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## **Daily Environment Report**

### **Afternoon Briefing - Your Preview of Today's News**

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### **House Panel Approves Energy Bills as Pallone Urges Climate Action**

*Posted June 07, 2017, 01:31 P.M. ET*

*By [Brian Dabbs](#)*

A House panel unanimously approved a slew of energy bills June 7, including a measure to increase workforce education and training for energy and manufacturing-related fields.

That [bill](#) (H.R. 338), which authorizes no additional spending, directs the Energy Department to prioritize skill strengthening for minority and displaced workers in the fossil fuel, nuclear, utility, pipeline, renewable, petrochemical, manufacturing and electrical construction sectors.

The legislation approved the House Energy and Commerce Committee alongside 10 other energy bills, including a [mandate](#) (H.R. 627) for the Energy Department to create a clearinghouse for information on energy efficiency underwriting programs and another [measure](#) (H.R. 1109) to increase the size of a public utility merger or sale that necessitates prior Federal Energy Regulatory Commission approval. That threshold would be raised from \$50,000 to \$10 million.

The hearing marked the committee's first approval of energy bills this Congress, despite exploratory hearings on hydropower approval revamps, funding for the proposed Yucca Mountain nuclear waste repository and brownfields reauthorization.

#### **'Think Bigger'**

The committee's ranking member, Rep. Frank Pallone (D-N.J.), lauded those bills but urged more significant action.

Clean energy policy is now the responsibility of Capitol Hill following President Donald Trump's withdrawal from the Paris climate accord, and Congress needs to "think bigger," Pallone said at the hearing.

"We can't just recycle energy proposals from the last Congress which were proposed with the Paris

Agreement in place,” he said. “This committee should be focusing on modernizing our infrastructure by reducing vulnerabilities to climate change.”

Pallone called on Republican leadership to take up a sweeping infrastructure [bill](#) that Democrats proposed in mid-May. That legislation (H.R. 2479) would provide more than \$17 billion for school and home retrofitting, solar installations, methane pipeline replacement and other energy initiatives.

## **Senators Troubled by Proposed Cuts to Forest Service Budget**

*Posted June 07, 2017, 02:45 P.M. ET*

*By [Alan Kovski](#)*

U.S. Forest Service Chief Tom Tidwell is pinning some of his budget hopes on the prospect of a wide-ranging federal infrastructure spending plan that could address many issues—including some shortfalls in the Trump administration’s budget request for his agency.

Both Republicans and Democrats on the Senate Appropriations Subcommittee on Interior, Environment and Related Agencies were skeptical June 7 about elements of the administration’s [fiscal 2018 budget request](#), including the proposal to cut Forest Service spending on roads, trails and facilities by 84 percent to \$99.7 million.

Tidwell told the committee he hoped a federal package of infrastructure spending would include roads on Forest Service land. Sen. Jeff Merkley (D-Ore.) expressed doubt about using a one-time special spending plan to plug holes in an annual budget request.

“I believe this budget is dead on arrival,” said Sen. Tom Udall (D-N.M.), ranking member of the subcommittee, while Sen. Jon Tester (D-Mont.) called the budget request “a wreck.”

Sen. Lisa Murkowski (R-Alaska), chairman of the subcommittee, noted that road maintenance is essential to basic activities in national forests, including timber harvesting, recreation and wildfire fighting.

### **Worries Over Wildfires**

Murkowski contrasted the Obama and Trump administration requests. The last administration was offering wish lists, she said, while the new administration is offering proposed cuts that in some cases are troubling and in many ways contradicted other elements of the spending proposal.

The overall request for the Forest Service was nearly \$5.2 billion, including both discretionary and mandatory funding. The total was a sharp drop from \$6.17 billion estimated for fiscal 2017.

Senators were skeptical that the \$1.057 billion requested for suppression would be enough, but said they were glad to hear Tidwell say the administration wanted to work with Congress on some sort of legislative change to allow disaster funding for the largest wildfires.

Murkowski, noting several consecutive years of repeated discussion without resolution of the wildfire funding problem, said, “This is Groundhog Day on this issue.”

Murkowski, Udall and Sen. Maria Cantwell (D-Wash.) met with Agriculture Secretary Sonny Perdue earlier in the morning to discuss the Forest Service, a part of the Agriculture Department. Udall said

Murkowski and Cantwell were educating Perdue on the wildfire funding problem.

Spending on wildfire suppression has swallowed up more than half of the Forest Service budget. Toward the end of a fiscal year, the service often must borrow money from other programs to help with firefighting, a process that disrupts the work of the other programs.

#### **Preparations for Timber Sales**

Tidwell said the Forest Service is making progress on improving the appraisal process it uses to prepare for timber sales. The process is essential for determining whether a sale will be profitable, a requirement for a sale to go forward.

The appraisal process is driving people “nutso,” Murkowski said.

Tidwell said he thought improvements in the appraisal process would allow more sales. The service is not only reviewing its own process, but working with states to learn from how they do it, he said.

Timber sales often are opposed by environmental activists, who have had some notable successes in court. Tidwell said the Forest Service also hopes to see Congress go through with some form of legislation to reduce the litigation.

The Obama administration, too, wanted to work with Congress on efforts to reduce litigation, Sen. Steve Daines (R-Mont.) said. Daines and Tester have teamed up for one such bill, in response to a 2015 decision by the U.S. Court of Appeals for the Ninth Circuit that put the Forest Service in the position of having to consult with the U.S. Fish and Wildlife Service when new information comes along on endangered species (*Cottonwood Env'tl. Law Ctr. v. U.S. Forest Serv.*, 789 F.3d 1075, 9th Cir. 2015).

The ruling means the Forest Service can never be done with such consultations, because new information is always coming along, Tidwell said. Tidwell said the Forest Service supported Daines and Tester's effort.

