

To: Jackson, Ryan[jackson.ryan@epa.gov]
From: POLITICO Pro Energy
Sent: Wed 6/28/2017 9:44:17 AM
Subject: Morning Energy, presented by Exelon: Tribes gather at White House — House looks at DOE budget — Yucca and more on the move at E&C

By Ben Lefebvre | 06/28/2017 05:42 AM EDT

With help from Nick Juliano, Alex Guillen and Eric Wolff

TRIBAL ENERGY FRONT AND CENTER: The White House is inviting state officials and Native American tribal leaders to discuss local energy issues with Trump administration officials in today's chapter of Energy Week. ME expects part of the topic du jour will be promoting energy development on tribal land, something Interior Secretary Ryan Zinke has floated in budget hearing talks and actually worked on during his time in Congress.

At least one of the attendees — Navajo Nation Speaker Lorenzo Bates — could bring up a topic close to Trump's heart. The tribe is working to save a coal-fired power plant and associated mine that employ hundreds of its members. The Navajo Nation voted Tuesday to extend a lease for two more years on the 2.25-gigawatt Navajo Generating Station, one of the largest coal-fired plants in the country. The Navajo lease the station from Arizona utility Salt River Project, and Interior owns about a quarter of the plant.

Despite the lease renewal meaning the plant will continue burning coal through 2019, its long-term future is still in doubt. The plant's coal-fired electricity is too expensive compared to gas, no one wants to buy the site to update it, and it will need more than \$100 million in maintenance done by the end of this decade. We'll see what comes out of today's meeting.

Guest list: Expected attendees include three Republican governors — Iowa's Kim Reynolds, Nebraska's Pete Ricketts, Maine's Paul LePage — and Alaska Gov. Bill Walker, an independent, among other state officials. Other tribes anticipated to send a representative include the Crow Nation Reservation in Montana, Chickasaw Nation in Oklahoma and Sault Ste. Marie Tribe of Chippewa in Michigan, among others.

Otherwise, we're halfway done with Energy Week. Things seem to be par for the course so far with the White House's theme-weeks. DOE Secretary Rick Perry tried bravely to keep on topic during a White House briefing while TV screens flashed the latest news on the Senate bill, which seems headed to the ER, POLITICO's Andrew Restuccia reports. "Perry's remarks made for a bizarre split-screen moment, underscoring the disconnect between the policy themes selected by the White House - this week's focus is energy - and the news cycle, which this week has been dominated by the health care bill," Andrew writes.

Welcome to Morning Energy! I'm your host Ben Lefebvre, filling in for Anthony Adragna. Anthony will be back tomorrow, newly married and relatively safe from a life of sin. Send your tips, confetti and uneaten wedding cake to aadragna@politico.com, or follow us on Twitter [@bjlefebvre](https://twitter.com/bjlefebvre), [@aadragna](https://twitter.com/aadragna), [@Morning_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

FIRST UP ON THE CHOPPING BLOCK: House Republicans are willing to go along with at least some of Trump's proposals to eliminate Energy Department programs designed to foster new clean energy technologies. And their energy and water spending bill begins its journey through the legislative process today with a House Appropriations subcommittee markup. The bill appropriators released Monday would eliminate the Advanced Research Projects Agency-Energy, prevent DOE from issuing new clean energy loan guarantees and cut nearly \$1 billion from the Energy Efficiency and Renewable Energy Office, effectively halving its budget, Pro's Nick Juliano [reports](#). What's not having such a hard time is the DOE's Office of Fossil Energy, which will get a mere \$33 million trim for a total budget of about \$635 million. Nuclear programs would see \$969 million, a \$48 million reduction.

If you go: The [fun](#) starts at 11 a.m. at Rayburn 2362-B.

More approps fun: Over on the other side of Capitol Hill, the Senate Appropriations energy and water subcommittee will hear from representatives of the Army Corps of Engineers and Bureau of Reclamation about their budget request. That hearing starts at 2:30 p.m. in Dirksen 138.

**** A message from Exelon:** Innovation always begins with the spirit of discovery—the search for new ideas and answers to our biggest questions. As America's largest clean energy provider, what happens when 34,000 Exelon engineers, analysts, and innovators put their heads together to tackle the energy industry's biggest challenges? Find out here: <http://bit.ly/2szvZN4> **

OZONE, YUCCA, BROWNFIELDS AND MORE!: The Energy and Commerce Committee meets this morning to vote on eight bills, including nuclear waste legislation aimed at advancing Yucca Mountain, a reauthorization of EPA's brownfields program and a bill to delay tighter ozone standards. The markup also will include bills that would ease hydropower permitting, make it easier to build energy infrastructure across the border and promote new natural gas pipelines.

If you go: The markup begins at 10 a.m. in 2123 Rayburn. A full agenda is [here](#).

