

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** POLITICO Pro Energy  
**Sent:** Wed 7/26/2017 9:43:02 AM  
**Subject:** Morning Energy, presented by Chevron: House tees up debate on Energy and Water title — N.Y. nuke subsidy survives first court test — Russian sanctions bill on way to becoming law

By Anthony Adragna | 07/26/2017 05:40 AM EDT

*With help from Esther Whieldon and Annie Snider*

**LET THERE BE MINI-BUS!** The House takes up its first spending package today, with nearly four dozen amendments to the Energy and Water title rounding out [a list](#) of the first 72 approved by the House Rules Committee. Here are some of the items that caught our eye:

— Democrats will try to [strip a rider](#) protecting the Trump administration's withdrawal of the Obama-era Waters of the U.S. rule from legal challenges.

— Another Democratic amendment seeks to [restore \\$921 million](#) to DOE's Energy Efficiency and Renewable Energy account, paid for with cuts to nuclear weapons programs.

— Republican Rep. [Paul Gosar's](#) amendment would block work on the [social cost of carbon](#).

— Nevada Democrats are trying to [block pro-Yucca Mountain](#) language with an amendment that's sure to fail.

— Ohio Republican [Steve Stivers](#) wants to [block any funding for Cape Wind](#), the offshore wind project in Massachusetts' Nantucket Sound that has been stalled for years.

— Florida Republican [Ron DeSantis](#) proposed an amendment effectively [eliminating the position](#) of director of Civil Works of the Army Corps of Engineers.

— Michigan Republicans [Paul Mitchell](#) and [Bill Huizenga](#) will get a vote on their [amendment](#) aimed at keeping the Corps from slow-walking a controversial study related to keeping Asian carp from reaching the Great Lakes.

— New Jersey Democrat [Bonnie Watson Coleman](#) proposed [defunding any work in conjunction](#) with President Donald Trump's January executive order aimed at speeding the environmental review of high-priority infrastructure projects, like the Keystone XL pipeline.

— And, of course, the perennial [light bulb rider](#) blocking enforcement of DOE efficiency standards returns from Rep. [Michael Burgess](#).

**Meanwhile, the League of Conservation Voters urged** House lawmakers to reject the mini-spending package, [H.R. 3219 \(115\)](#). The bill "severely cuts federal investment in clean energy, abandoning the research and development that has led to economic growth, job creation, and numerous public health and environmental benefits," the group [writes](#). It also blasts the inclusion of policy riders in the package.

**WELCOME TO WEDNESDAY!** I'm your host Anthony Adragna, and former Commerce official Randy Mye was first to identify 19th-century Colorado Sen. Henry Teller as the first to win reelection after switching parties. For today: Who won a general election to the House but lost a special election to fill out the remainder of a term on the *same day* back in 2012? Send your tips, energy gossip and comments to [aadragna@politico.com](mailto:aadragna@politico.com), or follow us on Twitter [@AnthonyAdragna](https://twitter.com/AnthonyAdragna), [@Morning\\_Energy](https://twitter.com/Morning_Energy), and [@POLITICOPro](https://twitter.com/POLITICOPro).

**CUOMO WINS ROUND ONE:** A federal judge on Tuesday tossed out a challenge from non-nuclear generators in New York over Gov. Andrew Cuomo's multi-billion dollar nuclear subsidy, POLITICO New York's David Giambusso [reports](#). Judge Valerie Caproni of U.S. District Court for the Southern District of New York said the "zero emission credits" going to four flagging nuclear reactors upstate did not interfere with wholesale energy markets. Instead, she ruled, the program advanced a state policy goal that was within New York's purview and stopped short of treading on FERC's terrain. "Although FERC has substantial authority over interstate wholesale energy sales, the regulation of retail rates for sales of electricity belongs to the States," Caproni wrote in her [ruling](#). "A whole host of measures that States might employ to encourage clean energy development — such as tax incentives or direct subsidies — involve propping up the operation of a generator that might otherwise be unprofitable."