#### **Bathtub Refinishers' Deaths Renew Debate: Label Products or Ban?**

*Posted June 07, 2017, 11:27 A.M. ET*

By [Pat Rizzuto](#)

Federal and state agencies have attributed the deaths of at least 17 bathtub refinishers since 2000 to the workers' exposure to the paint stripper methylene chloride, prompting government actions.

The recent death of yet another bathtub refinisher is being investigated by a Tennessee labor agency.

“Investigators from the Tennessee Occupational Safety and Health Administration continue to look into the events surrounding the workplace fatality of Kevin Hartley in April of this year,” Chris Cannon, communications director for the agency, told Bloomberg BNA June 6.

Cannon referred to the April 28 death of 21-year-old Kevin Hartley of Ashland City, Tenn. His family attributed his death to his exposure to chemicals used during his bathtub refinishing work.

The most recent worker's death—and additional details Bloomberg BNA uncovered on the deaths in 2012 and 2015 of other refinishers—comes as two federal agencies work to protect consumers and workers exposed to methylene chloride in paint and coating stripping products.

### **Labels Versus Ban**

The Consumer Product Safety Commission voted June 2 to include stronger language on household products containing methylene chloride (CAS No. 75-09-2), so consumers would know the products can be deadly and shouldn't be used in small, unventilated spaces.

And the Environmental Protection Agency has proposed a ban of paint and coating strippers containing methylene chloride along with restrictions on n-methylpyrrolidone (NMP; CAS No. 872-504), which can substitute for methylene chloride.

But, industry representatives say they are concerned about government overreach in regulating the chemicals.

The EPA's proposed ban is a "blatant and raw power grab" of consumer protection authority that Congress gave the commission, W. Caffey Norman, a partner in the Washington office of Squire Patton Boggs, said. Norman represents the Halogenated Solvents Industry Alliance, Inc., which includes companies that have made products federal and state health agencies have associated with bathtub refinishers' deaths.

Section 9 in the 2016 overhaul of the Toxic Substances Control Act bars the EPA from regulating a chemical already sufficiently managed by another agency, he said.

But the Environmental Defense Fund says the most recent and previous workers' deaths are further proof the EPA must use its chemical authorities to ban the paint and coating removal uses of the solvent.

### **Life and Death?**

"In our view, a ban on methylene chloride in paint stripping products is long overdue," Lindsay McCormick, chemicals and health project manager for EDF told Bloomberg BNA. "It is literally a matter of life and death. Dozens of workers have died on the job from exposure to this extremely toxic chemical over the past few decades."

"EPA should take swift action to finalize its proposed ban to meet the agency's mission of protecting public health," she said. The EPA issued its proposed [rule](#) Jan. 19 (RIN:2070-AK07; 82 Fed. Reg. 7464).

Meanwhile companies, such as Benco Sales, Inc., Besway Systems, Inc., the Savogran Co., and the W.M. Barr & Co., Inc., which make methylene chloride-containing strippers for aircraft, furniture, and other products and materials, and the Halogenated Solvents Industry Alliance had already asked the Consumer Product Safety Commission to support stronger label warnings.

Explicit warnings, label language directing users not to work with products in bathrooms or other small enclosed spaces, and increased customer outreach is a better approach than the EPA's proposed ban, they say.

W.M. Barr's [comments](#) on the EPA's proposal "implore" the agency not to proceed with its proposed

rule “that would require formulators to discontinue products that have been in use for generations in favor of alternative formulations that are less safe, or less effective and more expensive than the high-quality products we offer today.”

#### **Industry Sought Stronger Label**

The new label language the alliance asked the commission to approve would warn consumers about methylene chloride’s acute hazards. Since 1987, labels must warn consumers about the potential for longer-term chronic exposure to cause cancer.

Technically, the commission’s June 2 vote directs its staff to develop the final language in guidance.

Commission staff already told the alliance, however, that they would make very few revisions to the industry-proposed language. The staff’s recommendations are included in a May 26 briefing package prepared prior to the commission’s vote. The label language the staff supported would say the solvent’s vapors are extremely harmful and may be fatal in enclosed, unventilated spaces.

Product labels also should say “do not use in areas where vapors can accumulate and concentrate, such as basements, bathrooms, bathtubs, closets or other small enclosed areas,” commission staff said.

#### **Substitute for EPA Ban?**

W.M. Barr, which makes products such as Klean-Strip® Premium Stripper, which federal and state agencies have associated with bathtub refinishers’ deaths, told the Office of Management and Budget last December that new labels with the recommended language would be on all products by the end of 2016.

A W.M. Barr attorney and a product compliance director could not be reached for comment. Bloomberg BNA reviewed several product labels posted June 6 and found variations in the precise language, but those labels were consistent with the company’s pledge.

Some of its labels include a small HSIA-recommended pictogram showing a bathtub with a red slash and a warning “Do Not Use to Strip Bathtubs.”

Norman, the attorney representing the alliance, told Bloomberg BNA: “The labeling approved by CPSC staff is sufficient to address the safety concerns.”

“The commission’s action should replace the EPA’s proposed ban, because it addresses the problem the EPA initially was concerned about,” Norman said.

#### **CPSC Staff: Not a Substitute**

However, the briefing package the commission staff prepared did not support that conclusion.

“Any action taken by the CPSC would not replace the EPA’s rulemaking and instead, would be an interim measure until the EPA may issue a regulation,” the staff paper said.

TSCA gives the EPA the ability to address both occupational and consumer uses of methylene chloride, CPSC staff said. Thus, the EPA may address risks associated with the solvent and products containing it “in a more cohesive and coordinated manner,” it said.

The EPA's proposed ban is the right approach, according to the Environmental Defense Fund. The agency can prevent tragic deaths from happening again, it said in a June 5 [blog](#).