DOJ ENVIRO NOMINEE IN HOT SEAT: Jeffrey Bossert Clark, the president's pick to run the Justice Department's Environment and Natural Resources Division, is scheduled to testify at a Senate Judiciary Committee hearing today, alongside several other nominees. [Nominated](#) earlier this month, Pros will recall that Clark has been an attorney at Kirkland & Ellis for years, and previously served as ENRD's deputy under George W. Bush. Clark is also connected to the Clean Power Plan lawsuits, where he represented a consumer group that filed a "friend of the court" brief urging the court to strike down the rule. That could require him to recuse himself from litigation over the rule. The Judiciary Committee hearing starts at 9:30 a.m. in Dirksen 226.

NOMINATIONS ON HOLD AT EPW: The Environment and Public Works Committee has postponed a vote that had been planned for this morning on Nuclear Regulatory Commission nominees Annie Caputo and David Wright and Susan Parker Bodine, who has been nominated as assistant administrator of the EPA's office of enforcement and compliance assurance. The committee has not said when it will reschedule the business meeting.

GROUP SUES FOR ICAHN, PRUITT DOCS: American Oversight, a liberal-leaning policy group said it is suing the EPA to turn over emails between Administrator Scott Pruitt and billionaire Carl Icahn, or representatives of the refinery he owns, Pro's Eric Wolff [reports](#). The group says in its [complaint](#) that it has submitted two requests under the Freedom of Information Act, but it has not yet received any materials. The group wants Pruitt's calendars, phone logs and emails to examine whether he was in communication with Icahn or other officials. As Icahn runs CVR Energy, that could put him in conflict of interest depending on what comes up in Pruitt's records.

EPA STAFF FOUND IN MEMO: An internal EPA [memo](#) sent Tuesday listing political appointees at the agency includes at least eight previously unknown names, Pro's Alex Guillen reports. It also reveals one possible departure: Missing from the list is J.P. Freire, formerly the associate administrator for public affairs. That spot is filled in an acting capacity by Liz Bowman, formerly Freire's deputy, according to the memo. Neither Freire nor EPA immediately responded to questions about his apparent departure. Of the eight new names, the highest-ranking is Erik Baptist, the senior deputy general counsel. Baptist was an attorney with the American Petroleum Institute since 2011. Before that, he was an attorney for FERC for two years and an associate at the law firm McDermott Will & Emery, according to his LinkedIn profile.

MARK YOUR CALENDARS: The 10th Circuit has scheduled oral arguments over Interior's Obama-era fracking rule for July 27 in Denver. The appeal deals solely with whether Interior has the authority to regulate fracking on federal lands. A lower court judge previously struck down Interior's fracking rule as unconstitutional, saying it was a power delegated explicitly to the states. The Trump administration tried (apparently unsuccessfully) to pause the case while it rethinks and presumably repeals the rule. It's not clear what DOJ lawyers will do on July 27, but environmental groups have signed up to defend the rule at least. A loss for the Trump administration here could eventually lead to some type of federal control over fracking on public lands.

ZINKE A COLD ONE IN MONTANA: It turns out Zinke didn't have any big announcements for the Western Governors' Association annual meeting Tuesday in Montana, but an Interior source assures ME something is coming later this week. Zinke may have been upstaged by beverage makers, however. The official WGA account dedicated six Tweets to Zinke's presentation, compared to a whopping 14 Tweets dedicated to a round table on craft brewers that followed him.

YOU WOULDN'T LIKE HIM WHEN HE'S ANGRY: Newly elected Montana Rep. [Greg Gianforte](#) will join the House Natural Resources Committee, Chairman Rob Bishop announced Monday. He will sit on its subcommittees on federal lands and water, power and oceans. Gianforte won Zinke's old seat earlier this year, after he infamously assaulted a reporter just before the special election.

DEMS DEMAND DOE FIRING: Sens. [Mazie Hirono](#) and [Maria Cantwell](#) are calling on DOE to fire a Trump appointee over racially insensitive remarks on social media. William Bradford, who was recently appointed to lead the DOE's Office of Indian Energy, referred to President

Obama a "Kenyan creampuff," and called the internment of Japanese-Americans during World War II "necessary" in Twitter posts he has since deleted, according to press reports. In a [letter](#) to Perry the senators call it "disturbing" how someone with Bradford's history of offensive comments got through the administration's vetting process and ask DOE to explain what role it played in the hiring.

THE 47 PERCENT AT THE BLM: Oil and gas companies are not operating on nearly half of the onshore land they've leased from the federal government, The Wilderness Society points out via [BLM data](#). How much the drilling should be done on public land is an argument almost as old as Spindle Top. But what's new is how low operating levels have fallen. Drills working on only 53 percent of leased land is the lowest level since BLM started keeping records in 1998, according to some ME napkin-math. Another sign of the times: Drillers only spudded 847 new wells last year, half of what they drilled the year before and a third of what they did in 2014, BLM data shows. "There is no reason oil, gas, and coal companies need more public land," The Wilderness Society said in a [memo](#) flagging the BLM data.