**Plaintiffs vow to appeal:** Non-nuclear generators argued the subsidy, estimated to cost state utility customers between \$2.8 billion and \$7.6 billion, interfered with FERC's jurisdiction, and they plan to appeal the ruling, David and Marie J. French [report](#). "The New York Public Service Commission failed ratepayers last year when it instituted a \$7.6 billion bailout for uneconomic nuclear plants with almost no public input," New Yorkers for Fair Energy Coalition, one of the plaintiffs in the case, said in a statement. "We will continue to oppose the bailout in the courts and other public forums."

**Cuomo praised Caproni's ruling** in his own statement: "At a time when the federal government has abdicated its leadership on climate change, New York will continue to do all that we can to ensure that current and future generations have a clean and safe environment in which to live and prosper," the governor said.

**9th CIRCUIT PAUSES KIDS CLIMATE SUIT FOR NOW:** Three judges on the 9th Circuit Court of Appeals on Tuesday hit the pause button on the kids' climate lawsuit asking for an order forcing the government to take immediate and dramatic action on greenhouse gas emissions. The Trump administration has made an emergency request for the 9th Circuit to stop the proceedings after a federal judge in Oregon said the lawsuit from a group of children and young adults could move to trial. The 9th Circuit's one-page [order](#) only says that the pause is temporary and another forthcoming order will address the Trump administration's request more fully. It was issued by Judges Alfred Goodwin, a Richard Nixon appointee, Alex Kozinski (Reagan) and Marsha Berzon (Clinton).

**SANCTIONS SAIL THROUGH:** House lawmakers voted overwhelmingly Tuesday 419-3 to approve new sanctions on Russia, Iran and North Korea, POLITICO's Elana Schor [reports](#). Arguably the biggest outstanding question is whether Trump will force Congress to override a

veto. "The White House is reviewing the House legislation and awaits a final legislative package for the President's desk," Press Secretary Sarah Huckabee Sanders said Tuesday.

**MORE NOMINATIONS SENT OVER:** After being nominated last week, the White House sent over to the Senate the nominations of Joseph Balash to be an assistant secretary of Interior and Sam Clovis to be USDA's top scientist on Tuesday. But we're still waiting for the White House to send over the paperwork for Trump's last two nominees for the quorum-less FERC, Democratic Senate staffer Rich Glick and Republican lawyer Kevin McIntyre, whose nominations were announced June 28 and July 13.

**\*\* A message from Chevron:** When an endangered butterfly was found near a Chevron refinery, we protected the habitat and still plant the only thing they eat—buckwheat. Watch the video: <http://bit.ly/2vFizh5> \*\*

**ANOTHER WEIRD DAY!** Energy Secretary Rick Perry's odd Tuesday started when he published [an op-ed](#) on Obamacare repeal in an Ohio newspaper (nothing going on in the energy world, Mr. Secretary?), but it took an even more bizarre turn when DOE confirmed Russian pranksters successfully got a 20-minute conversation with him last week, Pro's Darius Dixon [reports](#). The trickery occurred July 19 but got published Tuesday in a [story](#) in the Pravda Report, a Russian publication, that linked to the [audio](#). Topics discussed on the call, which Perry thought was with a Ukrainian official on behalf of Prime Minister Volodymyr Groysman, included the 2015 Paris climate agreement, the Nord Stream 2 natural gas pipeline and possibility of a biofuel devised from home-brewed alcohol and manure.

**Another day, another rally:** Perry and Zinke, along with Trump aide Kellyanne Conway and VA Secretary David Shulkin, traveled with the president to Youngstown, Ohio on Tuesday night for a rally. Picture [here](#).

**CARBON TAX PUSHES GOES ON:** Two of the Senate's biggest climate hawks — Democrats [Sheldon Whitehouse](#) and [Brian Schatz](#) — are taking another shot at their carbon tax legislation and will unveil their latest proposal today at the American Enterprise Institute at 3 p.m. Last Congress, the duo [proposed legislation](#) they said would curb carbon dioxide emissions by more than 40 percent by 2025 compared to 2005 levels and return revenue collected through the tax to the U.S. public. Details on today's event [here](#).

**SUPERFUND RECS ARE OUT:** EPA Administrator Scott Pruitt's push to speed the cleanup of Superfund sites got a major boost Tuesday with the release of [42 recommendations](#) from a task force, Pro's Alex Guillén [reports](#). Pruitt also signed [a memo](#) with a number of immediate actions, including identifying as many sites as possible for deletion from the National Priorities List and prioritizing sites "where the risk of human exposure is not fully controlled."