#### **Details on 15 Deaths**

The EPA's proposed rule referenced information the Centers for Disease Control and Prevention published in 2012 summarizing details on 13 bathtub refinishers' deaths. Bloomberg BNA obtained additional details on two more deaths from the National Institute of Occupational Safety and Health and federal OSHA. A 2016 OSHA FatalFacts [notice](#) said the agency knew of 17 bathtub refinishers' deaths, but Bloomberg BNA was unable to immediately obtain details on the additional two individuals.

Any action short of a full prohibition on these paint and coating stripper uses of methylene chloride and NMP "would be insufficient to mitigate the clearly unreasonable risks identified by EPA," the Environmental Defense Fund said in May 19 [comments](#) to the agency. The organization urged the agency to implement its ban and other proposed restrictions "as expeditiously as possible in order to safeguard human health."

Washington state's Local Hazardous Waste Management Program in King County "strongly supported" the EPA's proposed ban on methylene chloride-based paint and coating strippers.

"Washington Poison Center's 2015 data shows multiple cases of exposure to methylene chloride. In our state, serious illness and death have been associated with using methylene chloride to strip paint and refinish bathtubs," the waste management program wrote in [comments](#) to EPA.

#### **Small Businesses**

As the EPA prepares its final rule, the agency should "please consider providing financial assistance for small businesses that would need to transition away from methylene chloride," the King County agency wrote.

"Many small business owners, often in underserved communities, continue to use known hazardous materials simply because they lack the financial ability to invest in upgrades to new machines, processes, and chemicals. A ban without assistance for small businesses could pose a severe burden, potentially resulting in business closure and job losses, especially in less wealthy communities."

The U.S. Small Business Administration's Office of Advocacy opposes the EPA's proposal.

The EPA's exposure estimates were unrealistic, the advocacy office said in comments to the agency. For example, the EPA's estimates were based on exposures before federal OSHA lowered its eight-hour time weighted average permissible exposure limit for methylene chloride from 500 parts per million (ppm) to 25 ppm. OSHA issued that [rule](#) Jan. 10, 1997 (62 Fed. Reg. 1494).

—With assistance from Marissa Horn and Andrew Ballard

#### **PODCAST: What Happens When Empty Desks Run the Government**

*Posted June 07, 2017, 6:01 A.M. ET*

By [Marissa Horn](#)

President Donald Trump blamed Democrats June 5 for “taking forever” to approve his administration’s appointees in a tweet, saying that “They are nothing but OBSTRUCTIONISTS!” But, Trump hasn’t moved the quickest of the last few presidents on vetting and getting appointees through the confirmation process—in fact, he is the slowest of the last four presidents, according to [data](#) collected by the Partnership for Public Service. Of the 559 key positions requiring Senate confirmation, Trump has pushed 40 through the Senate to full confirmation, formally nominated 63 and name dropped another 25—however, without a formal nomination.

As of June 6, there are still 431 key positions that haven’t been filled throughout his administration. So, how can agencies answer Trump’s calls for deregulation when they have little to no authority or manpower to do so?

In the [latest episode](#) of Parts Per Billion, we sit down with Mallory Barg Bulman, an expert on government efficiency at the Partnership for Public Service in Washington, and ask what agencies expecting major overhaul, such as the Environmental Protection Agency and Department of Energy, can expect when few political appointees are in office to implement the president’s policies.

### **Cancer Study Finds No Link to PFOA Exposure in N.Y. Town**

*Posted June 07, 2017, 03:51 P.M. ET*

By [Gerald B. Silverman](#)

A [study](#) of Hoosick Falls, N.Y. residents by the New York State Health Department found no statistically significant incidents of cancers normally associated with exposure to perfluorooctanoic acid (PFOA).

The study, which was released June 6, looked at the incidence of 21 cancers in residents from 1995 to 2014. The only incidents of cancer that were significantly higher were for lung cancer and that’s not associated with PFOA exposure, the study said.

Hoosick Falls became ground zero for the PFOA story when it was discovered in drinking water last year. Liz Moran, water and natural resources associate for Environmental Advocates of New York, said the study was misleading and inadequate because exposure to PFOA started long before 1995.

### **Butter Flavoring, Solvent Hazards Mulled in Draft Reports**

*Posted June 07, 2017, 02:16 P.M. ET*

By [Pat Rizzuto](#)

A butter-flavoring agent blamed for causing lung disease in workers and a solvent are summarized in draft technical reports the National Toxicology Program [released](#) for public comment and peer review.

The butter-flavoring agent, 2,3-butanedione (CAS NO. 431-03-8) is commonly used by the flavor manufacturing industry in cake mixes, flour, beer, wine, bakery products, and other foods and beverages, the National Toxicology Program’s (NTP) draft [report](#) said.

The United Food and Commercial Workers Union asked the NTP to study carcinogenic and other health effects of the chemical in laboratory animals that inhaled it, because of workers that have inhaled the chemical's vapors have contracted a lung disease called bronchiolitis obliterans. At least one worker died.

The solvent, p-chloro- $\alpha$ - $\alpha$ -trifluorotoluene (CAS NO. 98-56-6), is used in paints and coatings. It also is used by chemical, pesticide and pharmaceutical manufacturers to make other chemicals such as dyes, herbicides, and medicines, NTP's draft [report](#) says. The National Cancer Institute and Kowa American Corp., which inports chemicals from Japan, China, India and Southeast Asia, asked the NTP to study the solvent because of its high import volume and lack of occupational exposure limits.

Public comments on NTP's draft reports are invited through July 6. The reports will be peer reviewed on July 13. Details are available in the NTP's Federal Register notice.

## **If Trump Gets His Way, World May Not Know If U.S. Emissions Rise**

*Posted June 07, 2017, 10:43 A.M. ET*

*By [Christopher Flavelle](#)*

President Donald Trump's critics argue that pulling the U.S. out of the Paris climate accord will lead to an increase in greenhouse gas emissions.

