Oil and Gas Climate Collaboration

BP Plc., Eni SpA, Royal Dutch Shell Plc., Total SA, and BG Group Plc., Europe's largest oil and gas companies, joined June 1 for the first time to call for governments to agree to carbon pricing at the United Nations global climate negotiations at the end of the year in Paris. The group sent a letter the United Nations Framework Convention on Climate Change Executive Secretary Christiana Figueres and French Foreign Minister Laurent Fabius at the start of the World Gas Conference in Paris last week promoting natural gas as the least polluting fossil fuel.

### Japanese GHG Target

Japanese Prime Minister Shinzo Abe announced June 2 that the country would commit to a 26 percent reduction in greenhouse gas emissions by 2030 from a 2013 baseline, roughly equivalent to a 17 percent reduction from 1990 levels. The goal depends on the country's continued use of nuclear power and an increase in energy efficiency, solar, and wind energy use. Japan will accept public comment on the target before submitting its Intended Nationally Determined Contribution to the United Nations.

### Non-Binding Climate Agreement

French Foreign Minister Laurent Fabius, who will serve as president of the Conference of Parties summit in Paris at the end of the year, called June 3 for climate negotiators to broker a global climate agreement that does not require the U.S. Congress to approve it, even if it means that the agreement is not legally binding.

### Mexican Clean Energy Certificates

During a talk June 3 at the Mexico Institute, Mexican Energy Ministry Undersecretary for Energy Planning and Transition Leonardo Beltran said that the country will introduce clean energy certificates in its forthcoming wholesale market by 2018 and the administration will help to stimulate renewable energy investments and generation in the country by providing the necessary financial incentives. The country has set a goal of obtaining 35 percent of its energy from clean sources by 2024.

### Canadian Solar Trade Case

The Canada Border Services Agency issued June 3 a [final determination](#) of dumping and subsidization against Chinese exports of solar energy equipment to Canada, confirming that certain photovoltaic modules and laminates entered the Canadian market at dumped and subsidized prices and following a March 5 preliminary determination. The ruling maintains provisional duties from the preliminary finding. The Canadian International Trade Tribunal will issue by July 3 its final determination.

### Climate Encyclical Forthcoming

The Vatican announced June 4 that Pope Francis' encyclical on climate change will be released June 18. The encyclical is expected to focus on papal belief that addressing climate change is a moral issue.

### Global Gas Market

The International Energy Agency released June 4 its [Medium-Term Gas Market Report 2015](#), finding that global gas demand will grow an average of two percent between 2014 and 2020, after a market decline in 2013 and 2014. The report concluded that United States gas production increased by 5.7 percent in 2014, the fastest growth since 2011, and that the United States will become a meaningful liquefied natural gas exporter in the next five years.

### China's INDC Forthcoming

Chinese President Xi Jinping sent a letter to United Nations Secretary General Ban Ki-moon last week saying that the country plans to submit this month its Intended Nationally Determined Contribution to the United Nations ahead of the end of the year climate negotiations in Paris.

### **Offshore UK Wind**

ScottishPower Renewables Ltd. Selected last week Siemens AG to deliver wind turbines for a \$3.1 billion United Kingdom offshore wind farm. Siemens will deliver as many as 102 of its 7 MW systems to the East Anglia One wind farm off Britain's east coast.

### **G7 Climate Commitment**

At the conclusion of negotiations in Germany June 8, G7 leaders issued a [communiqué](#) saying that the countries will attempt to decarbonize the global economy by the end of the century while meeting the upper end of the Intergovernmental Panel on Climate Change's recommendation to reduce greenhouse gas emissions 40 to 70 percent by 2050 compared to 2010 levels. The report urges other countries to join the endeavor, and commits the participating nations to developing long term national low carbon strategies while reaffirming their goal of mobilizing \$100 billion in climate finance per year by 2020.

## **STATES**

### **NE Renewable Energy Tax**

Nebraska Governor Pete Ricketts (R) signed legislation (L.B. 424) June 3 to extend the nameplate capacity tax, an excise tax that currently applies to wind energy generation facilities, to include facilities that generate energy using other renewable energy sources. The \$3,518/MW tax replaces property taxes that would otherwise be imposed on wind infrastructure.

### **KS Building Energy**

Kansas City voted June 4 to join 13 other cities in requiring owners of the city's largest buildings to monitor and report on the energy and water consumption over the next two years. The requirement first applies to the city's municipal government buildings and will eventually impact three percent of public and private buildings in the city, which have 60 percent of the floor space.

### **Record RGGI Allowance Price**

The Regional Greenhouse Gas Initiative [announced](#) June 5 that its carbon allowances sold for a record high of \$5.50 each in the latest auction, a 1.6 percent increase over the previous quarterly auction, and the 28<sup>th</sup> auction raised \$85 million for the nine participating states. Allowance prices increased by 9.5 percent from the June 2014 auction and 71.3 percent from the June 2013 auction. The next auction is scheduled for September 9.

## **MISCELLANEOUS**

### **\$150 Billion Clean Energy Campaign**

Scientists and economists from around the world invited governments June 2 to join a \$150 billion program intended to make clean energy cheaper than coal. The Global Apollo Programme to Combat Climate Change will fund research into renewable energy, power storage, and smart-grid technologies to make them cheaper than fossil fuels. Program participants would be required to spend an average of 0.02 percent of gross domestic product from 2016 to 2025 to help fund the technology development. The project will make public its members by November.

### **Georgetown Divests Coal Investments**

Georgetown University announced June 4 that it would no longer make direct investments in coal companies, joining Stanford and other universities in directing its endowment away from fossil fuels because of their contribution to climate change.

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