**WHAT'S IN THAT TAP WATER?** Just because your drinking water utility gets a passing grade from federal regulators doesn't mean there aren't dangerous chemicals in your drinking water — that's the message the Environmental Working Group is underscoring with a massive update to its [database](#) compiling monitoring records from nearly 50,000 public water systems across the country. EWG found that between 2010-2015, utilities tested for about 500 different

contaminants and found 267 at varying levels in Americans' drinking water, including 93 linked to cancer, 78 associated with brain and nervous system damage and 63 suspected of causing harm to children or fetuses. More than half of the chemicals found are not federally regulated, meaning the federal government has not decided what constitutes an unsafe level of exposure.

**BOARDROOM BATTLES ON CLIMATE AT RISK?** Business groups, led by the U.S. Chamber, are pushing to make it harder for shareholder activists to push resolutions on issues like climate change onto companies for consideration, Pro Financial Services' Patrick Temple-West [reports](#). The Chamber [released](#) seven recommendations Tuesday for SEC consideration that would limit investors' ability to pressure public companies on matters like climate change. Environmental and religious activists hailed a major victory earlier this year when Exxon Mobil investors in May approved a resolution calling for the company to publish annual assessments of the impact of climate change on its business. But the Chamber argued that "no small subset of activists should be able to commandeer longstanding SEC rules for their own parochial purposes."

#### **ALL AROUND THE HILL —**

**IT'S A MEGA-MARKUP!** The House Natural Resources Committee will today vote on 21 bills covering various topics. Among the most interesting: [H.R. 825 \(115\)](#), a bipartisan bill that calls for streamlined permitting for wind, solar, and geothermal energy generation on federal land, and [H.R. 2199 \(115\)](#), which calls for a searchable, online record of federal land ownership and management. A full list of bills being considered is available [here](#).

**WILDLIFE BILL SET FOR EPW VOTE:** EPW senators consider legislation [S. 1514 \(115\)](#) today that would reauthorize a number of popular conservation programs, including the North American Wetlands Conservation Act and Chesapeake Bay Program, through 2023. While provisions in the package blocking Endangered Species Act protections for gray wolves in Wyoming and the Great Lakes region have drawn some Democratic criticism, it's expected to clear the panel at a [business meeting](#).

**PUBLIC LANDS BILLS BEFORE ENR:** The Senate Energy and Natural Resources Committee's Subcommittee on Public Lands, Forests and Mining holds a hearing this morning on a slew of public lands bills, including a measure [S. 941 \(115\)](#) from Montana Democrat [Jon Tester](#) to make permanent a 20-year mining ban imposed by the Obama administration last year for roughly 30,000 acres of national forest outside Yellowstone National Park, and Barrasso's "Water Rights Protection Act" [S. 1230 \(115\)](#), barring the federal government from requiring that water rights be transferred before an entity can receive a lease, permit or other use agreement.

**LAST CALL!** Today's the last day for the public to comment to the Commerce Department on 11 National Marine Sanctuaries and Marine National Monuments designated since 2007. The review is separate — but related — to Interior's review of nearly two dozen national monuments designated under the Antiquities Act. Ahead of the deadline, 65 House Democrats sent a [letter](#) voicing strong support for the existing designations. Nearly 44,000 comments have already poured in, and you can contribute [here](#). The Center for American Progress has questioned whether Interior will share comments mentioning the marine monument review with Commerce,

though an agency spokeswoman told ME they would.

**MAIL CALL! MORE CALL FOR GARRETT WITHDRAWAL:** Three senior House Democrats — [Steny Hoyer](#), [Gwen Moore](#) and [Denny Heck](#) — sent a [letter](#) to Trump Tuesday calling on him to withdraw Scott Garrett's nomination to run the Export-Import Bank. They join various business groups imploring the administration to pull the plug on the former New Jersey congressman, one of the biggest critics of the bank. The White House has [resisted](#) those calls to date.

**CONCERNS RAISED OVER EFFICIENCY PROGRAM:** Rep. [Ken Calvert](#), the top EPA and Interior appropriator, raised concerns about the Property Assessed Clean Energy program, which helps private customers implement energy efficiency upgrades on their properties, in a [letter](#) obtained by ME. The California Republican asked HUD Secretary Ben Carson and VA Secretary David Shulkin to look into whether the program is being used to "mislead and defraud" citizens into risky loans that might ultimately cause them to default.