If Trump has his way, the world may never know.

The president's budget request to Congress would eliminate or gut core programs across the federal government that track the heat-trapping gases. If those cuts go ahead, the government may not be able to tell if emissions are rising or falling.

"The first step in any decent regulatory program is a requirement for monitoring," David Doniger, director of the climate and clean air program at the Natural Resources Defense Council, said in an interview. "If you don't know what's there, it's harder for the public or the regulators to do anything about it."

Stephen Cole, a spokesman for NASA, which is slated under the president's proposed budget to lose money for a satellite-based carbon-measuring system, said the cut reflects budget constraints. "NASA remains committed to studying our home planet and the universe, but we are reshaping our focus within the resources available to us," he said in an email.

Whether the cuts happen will depend on Congress, and the degree to which Republicans share Trump's priorities.

Critics of government climate efforts, meanwhile, support the administration's cuts, calling emissions monitoring programs a waste of taxpayers' money. "This doesn't necessarily need to be housed within the federal government," said Nick Loris, a research fellow for the Heritage Foundation. "If the private sector wants to continue to pursue greenhouse gas monitoring, that's fine."

### **Tools for Tracking**

The government has two basic tools for tracking emissions. The Trump administration is proposing to cut or wind down both of them.

The first approach is to measure gases at their source. Every factory or other installation that emits the equivalent of 25,000 tons or more of carbon dioxide, the primary contributor to global warming, must track and report those emissions to the Environmental Protection Agency. The agency makes those emissions public through its annual Greenhouse Gas Inventory.

That inventory makes it possible for the federal government to measure total emissions, and also to see changes in emissions by industry and by region. It also fulfills the U.S. commitment under a 1992 United Nations climate treaty, signed by President George H. W. Bush and ratified by the Senate, to publish “national inventories of anthropogenic emissions by sources.”

Trump’s budget request would reduce funding for the EPA’s greenhouse-gas reporting program by 86 percent, to \$14 million in 2018 from \$95 million this year. It is not clear how the EPA would be able to continue the inventory with that cut, according to Janet McCabe, who was responsible for it as head of the EPA’s Office of Air and Radiation under President Barack Obama.

“Sometimes we find out that certain activities emit LESS than we thought, sometimes more,” McCabe said in an email. “As they say, you can’t manage what you don’t measure.”

And rolling back the program would give tacit permission to other countries to make similar changes, according to Bob Perciasepe, deputy EPA administrator from 2009 to 2014.

“Weakening U.S. capacity to report accurately will undermine our ability to push the rest of the world to be transparent,” Perciasepe said in an email. “One of the core strengths of the Paris agreement is extending similar requirements to China and other developing countries so they’re more accountable to the international community.”

The EPA said it can do more with less. “While many in Washington insist on greater spending, EPA is focused on greater value and results,” the agency said in an emailed statement.

#### **Satellite Measurement**

The second way to measure greenhouse gas emissions is in the atmosphere.

In 2010, NASA created the Global Carbon Monitoring program, which uses satellites to detect the concentration of those gases. Trump’s budget request would eliminate that program entirely.

The NASA program provides “long-term, reliable, continuous data series” that can’t be matched by other countries, said Gretchen Goldman, research director for the Center for Science and Democracy at the Union of Concerned Scientists. “Without such vital monitoring efforts, we can’t understand and prepare for climate change as well.”

Democrats say they will try to maintain funding for the programs.

“We know that the Earth is warming, sea ice is disappearing, the glaciers are receding, the oceans are acidifying, and sea levels are rising,” Representative Eddie Bernice Johnson, the top Democrat on the House Committee on Science, Space and Technology, said in an email. “We know all of this from climate research and monitoring.”

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## **Electric Car Market Goes Zero to 2 Million in Five Years**

*Posted June 07, 2017, 8:41 A.M. ET*

*By Jessica Shankleman*

The number of electric vehicles on the road rocketed to 2 million in 2016 after being virtually non-existent just five years ago, according to the International Energy Agency.

Registered plug-in and battery-powered vehicles on roads worldwide rose 60 percent from the year before, according to [the Global EV Outlook 2017 report](#) from the Paris-based IEA. Despite the rapid growth, electric vehicles still represent just 0.2 percent of total light-duty vehicles.

“China was by far the largest electric car market, accounting for more than 40 percent of the electric cars sold in the world and more than double the amount sold in the United States,” the IEA wrote in the report published June 7. “It is undeniable that the current electric car market uptake is largely influenced by the policy environment.”

A multi government program called the Electric Vehicle Initiative on June 8 will set a goal for 30 percent market share for battery power cars, buses, trucks and vans by 2030, according to IEA. The 10 governments in the initiative include China, France, Germany, the U.K. and U.S.

India, which isn't part of the group, said last month that it plans to sell only electric cars by the end of the next decade. Countries and cities are looking to electric vehicles to help tackle their air pollution problems.

In order to limit global warming to below 2 degrees Celsius (3.6 degrees Fahrenheit), the target set by the landmark Paris Agreement on climate change, the world will need 600 million electric vehicles by 2040, according to the IEA.

After struggling for consumer acceptance, Tesla Inc. has made electric vehicles cool and trendy, and is pushing into the mass market with the new Model 3 sedan.

Consumer interest and charging infrastructure, as well as declining demand for diesel cars in the wake of Volkswagen AG's emissions scandal, has spurred massive investments in plug-in cars. An electrical vehicle “cool factor” could spur sales to 450 million by 2035, according to BP Chief Economist Spencer Dale.