The API chalks up the decline to excessive regulations. "Federal acreage has been mired in excessive red tape for years, and this has effectively discouraged investment in oil and gas projects on BLM managed lands," spokeswoman Brooke Sammon tells ME via email, although did not mention of the steep decline in oil prices that occurred in the past several years.

PROPOSITIONAL POLITICS: Shareholders at public companies are currently offering more environment-related proposals than any other type, a Manhattan Institute-sponsored [study](#) finds. ExxonMobil shareholders pushing through a "2-degree scenario stress test" proposal earlier this year garnered most of the attention, but environmental proposals now beat out those touching upon lobbying disclosure, executive compensation and other issues, according to the study. And it found that support is rising among shareholders for the environmental proposals, which averaged 27 percent approval so far this year, up from 13 percent at the beginning of the decade.

MOVER/SHAKER: James M. Owendoff has been named DOE's Principal Deputy Assistant Secretary in the Office of Environmental Management. He had been senior adviser to the assistant secretary in the Office of Environmental Management since January 2010.

QUICK HITS:

- In disaster's wake, BP doubles down on deepwater despite surging shale, [Reuters](#).
- Wanted In Saudi Arabia: An Extremely Careful Drive, [Bloomberg](#).
- Kinder Morgan secures financial backing for Canadian pipeline, [Fuel Fix](#).
- Saudi Aramco called on to improve data disclosure ahead of IPO, [Financial Times](#).
- This Shipping Magnate Is Calling a Bottom in the Oil Rout, [Wall Street Journal](#).

HAPPENING TODAY

8:45 a.m. — FERC conference on software and market efficiency, 888 First St. NE

10 a.m. — Oversight Hearing "Examining Policy Impacts of Excessive Litigation Against the Department of the Interior," House Natural Resources Committee, Subcommittee on Oversight and investigations, Longworth 1324

10 a.m. — Markup on Nuclear Regulatory Commissions and EPA staffing nominations and other legislation, Senate Environment and Public Works Committee, 406 Dirksen Senate Office Building.

10 a.m. — Markup of "Hydropower Policy Modernization Act of 2017", House Energy and Commerce Committee, 2123 Rayburn.

10:30 a.m. — "Energy Security, Transition and Dialogue" at Center for Strategic and International Studies, 1616 Rhode Island Ave., Nw.

11 a.m. — Markup of FY 2018 Energy and Water Appropriations Bill, House Appropriations Committee, Energy and Water Development and Related Agencies Subcommittee, Rayburn 2362-B

2:30 p.m. — FY2018 budget request for the U.S. Army Corps of Engineers and the U.S. Department of the Interior, Bureau of Reclamation, feat. Lt. Gen. Todd T. Semonite, Commanding General and Chief of Engineers, U.S. Army Corps of Engineers, Douglas Lamont, Senior Official Performing the Duties of the Assistant Secretary of the Army (Civil Works), Alan Mikkelsen Acting Commissioner Bureau of Reclamation, Senate Appropriations Committee, Energy and Water Development Subcommittee, Dirksen 138.

THAT'S ALL FOR ME! Anthony takes charge tomorrow.

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To view online:

<https://www.politicopro.com/tipsheets/morning-energy/2017/06/tribes-gather-at-white-house-023516>

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White House talks energy policy as health care bill is delayed [Back](#)

By Andrew Restuccia | 06/27/2017 03:45 PM EDT

Energy Secretary Rick Perry held court in the White House briefing room for nearly 40 minutes on Tuesday, delivering an extended riff on energy policy as Senate Republican leaders announced they were delaying a vote on their health care bill.

Perry's remarks made for a bizarre split-screen moment, underscoring the disconnect between the policy themes selected by the White House - this week's focus is energy - and the news cycle, which this week has been dominated by the health care bill.

The White House has touted a series of policy-themed weeks over the last month, organizing events on everything from infrastructure to workforce development. They have largely been overshadowed by other major news events, including the expanding Russia investigation and Trump's tweets.

White House spokeswoman Sarah Sanders inched closer to the podium as Perry continued to take questions from the press corps on everything from U.S.-India energy relations, nuclear power and French President Emmanuel Macron's decision to invite Trump to France for Bastille Day.

Asked whether the potential trip to France is an opportunity to start new international climate talks, Perry said, "I would always look at an invitation to a party as a good thing." He added that he has always thought the French "were a little bit different - that's in a good way."

Pressed about his stance on climate change, Perry said, "The climate is changing, man is having an impact on it," adding later, "How much effect is what's at debate here."

Perry said he wants to have an "intellectual conversation" about what to do about climate change.