**TIME TO ACT ON HYDROPOWER:** A collection of more than a dozen groups, including the Edison Electric Institute, National Hydropower Association and National Rural Electric Cooperative Association, sent a [letter](#) to senior House and Senate energy leaders urging them to push for the passage of bills modernizing the hydropower licensing process. "We believe the hydropower provisions in [S. 1460 \(115\)](#), the Energy and Natural Resources Act of 2017, and [H.R. 3043 \(115\)](#), the Hydropower Policy Modernization Act of 2017, can provide a framework for final legislation to implement this new direction in a way that protects environmental values, public participation, and all existing authorities of federal and state decision-makers in the licensing process," they wrote.

**OIA RELEASES STATE OUTDOOR RECREATION SPENDING FIGURES:** The Outdoor Industry Association is today releasing [data](#) on state-by-state outdoor recreation spending. California boasts \$92 billion in annual outdoor recreation consumer spending but most other states bring in more modest amounts. New York sees about \$41.8 billion in recreational spending, Colorado sees \$28 billion, and Utah and Nevada bring in close to the same levels at \$12.3 billion and \$12.6 billion, respectively.

**CLIMATE SOLUTIONS CAUCUS HITS 50:** Reps. [Steve Knight](#) (R-Calif.) and [Marcy Kaptur](#) (D-Ohio) announced Tuesday they've joined the bipartisan Climate Solutions Caucus, bringing its total membership to 50. "Now 50 members strong, the Climate Solutions Caucus is evidence that there is a growing, diverse, and bipartisan coalition of members of Congress ready to put petty politics aside and find meaningful solutions to the challenges posed by sea level rise and climate change," [Carlos Curbelo](#) said in a statement.

## QUICK HITS

— As Interior Secretary Swaggers Through Parks, His Staff Rolls Back Regulations. [New York Times](#).

— Gov. Jerry Brown signs climate change legislation to extend California's cap-and-trade

program. [Los Angeles Times](#).

— Al Gore Says He's More Optimistic About Paris Climate Deal. [AP](#).

— Venezuela unions to launch indefinite strike. [Argus Media](#).

— City To Kill Rats With Dry Ice, Make Them Infertile With Bait After EPA OK. [DNA Info](#).

## HAPPENING TODAY

9:00 a.m. — Smart Electric Power Alliance hosts [Grid Evolution Summit](#), Washington Hilton, 1919 Connecticut Avenue NW

10:00 a.m. — "[Powering America: A Review of the Operation and Effectiveness of the Nation's Wholesale Electricity Markets](#)," House Energy and Commerce Energy Subcommittee, Rayburn 2123

10:00 a.m. — House Natural Resources hosts full committee [markup](#) of several pending bills, 1324 Longworth

10:00 a.m. — Senate Environment and Public Works Committee hosts [business meeting](#), 406 Dirksen

10:00 a.m. — "[How Trump's Deregulatory Agenda Hurts People's Everyday Lives](#)," Center for American Progress, [livestream here](#).

10:00 a.m. — "[Legislative hearing to receive testimony on various bills](#)," Senate Energy and Natural Resources Public Lands, Forests and Mining Subcommittee, 366 Dirksen

10:00 a.m. — "[How to Design and Run Successful Clean-Energy Demonstration Projects](#)," Information Technology and Innovation Foundation, 1101 K Street NW, Suite 610A

10:00 a.m. — "[Renegotiating NAFTA: Energy Opportunities and Challenges](#)," Center for Strategic and International Studies, 1616 Rhode Island Avenue, NW

3:00 p.m. — "[Carbon taxes: A problem or a solution? Remarks from Sen. Sheldon Whitehouse \(D-RI\) and Sen. Brian Schatz \(D-HI\)](#)," AEI, 1789 Massachusetts Avenue NW

## THAT'S ALL FOR ME!

**\*\* A message from Chevron:** This is a story about DOERS, butterflies, and buckwheat. In '75, the endangered El Segundo Blue butterfly was found near a Chevron refinery. We protected the habitat and planted the only thing they eat—buckwheat. We're still planting and keeping an eye on our littlest neighbor. Watch the video: <http://bit.ly/2vFizh5> \*\*