Volkswagen, the world's largest automaker, plans to roll out four affordable electric vehicles in the coming years as part of a goal to sell more than 2 million battery-powered vehicles a year by 2025. Mercedes-Benz accelerated the introduction of 10 new electric vehicles by three years to 2022 to take on Tesla as the dominance of the combustion engine gradually fades.

--With assistance from Chris Reiter.

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## **How Australia Survived a Climate Policy Reversal**

Posted June 07, 2017, 11:40 A.M. ET

By [Murray Griffin](#)

Australian businesses and organizations say they know firsthand the damage that can be done if a national government retreats from climate commitments—and they have some suggestions for U.S. companies on how to respond.

The Liberal-National Party, led by Tony Abbott, swept into office in 2013 and famously repealed a national carbon tax, becoming the first nation to both adopt and then revoke a price on carbon dioxide emissions.

Abbott's government also abolished a climate-change commission, drastically weakened the former government's 2020 greenhouse gas emissions targets, and tried to abolish several agencies. Less than two years later, with his poll numbers plunging, Abbott's own party dumped him as its leader. His replacement is current Prime Minister Malcolm Turnbull, who accepts climate change science.

Abbott portrayed his policies with a message that was similar to what President Donald Trump said last week when he announced that the U.S. would withdraw from the international Paris Agreement on climate change: These policies will hurt our businesses and our economy.

Some industry groups applauded Abbott's efforts, including the Minerals Council of Australia, which represents major mining companies and [continues](#) to express concern about subsidies for renewable energy.

But others in Australia involved in climate-related matters contend the Abbott-era repeal of climate change policies "did no favors for business," said Peter Castellanos, head of the Carbon Market Institute, which helps Australian companies take advantage of opportunities in carbon markets. It counts large greenhouse gas emitters and carbon offset providers among its members.

"When you have inward-looking, divisive political approach to addressing climate change, it doesn't help business position and navigate the transition to a low- or net-zero carbon economy," Castellanos told Bloomberg BNA.

That's a big problem, Castellanos said, "because that transition is on."

### **Quantifying Risk**

Under Abbott, clean energy jobs were lost in Australia, renewable energy investment stalled, and large emitters could discharge greenhouse gases without meaningful penalty or restraint. Many governments and organizations outside Australia appeared to watch in disbelief and made it clear that climate change was a crucial concern.

In a 2014 speech in Brisbane coinciding with an Australia-hosted G-20 summit, then-U.S. President Barack Obama [said](#) climate change threatened "the incredible natural glory" of the Great Barrier Reef.

The remark [irked](#) the Abbott government, with one minister saying that others shouldn't be "coming and lecturing us on climate change." But Obama's assertion also proved prescient, with the world's largest coral reef suffering unprecedented back-to-back major coral bleaching events over the past two years.

According to Castellás, the toxic political environment and policy uncertainty in Australia made it near-impossible for businesses to quantify their long-term carbon risk and “make the appropriate future-proofing decisions.”

As a result, Australian businesses have become much louder in demanding a mature approach to climate policy as something that is “in the economic interest of the nation,” he said.

Major associations such as the Australian Industry Group and the Business Council—the latter representing the country’s largest companies—are now “back out of the climate closet to articulate the need for long-term certainty and argue against divisive policies,” Castellás said.

For example, the Australian Industry Group has been blunt in its appraisal of existing federal policies, telling the government there is “no likelihood” that they will allow Australia to meet its commitment to cut emissions 5 percent below 2000 levels by 2020.

### **Business Alliances**

Businesses have also formed alliances with other parts of society, most notably through the Australian Climate Roundtable. Its members include the Australian Industry Group, the Business Council, environment group WWF, the Australian Council of Trade Unions, and industry associations representing the aluminum industry and energy companies.

The Climate Roundtable has criticized politicians for failing to implement effective climate and energy policies. After Trump announced he would withdraw the U.S. from the Paris Agreement, the roundtable issued an endorsement of the accord, describing it as “firmly in Australia’s interests.”

When it comes to climate policy chaos and disappointment, “Australia has been there,” said carbon consultant Erwin Jackson, former deputy chief executive of the Climate Institute.

The policy uncertainty has unnecessarily cost the Australian economy “billions of dollars,” Jackson told Bloomberg BNA, because the disruption to energy investment decision-making has triggered large rises in electricity prices. However, he noted the energy sectors in the U.S. and Australia operate very differently.

### **State Activities**

Sensible, stable federal policy action on energy and climate is essential, but in its absence Australian states have stepped up their activities, Jackson added. Several states either already have or are in the midst of introducing or strengthening schemes that encourage new renewable energy generation or result in energy efficiency improvements.

They have also teamed up with mayors of cities including Sydney, Melbourne, and Adelaide to form their own climate action roundtable, while South Australia, Victoria state, and the Australian Capital Territory are also members of the international Under2 Coalition, which includes 170 jurisdictions representing 33 countries and six continents seeking to reduce carbon emissions.

Australia’s experience was that attempts to undo climate policy don’t succeed and don’t last, said Emma Herd, chief executive of the Investor Group on Climate Change.

Many had expected the abrupt policy reversal of 2012 would lead to a five- or 10-year delay in

action, but that has not proved to be the case, she told Bloomberg BNA. Instead, within 18 months the pendulum started to swing back the other way, she said.

Herd added that the Abbott government's attempted "frenzy of undoing" climate policy had proved only partially successful.

"The first thing that happened was that you began to see organizations strategically rename themselves to carry on," she said, with strategies referring to issues such as energy efficiency or disaster resilience instead of climate change.

"There was a lot of hiding things in plain sight," she said.

In addition, there was a growing recognition that some forms of regulation had become quite important for other reasons, and that organizations such as the Clean Energy Finance Corporation "were doing quite a decent job," she said.

Herd added that she had often quoted former U.N. Framework Convention on Climate Change Executive Secretary Christiana Figueres, when she was asked during a visit to Australia how organizations and businesses should respond to policy chaos. The response from Figueres was "not to look at how high the waves are, but at which way the current is flowing," Herd said.