"I don't think whether anybody will question whether Secretary Perry is a high-energy guy," Sanders deadpanned after Perry forfeited the podium.

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House bill would eliminate ARPA-E, bar future DOE loan guarantees [Back](#)

By Nick Juliano | 06/27/2017 01:26 PM EDT

House appropriators are calling to eliminate a popular late-stage research program and bar the Energy Department from issuing new loan guarantees while proposing to cut spending on energy efficiency and renewables nearly in half.

The cuts reflect House Republicans' preference for DOE's nuclear and fossil energy programs, which would receive much smaller reductions. The House plan would not cut most programs as steeply as President Donald Trump called for in his budget — but lawmakers made exceptions for the Advanced Research Projects Agency-Energy and the loan-guarantee program.

The [energy and water spending bill](#) House appropriators released today does not include any funding for ARPA-E, which the Trump administration also proposed zeroing-out in its budget request.

For the loan-guarantee program, the spending bill would rescind nearly \$161 million in money available to underwrite loan guarantees as well as DOE's authority to issue any new loans after Oct. 1. The bill would provide \$2 million for administrative costs to be drawn from fees DOE has collected, a 95 percent reduction from the equivalent sum this year.

DOE's Energy Efficiency and Renewable Energy office would receive about \$1.1 billion in the House bill. That's down from nearly \$2.1 billion the office received this year.

But the fossil and nuclear energy offices would not see anything close to that magnitude of cuts. The fossil office would receive about \$635 million, down \$33 million from this year, while nuclear would see \$969 million, a \$48 million reduction.

WHAT'S NEXT: The House Appropriations energy and water subcommittee will mark up its bill on Wednesday. Lawmakers on both sides of the aisle are likely to resist the call to cut ARPA-E as the appropriations bill moves through Congress in the coming months.

To view online [click here](#).

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Trump picks lawyer involved in carbon rule challenge for DOJ enviro chief [Back](#)

By Alex Guillén | 06/06/2017 06:38 PM EDT

President Donald Trump plans to nominate longtime Washington lawyer Jeffrey Bossert Clark, who is involved in the lawsuits challenging EPA's Clean Power Plan, to run DOJ's Environment and Natural Resources Division, the White House announced today.

Clark has been a partner at Kirkland & Ellis since 1996, except between 2001 to 2005, when he was the deputy assistant attorney for ENRD.

Clark is involved in the litigation over EPA's Clean Power Plan, and likely will have to recuse himself from that lawsuit while running ENRD. He represented Consumers' Research, a self-described "independent educational organization," in filing a ["friend of the court" brief](#) along with the state of Nevada that urged the D.C. Circuit Court of Appeals to strike down the carbon

rule.

He previously successfully argued on behalf of the Bush EPA before the D.C. Circuit in *Massachusetts v. EPA*, though that ruling was later overturned by the Supreme Court and ultimately established EPA's mandate to regulate greenhouse gases.

Clark has testified before Congress several times recently, including last year, when he supported legislation that would end Chevron deference, the doctrine in which courts are supposed to accept an agency's reasonable interpretation of ambiguous statutes.

Coincidentally, Jeffrey Wood, the Trump appointee currently acting as head of ENRD who has had to recuse himself from the Clean Power Plan lawsuit because he represented Republican lawmakers in a filing, will testify on Thursday at a House Judiciary oversight hearing.

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Group sues EPA for emails with Carl Icahn [Back](#)

By Eric Wolff | 06/27/2017 03:13 PM EDT

American Oversight, a liberal-leaning policy group, said today that it sued the EPA to turn over emails between Administrator Scott Pruitt and billionaire Carl Icahn, or representatives of the refinery he owns.

American Oversight also seeks to obtain Pruitt's calendars and phone logs, in addition to his emails, to examine whether he was in communication with Icahn or other officials. The group says in its complaint that it has submitted two requests under the Freedom of Information Act, but it has not yet received any materials.

"President Trump tapping Carl Icahn to give advice on energy regulations is the definition of conflict of interest," American Oversight Executive Director Austin Evers said in a statement. "We need to know what kind of influence Mr. Icahn has at the EPA to see if he has been shaping energy policy to benefit himself at the expense of American families."

For years, Icahn and the refining giant Valero, as well as refineries near Philadelphia, have been pushing the EPA hard for changes to the Renewable Fuel Standard.

Icahn, whose properties include CVR Energy, was an early supporter of President Donald Trump. When Trump won, many assumed Icahn would use his influence to get the program altered, but the change has not been forthcoming. The nonprofit group, citing press reports, says that changes in ethanol regulations would have saved CVR Energy over \$200 million in 2016.

Pruitt has resisted public records act requests in the past, waging a two-year fight to protect

emails from his time as Oklahoma Attorney General.

WHAT'S NEXT: A judge will take briefs and rule on the complaint.

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