*To view online:*

<https://www.politicopro.com/tipsheets/morning-energy/2017/07/house-tees-up-debate-on-energy-and-water-title-023922>

## Stories from POLITICO Pro

### **POLITICO New York: Federal court dismisses challenge to Cuomo's nuclear subsidy** [Back](#)

By David Giambusso | 07/25/2017 06:23 PM EDT

A U.S. District Court judge has dismissed a legal challenge brought against the Public Service Commission over Gov. Andrew Cuomo's multi-billion dollar nuclear subsidy.

Non-nuclear generators in New York sued the state in October 2016 over an element of the Clean Energy Standard that could allow as much as \$7.6 billion in zero emission credits, or ZECs, to go to four flagging nuclear reactors upstate.

The non-nuclear generators said the state was overstepping its jurisdiction by interfering in the wholesale energy market, which is the jurisdiction of FERC. The ZECs are credits, paid by utility customers, that are tied to the wholesale energy price for nuclear. They are designed to recognize nuclear's non-carbon attributes and advance the state's clean energy goals.

Judge Valerie Caproni of U.S. District Court for the Southern District of New York issued a 47-page opinion today saying the credits did not interfere with wholesale markets, but advanced a state policy goal that was within the purview of state authority.

"Although FERC has substantial authority over interstate wholesale energy sales, the regulation of retail rates for sales of electricity belongs to the States," Caproni wrote in her ruling. "A whole host of measures that States might employ to encourage clean energy development — such as tax incentives or direct subsidies — involve propping up the operation of a generator that might otherwise be unprofitable."

Environmental groups too are opposed to the credits, arguing that nuclear power is not clean energy. They did not join the suit, however.

A copy of Caproni's ruling can be read [here](#).

*This article first appeared on [POLITICO New York](#) on Tuesday, July 25.*

*To view online [click here](#).*

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### **House approves Russia sanctions that handcuff Trump** [Back](#)

By Elana Schor | 07/25/2017 05:23 PM EDT

The House on Tuesday overwhelmingly approved new sanctions on Russia, Iran, and North Korea, with the GOP-controlled chamber advancing a significant new constraint on President Donald Trump's foreign policy.

The sanctions legislation, which allows lawmakers to block Trump from any attempt to roll back sanctions against Moscow, is expected to pass the Senate in similarly bipartisan fashion before next month's recess.

The White House has yet to say definitively whether Trump would sign the bill, which his administration had criticized for failing to give him necessary "flexibility" to work on warmer relations with Russia. But it appears the votes would be there for Congress to override any veto from Trump.

The House's 419-3 vote on the sanctions bill saw only three dissenters: GOP Reps. Justin Amash of Michigan, John Duncan of Tennessee and Thomas Massie of Kentucky. Even Rep. Dana Rohrabacher (R-Calif.), Russia's staunchest defender on the Hill, revealed hours before the vote that he would support the measure out of support for its penalties against Tehran and Pyongyang.

Lawmakers in both parties hailed the vote and pressed the White House to publicly support the bill, after the administration had tried to secure more Trump-friendly changes after the Senate passed an earlier version on a 98-2 vote.

"Senate Republican leaders should move this bill as soon as possible, so that it can be on the president's desk without delay," Senate Minority Leader Chuck Schumer (D-N.Y.) said in a statement. "Passing the bill on a bipartisan basis will send a strong signal to the White House that the Kremlin needs to be held accountable for meddling in last year's election."

After the House and Senate reached a bipartisan deal to move forward on Saturday, the White House signaled it would back the bill after other alterations were made to ease its impact on industry. But new White House press secretary Sarah Huckabee Sanders said Tuesday that the president had not yet committed to signing the sanctions package into law.

"While the President supports tough sanctions on North Korea, Iran and Russia, the White House is reviewing the House legislation and awaits a final legislative package for the President's desk," Sanders said in a statement.

In addition to giving lawmakers veto power over any relaxation of sanctions on Russia, the bill also converts some existing penalties into law, thus making them more difficult to remove. The legislation's sanctions against Iran are designed to target its supporters of terrorism and its missile development capabilities.