#### **Abbott's Actions**

The first public act of Abbott's environment minister Greg Hunt was to abolish the Climate Commission, which provided expert advice to the public on climate change.

Abbott dumped the former government's target of a 5 percent to 25 percent emissions cut below 2000 levels, depending on international developments, instead aiming only for a 5 percent reduction. His government repealed a national carbon price scheme that applied to facilities emitting more than 25,000 metric tons of greenhouse gases annually, which had been introduced by the former Labor government.

Abbott's government weakened a national Renewable Energy Target regime that provided incentives for the installation of new clean energy generation. And it tried to abolish several agencies, including Australia's equivalent of the UK Green Bank (known as the Clean Energy Finance Corporation), although its efforts were stymied in the Senate.

The Minerals Council, which spearheaded a business campaign against the former national carbon price scheme, argues that the solution to Australia's energy problems lies largely in new more efficient coal-fired power plants, possibly coupled with carbon capture and storage.

The Minerals Council is not a participant in the Australian Climate Roundtable, and has not put its support behind the roundtable's statements that the country must aim for net-zero emissions.

Abbott remains in Parliament, along with a small but influential group of politicians within Turnbull's ruling Liberal-National Party Coalition, and he continues to criticize climate change policies, particularly anything that would involve a carbon price.

#### **Clean Energy Boom**

In Australia, the era of dismantling policy is now over, though the task of reestablishing a full suite of

effective climate policies is far from complete.

Australia's clean energy industry is experienced an unprecedented boom thanks to falling renewable technology prices, state action, and support from the funding bodies that Abbott tried and failed to abolish.

The country has retained and developed a thriving carbon offsets industry, thanks largely to the efforts of Hunt, even though he was Abbott's key tactician in the campaign to demolish carbon pricing and all climate agencies.

And there is a growing view that the federal government must soon, in some way, bow to the widespread calls for a lasting energy and climate policy that can put the country on track towards net-zero emissions.

### **Australia Bills Would Overhaul Chemical Assessments, Ban Animal Testing**

*Posted June 07, 2017, 01:51 P.M. ET*

*By [Murray Griffin](#)*

Six bills introduced to Australia's Parliament would recast the country's assessment regime for industrial chemicals and ban animal testing for cosmetics.

The [Industrial Chemicals Bill 2017](#), the main bill of the six, would establish the Australian Industrial Chemicals Introduction Scheme (AICIS). The AICIS would replace the existing National Industrial Chemicals Notification and Assessment Scheme (NICNAS).

Under the bill, most new chemicals not already listed for use in Australia would be classified into one of three introduction categories—exempted, reported, or assessed—based on the level of risk they are likely to present.

There also would be a commercial evaluation category for chemicals undergoing appraisal and an exceptional circumstances category that would allow government to quickly approve a new chemical to deal with significant risks to human health or the environment.

Chemical importers and manufacturers would decide for themselves whether a chemical falls into the exempted, reported, or assessed category, based on a procedure specified in the regulations, which would then determine whether the substance is very low risk, low risk, or medium to high risk.

Very low-risk chemicals would fall into the exempted category and could be imported or manufactured without any pre-introduction contact with AICIS, although there would be record-keeping requirements.

Low-risk new chemicals would be under the reported category and would require only that AICIS be notified before they are imported or manufactured.

Medium- to high-risk chemicals would likely require assessment. They could be imported or manufactured via the international pathway, however, if they have undergone assessment by agencies in the European Union, Canada, or the U.S.

The international pathway would allow the import or manufacture of medium- to high-risk chemicals

on the basis of notification to AICIS, without requiring further assessment.

Assistant Health Minister David Gillespie introduced the bills June 1 into the House of Representatives, where their passage is assured, as members of the ruling Liberal-National Party Coalition led by Malcolm Turnbull have the majority and will support them.

The Coalition does not have a majority in the Senate, however, and the Labor opposition party and minor parties could refuse to pass the bills.

The bills already have been referred to the Senate Community Affairs Legislation Committee for a brief inquiry, which is a standard procedure for most bills. Submissions to the inquiry close June 12 and the committee will publicly release its report by June 13, ahead of the Senate's debate and vote on the bills.

Chemistry Australia, which represents the Australian chemicals industry, welcomed the introduction of the bills, but declined to comment further until parliamentary processes are completed.

Cancer Council Director of Advocacy Paul Grogan told Bloomberg BNA by phone June 7 that his organization was still studying the bills and would be making a submission to the Senate committee inquiry.

The council is keen to ensure that efforts to improve efficiency don't "come at the risk of health outcomes," he said.

#### **News on Nanomaterials**

The government simultaneously released a [consultation paper](#) on supporting regulations on matters including nanomaterials and the use of assessments conducted by trusted foreign agencies.

Nanomaterials are used in a range of products, including paints, dyes, surface coatings, plastics, cosmetics, and consumer goods.

The paper says nanomaterials should usually be treated as medium- to high-risk chemicals that require assessment.

Assessment or notification would not be required for nanomaterials introduced in amounts of less than 10 kilograms a year for research and development, however, or if they are imported into Australia and subsequently exported without any opening of packaging or treatment or processing.

Nanomaterials introduced in amounts of between 10 kilograms and 100 kilograms a year for the purposes of research and development would fall into the reported category.

#### **Banning Animal Testing**

The discussion paper also explains that animal test data produced after July 1, 2018, cannot be used to categorize or assess new chemicals for cosmetics, except in limited circumstances.

The ban on animal testing will fulfill a [commitment](#) that the Turnbull-led Coalition supported in the July 2016 federal election.