The North Korea sanctions were a late addition to the package, spearheaded by House Majority Leader Kevin McCarthy (R-Calif.), and track with those included in a bill the House passed 419-1 in May. But the top Democrat on the House Foreign Affairs Committee, New York Rep. Eliot Engel, suggested in a floor speech ahead of the vote that the Senate may have lingering issues

with the approach the House took on that bill.

"[I]t seems we may be on the floor before we ironed out all the differences with the other body," Engel said of the Senate. "I hope that's not the case."

*Andrew Hanna contributed to this report.*

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### **Russian pranksters get lengthy call with Perry [Back](#)**

By Darius Dixon | 07/25/2017 03:09 PM EDT

Energy Secretary Rick Perry and his staff were tricked into having a 20-minute conversation with Russian pranksters last week, the Energy Department confirmed today.

"Secretary Perry is the latest target of two Russian pranksters," DOE spokesperson Shaylyn Hynes said by email. "These individuals are known for pranking high level officials and celebrities, particularly those who are supportive of an agenda that is not in line with their governments. In this case, the energy security of Ukraine."

The call occurred on July 19 and publicized today in a [story](#) in the Pravda Report, a Russian publication, that linked to the [audio](#).

Perry was made to believe he was speaking with a Ukrainian official on behalf of Prime Minister Volodymyr Groysman. Perry discussed the U.S. decision to leave the 2015 Paris climate agreement, the Nord Stream 2 natural gas pipeline and possibility of a biofuel devised from home-brewed alcohol and manure.

The same pranksters have also duped people like Sens. [Mitch McConnell](#) and [John McCain](#), as well as rocker Elton John and other celebrities.

*To view online [click here](#).*

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### **Whitehouse, Schatz introduce carbon tax bill: [Back](#)**

By Andrew Restuccia | 06/10/2015 02:52 PM EDT

Sens. Sheldon Whitehouse and Brian Schatz introduced legislation on Wednesday that would impose an escalating tax on carbon dioxide emissions and funnel part of the revenue generated

from the tax to the public.

The Democrats' [legislation](#), dubbed the American Opportunity Carbon Fee Act, would cut U.S. carbon dioxide emissions by more than 40 percent by 2025 compared to 2005 levels, according to a [summary](#) of the legislation.

The senators unveiled their legislation Wednesday afternoon at an event with the conservative American Enterprise Institute, which has long studied a carbon tax as an option for cutting emissions. But the bill will face intense opposition from Republicans in Congress.

Still, the Democrats hope to bridge the gap between liberal, environmentally minded Democrats and right-leaning Republicans by using some of the revenue from the bill to slash the top marginal corporate income tax rate from 35 percent to 29 percent.

The senators' offices say that the \$2 trillion it generates in the first decade would be used to cut the corporate income tax rate, provide a payroll tax credit to workers and send an annual \$500 benefit to retirees and veterans.

The fee would apply to greenhouse gas emissions from a range of sources and facilities at a rate of \$45 per metric ton of carbon dioxide equivalent. That fee would start in 2016 and increase every year "at a rate equal to the change in the consumer price index plus 2 percent," according to a section-by-section [summary](#) of the bill.

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### **EPA task force recommends steps to streamline Superfund program [Back](#)**

By Alex Guillén | 07/25/2017 03:29 PM EDT

An EPA task force today released a [list](#) of 42 recommendations for the agency's Superfund program, part of Administrator Scott Pruitt's focus on the long-criticized clean-up initiative.

Pruitt has been critical of what he called indecisiveness on Superfund issues by earlier administrations, although the White House's budget would slash funding from those clean-ups along with most other parts of the agency.

Topline proposals from the task force include creating a "top ten" list of sites to get "weekly attention" from the administrator; finding more third parties to act as investors in sites that could be reused for future projects; several steps to speed up ongoing remediation at Superfund sites; using new technologies to speed up site assessments; streamlining dispute resolution; and requiring "strict adherence to project deadlines."

Pruitt also signed a [memo](#) directing EPA leaders to adopt several specific actions immediately.

They include prioritizing sites "where the risk of human exposure is not fully controlled," focusing more on sites with higher potential for new uses, and identifying as many sites as possible for deletion from the National Priorities List.

The task force was chaired by Albert Kelly, the former chairman of Oklahoma-based SpiritBank.

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## **Boardroom battles over climate change to heat up at Trump's SEC [Back](#)**

By Patrick Temple-West | 07/25/2017 04:10 PM EDT

Business lobbying groups are preparing to clash with socially conscious investors, calling on the SEC to make it harder for shareholder activists to push resolutions on companies.

Activists are concerned that the business lobbyists may finally get their way at President Donald Trump's SEC after years of trying, especially on issues concerning the environment.

On Tuesday, the Chamber of Commerce, the largest U.S. lobbying group, published seven recommendations for the SEC to consider that would limit investors' ability to pressure public companies on issues ranging from executive compensation to climate change.

The Chamber argued that the SEC's shareholder proposal system is "broken" and has been hijacked by activist investors crusading for pet causes that mainstream investors don't care about.

"No small subset of activists should be able to commandeer longstanding SEC rules for their own parochial purposes," the Chamber said.

Shareholder proposals by socially active investors are becoming a powerful tool to pressure companies to make uncomfortable changes. Exxon Mobil investors in May approved a resolution calling for the company to publish annual assessments of the impact of climate change on its business — just as Trump was about to pull the U.S. out of the Paris climate change agreement.

That victory underscored the increasing success of boardroom agitation on environmental issues in recent years, particularly on climate change.

In 2015, the average support for environmental resolutions was 18 percent and no proposals passed, according to a report this month from law firm Sullivan & Cromwell. In 2017, the average support level was 29 percent and three of them passed, all climate change-related proposals at energy companies.

The Chamber on Tuesday recommended that the SEC raise the thresholds that a proposal would need to meet before it could be resubmitted to a company year after year. Among its other

recommendations, the group asked the agency to withdraw a 2015 decision about a shareholder proposal against Whole Foods, an action seen as a setback to companies and hailed by investors as a victory.

While the Chamber has raised concerns that shareholder proposals are often filed by a handful of "gadflies," religious groups also use the program. About 30 such groups supported the Exxon Mobil proposal, including Maryknoll and Jesuit clergy.

Mercy Investment Services, the asset management program for the Sisters of Mercy, is annually one of the most frequent filers of shareholder proposals, mostly focused on environmental and social issues. Socially conscious mutual funds and pension funds from Democratic-leaning states are also frequent filers, including the California State Teachers' Retirement System, which has about \$208.7 billion in assets under management.

"As long-term investors, we believe very strongly that companies that take environmental and social concerns seriously improve long-term performance," said Josh Zinner, CEO of the Interfaith Center on Corporate Responsibility, whose members oversee about \$400 billion. "This is fundamentally about the long-term value of businesses."

"It is a clear sign of the effectiveness of the shareholder resolution process that the Business Roundtable and the Chamber are fighting so hard to curtail it," he said, speaking before the Chamber report was published.

The Business Roundtable, a lobbying group of top business executives currently chaired by JPMorgan CEO Jamie Dimon, wrote a letter earlier this year to the White House calling for tightening the eligibility for shareholder proposals and for more exclusion of proposals to prevent repeat submissions.

Stock exchanges are also targeting shareholder proposals. In May, Nasdaq called for raising the minimum ownership amount and holding period for investors making shareholder proposals as well as changing SEC practices so that "nuisance" proposals could be removed more easily.

Congressional Republicans targeted shareholder proposals in a broad deregulation bill, known as the Financial CHOICE Act, that passed the House in June. But that legislation has failed to gain traction in the Senate.

Still, investors are concerned that the SEC will act on its own to embrace the business groups' proposals.

Hester Peirce, Trump's nominee to join the SEC as a Republican commissioner, said in April that she was open to raising shareholder proposal thresholds.

"It is time to revisit those thresholds," she said at a House hearing. "It seems to make sense to take a look."

SEC Chairman Jay Clayton has promised to tailor the agency's rules to encourage more

companies to go public. He is scheduled to speak at the Chamber on Wednesday.

The SEC "could do everything the CHOICE Act asks for," said Timothy Smith, an official at Walden Asset Management, which offers socially conscious mutual funds and frequently files shareholder proposals.

The Chamber and Business Roundtable "smell blood in the water," Smith said. "They see it as a special time to lean in and change the rules for shareholder resolutions. We think this is a time when the attack is more significant than before."