Besides the ban proposed in the bills introduced in Parliament, the Coalition government together

with states and territories will incorporate a testing ban through their respective legislation, triggered by changes to the National Health and Medical Research Council Australian code for the care and use of animals for scientific purposes.

Together with the cosmetics industry, and in consultation with key animal welfare stakeholders, it also will develop a voluntary code of practice on the sale of cosmetic products.

Based on historical data, the government estimates that the ban will prohibit the use of animal testing for more than 99 percent of the cosmetics introduced into Australia.

The less than 1 percent that remains will involve circumstances where the chemicals are also used in other industries and the information is critical to ensure the protection of consumers, the public, and the environment.

### **Key Shale-Boom Booster Threatened by Trump's Spending-Cut Plans**

*Posted June 07, 2017, 10:40 A.M. ET*

*By Catherine Traywick*

An agency instrumental to America's surge in energy production would lose half its funding in President Donald Trump's proposed federal budget.

The Energy Department's Office of Fossil Energy, whose research helped push the U.S. closer to self-sufficiency, is slated for a 58 percent cut for next year, to \$280 million. The shale innovations the office develops are available to any company that can use them, including industry giants that keep results of their own studies, but they're most beneficial to independent drillers that might otherwise find it tough to compete with behemoths such as Exxon Mobil Corp. and its \$1.06 billion annual research-and-development budget.

"What the federal government, at times, has done very well is they help get experiments run that many companies may not be able to afford on their own, or wouldn't have the moxie to pull off," said Greg Leveille, chief technology officer for ConocoPhillips, one of the country's biggest producers.

Many in Congress, even Republicans who favor cutting programs, have balked at the cuts. Senate appropriators defended the Energy Department's research program, citing the agency's work on shale gas development.

The U.S. government has had a hand in virtually every major energy innovation in the past half century, from nuclear power to carbon capture. The shale revolution is a descendant of federal research, and agency dollars have supported the development of biofuels, flying wind turbines and the lithium ion batteries that power electric cars. Most of the research budget today is dedicated to nuclear and renewable energies. The share that focuses on oil and gas aims to reduce the environmental harm of fossil-fuel production, which can have the added benefit of boosting a company's bottom line.

#### **Directional Wells**

In 1975, in the Appalachian Basin, the federal agency drilled the first directional wells to tap shale gas. Over the next two decades the agency invested \$137 million to help demonstrate and commercialize many of the shale-drilling technologies used today.

“Small producers were able to take some of that data and say, ‘Hey, there’s something here, we can start risking private capital,’” said Chris Smith, former chief of the Fossil Energy office. “The shale gas revolution certainly wouldn’t have occurred on the timescale it had if it weren’t for the Department of Energy.” U.S. natural gas output has increased 30 percent since 2008.

Among other projects, the Fossil Energy office is funding a study that’s already improving the efficiency of hydraulic fracturing. Laredo Petroleum Inc., a Tulsa, Oklahoma-based explorer with market capitalization of \$3 billion, said it’s already benefiting from the research, which cost \$7 million.

“Without the seed funding, it probably couldn’t get done,” Laredo Chief Executive Officer Randy Foutch said in an interview. This way, “it becomes part of the public database, and will help the entire industry. Instead of one company keeping it proprietary, this is public.”

### **Young Tech**

Given the far-reaching impact of hydraulic fracturing, it’s easy to forget how young the technology is. The fractures, tucked thousands of feet below ground, remain a mystery, their dimensions only inferred through seismic measures and mathematical modeling. Explorers still don’t know how many fracture stages are optimal, or why some stages are more productive than others. The process has gotten better, but is far from efficient.

The Laredo study aims to answer some of those questions. In the Wolfcamp shale in West Texas, the company partnered with the Gas Technology Institute to drill 11 horizontal wells running 10,000 feet long. Then they fracked those wells -- pumping each with a slurry of sand, water and chemicals that creates fissures in the surrounding rock. The cracks unlock the trapped resource by allowing oil and gas to flow into the well. Researchers tested the wells to determine which produced more oil and gas, and why.

They then drilled a 600-foot core through the fractured shale. That core enables the researchers to study actual physical fractures for the first time, giving them new insights into how they form and which are most productive.

### **Game Changer**

Laredo said it’s reluctant to detail its findings before the official release date late next year. But based on the core sample, the Energy Department predicts that “the fundamental understanding of hydraulic fracture propagation, modeling and effectiveness is about to undergo a game-changing alteration.” Laredo is building more efficient wells without having spent a dollar on R&D.

Under Trump’s budget proposal, released last month, the Fossil Energy office’s carbon sequestration and clean-coal programs would be cut even more deeply than its oil and gas programs.

The shale research has environmental benefits, too, said Jordan Ciezobka, a principal investigator on the Laredo project and a research manager at the Gas Technology Institute. By increasing productivity and efficiency, explorers can squeeze more oil out of fewer wells, with less water and a smaller footprint.

“Big companies have internal resources at their disposal,” said Hugh Daigle, an assistant professor of petroleum engineering at The University of Texas at Austin. “For the smaller producers, the small

independent companies, this is a really important way for them to do research and development, or just basic stuff that they don't have the resources to do in-house.”

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## **Top German Court Blocks Nuclear Fuel Tax**

*Posted June 07, 2017, 02:45 P.M. ET*

*By [Tino Andresen](#) and [Karin Matussek](#)*

Germany's Constitutional Court said June 7 the federal government overstepped its powers when introducing the national nuclear-fuel tax in 2011.

The judges rejected arguments from lawmakers that the levy was a consumption tax, for which the government would have had legislative powers. Reactor operators had to pay 145 euros per gram of nuclear fuel when they exchanged a fuel rod, cutting their profit.

Germany's biggest power producers are set to recover about 6 billion euros (\$6.7 billion) after the ruling.