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### **White House under pressure to drop Export-Import Bank nominee [Back](#)**

By Zachary Warmbrodt and Andrew Restuccia | 07/17/2017 04:56 PM EDT

President Donald Trump is standing behind former Rep. Scott Garrett, his choice to head the Export-Import Bank, amid escalating pressure from business groups to pull the plug on the nomination.

"Scott Garrett is imminently [sic] qualified to lead the Ex-Im Bank," White House spokeswoman Natalie Strom said in a statement to POLITICO. "The President stands behind his nomination and is looking forward to his confirmation."

Trump's defense of the New Jersey Republican comes as rumors swirl that Garrett may withdraw amid fears that his nomination will not win enough votes to clear the Senate. Lawmakers from both parties have raised concerns about him, largely because he strongly opposed the bank while serving in Congress. The Senate Banking Committee, which will be responsible for vetting his nomination, has not yet received his paperwork.

Administration officials said Garrett's nomination has been a topic of conversation among senior Trump aides in recent days. Aides have pointed to intensifying blowback from influential business associations that are allied with the president, including an op-ed published in The Wall Street Journal last week by National Association of Manufacturers President Jay Timmons that blasted Garrett.

Trump has sought to cultivate close ties with business groups and powerful CEOs. He has met with more than 330 corporate executives since taking office, often relying on them to drive his policy agenda. The president also set up a manufacturing advisory council packed with NAM members.

An administration official and other people tracking the issue said Garrett could be summoned to the White House to talk with Trump about his nomination as soon as this week. Strom, the White

House spokeswoman, did not respond to inquiries about the potential meeting. Garrett did not respond to repeated requests for comment.

During his career in Congress, Garrett was one of the most outspoken critics of the bank, which guarantees loans for foreign buyers of U.S. exports. In 2015, he said the agency "embodies the corruption of the free enterprise system."

His record has driven businesses that rely on the agency to try to stop his nomination, even though they also want the Senate to confirm nominees who would fill out its board. The bank has been unable to approve deals worth more than \$10 million because of a lack of a quorum.

Further complicating Garrett's nomination is controversy around his views on homosexuality, which contributed to his failed reelection bid in 2016 after major corporate donors declined to continue backing him.

As POLITICO first reported in 2015, Garrett told lawmakers in a closed-door meeting that he refused to pay National Republican Congressional Committee dues because the group recruited gay candidates. He later denied that he opposed gay candidates and said his problem was with support for same-sex marriage.

The White House has said that under prior leadership, the bank had become "another form of corporate welfare" and that Garrett would "refocus Ex-Im on its original mission of providing support for the businesses that truly need it while protecting taxpayers."

Though the White House first announced his nomination in April, lobbyists waited until recently to begin publicly mounting an aggressive opposition effort.

Timmons said in the Journal op-ed that the nomination should be withdrawn because it represented "a terrible trade deal for our country."

The South Carolina Chamber of Commerce then called on Palmetto State GOP Sens. Tim Scott and Lindsey Graham, who could be key to Garrett's confirmation, to oppose him.

Graham later told Bloomberg Television that he would "try to get the administration to give us a better nominee." Scott is a member of the Banking Committee, where Republicans will have a one-vote margin to approve Garrett's nomination if Democrats withhold support.

South Carolina is home to plants operated by Boeing and General Electric, two of the most prominent beneficiaries of the agency. Tim Keating, Boeing's senior vice president of government operations, said the company found it difficult to support anyone "who has not supported the bank and made public statements to that effect."

"We don't have any explanation as to why now he wants to lead the entity that he said he wanted to shut down," said Neil Bradley, chief policy officer at the U.S. Chamber of Commerce, in an interview Friday. "Nor do we have any sense that he's committed to using the position as chairman to ensuring the bank does its work."

Veronique de Rugy, who has fought to close the bank as a senior research fellow at George Mason University's Mercatus Center, said Garrett's opponents wanted someone "who will say yes to everything, who will change nothing, who will make no reforms, who will guarantee it's the same business as usual."

"I'm curious to see if he will be as anti-Ex-Im or even as reform-minded once he's the president of Ex-Im as he was when he was in Congress," she said. "It's a big 'if.'"

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