The verdict means RWE AG shareholders could be in line for a special dividend, while EON SE may be able to forgo a sale of hybrid bonds, according to analysts at RBC Europe Ltd. and Independent Research GmbH.

EON expects that it will get 2.85 billion euros plus about 450 million euros in interest, which the company will use to strengthen its balance sheet, the Essen-based utility said after the ruling. RWE had paid about 1.7 billion euros toward the tax, the company said in a statement. The utility hasn't yet decided how it will use the funds.

“RWE has no need for the cash so any payment received may be given back to shareholders in some form of special dividend or enhanced regular dividend,” John Musk, an analyst at RBC Europe Ltd., said June 7 in a note to clients.

### **Hybrid Bonds**

The reimbursement would help EON repair a balance sheet hurt by a deal with Chancellor Angela Merkel's government on funding the nation's exit from nuclear power by 2022 as well as the billions of euros it wrote down related to the spinoff of its fossil-fuel generation business Uniper SE. The utility was considering as recently as last month a sale of hybrid bonds, securities that combine elements of equity and debt.

Christian Drepper, a spokesman at EON, declined to comment on the utility's bond plans.

The windfall may reduce how much of the hybrid debt EON sells, according to Sven Diermeier, an analyst at Independent Research.

The fuel-tax rebate would also ease EON's need for asset disposals and capital expenditure cuts in its plans to reduce net debt by about 24 percent to 20 billion euros, said RBC's Musk. “More importantly, it may allow EON to move to a more appropriate payout ratio on dividends” from 40 percent to 60 percent of adjusted net income, he said.

The constitutional court issued its ruling as guidance in a case in Hamburg. As the ruling is “clear cut,” finance authorities will most likely reimburse the funds, ending the case, said Matthias Tiemann, spokesman for the lower court. The tax had expired in 2016.

“We have taken note of the judgment of the Federal Constitutional Court on the nuclear fuel tax,” Finance Ministry spokesman Juerg Weissgerber told reporters at a regular government press conference in Berlin. “We would have expected the Federal Constitutional Court to endorse our argument that the nuclear fuel tax is constitutional.”

Germany’s switch to renewables forced traditional utilities to reinvent themselves through reorganizations as power prices slid to a decade-low. The ruling is the second time in six months, however, that the companies have won some relief from the top court as judges in December said they should be compensated for power-production rights lost related to nuclear power.

--With assistance from Rainer Buergin and Rob Verdonck.

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## **Dark Clouds Hang Over Nuclear Town Torpedoed by Green Energy**

*Posted June 07, 2017, 10:45 A.M. ET*

*By Jesper Starn*

In an eerily quiet nuclear reactor hall in southern Sweden, new copper and steel machinery stretching 50 meters and weighing hundreds of tons is just sitting idle.

Bought from France and Germany as part of a \$450 million upgrade at the now defunct Oskarshamn-2 facility, the turbines, steam pipes and feed-water pumps were supposed to help supply cheap electricity to the Nordic market for decades to come. Instead, they will probably be sold as scrap metal. The junk pile may grow even bigger as another reactor at the site will produce its last megawatt by the end of June.

The plant is yet another victim of an unprecedented surge in renewable energy that has sent margins at traditional power stations plunging, leaving thousands of old-school energy workers across Europe unemployed. Oskarshamn also houses a third reactor and its fate will be decided later this year by owners Uniper SE and Fortum Oyj, a decision seen as a bellwether for future investment in other Swedish atomic stations.

For the town of Oskarshamn, the utilities’ decision later this year on whether to pour another one-billion kronor (\$114 million) into the region’s biggest reactor to keep it humming until 2045 couldn’t be more significant.

With job cuts also looming at other local factories from a nuclear subcontractor to truck maker Scania AB, halting power production permanently would be another big knock to the town after the shipyard closed in the 1970s, its largest employer at the time.

“It’s a scenario I do not even dare to fully consider,” Peter Wretlund, Oskarshamn’s mayor, said in his office overlooking the town’s port on the Baltic Sea. “It would have grave consequences for the population.”

While governments in Germany, France and Switzerland are deciding on when to shut down reactors, Sweden will let market conditions be the judge on the life of its remaining six units. Even after a nuclear tax was abolished, conditions remain harsh for operators as they compete with subsidized renewable energy flowing across the European grids.

Local politicians are worried about the town's future. One of the main obstacles for growth is its remote location on the southeast coast, far from any of Sweden's major cities. The closest large international airport is in Copenhagen, another flight or a 4.5-hour train ride away.

"So many highly skilled workers are leaving the city," Eva-Marie Hansson, a local politician for the opposition Moderate Party, said in an interview. "People here do not have the opportunity to stay and easily commute to other big cities."

To combat the brain drain, Oskarshamn bid to host a 4 billion-euro (\$4.5 billion) large-scale battery factory earlier this year for Northvolt AB. The plan was to build the factory on the nuclear site, with existing security and access to high-voltage grid connections as main selling points.

The project didn't make the short-list, said Wretlund. Northvolt listed good transport links as one of the main criteria for its location.

For now, the nuclear plant's biggest challenge is to cut its operating costs. It plans to cut staff by 32 percent to 600 by 2019 compared with last year.

Uniper had sold half of its 2019 Swedish production in advance at between 19 euros and 23 euros per megawatt-hour in May, a level that also includes the company's hydro power production. That compares with plant costs of 40 euros before tax cuts in 2014, the latest available figure.

Attracting new tenants in the mode of Northvolt seem logical and others have done it before. Google Inc. bought the Summa paper mill in Finland from Stora Enso Oyj in 2009 and converted it to a data center using existing grid connections. The project employed 2,000 people during construction.

"Our assessment is that we can reach long-term profitability," Johan Svenningsson, Uniper's chief executive officer, said in a phone interview. "But we still need to see that costs can be brought down to the levels we require before making a decision."

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