

**To:** Jackson, Ryan[jackson.ryan@epa.gov]  
**From:** Morning Energy  
**Sent:** Wed 5/31/2017 2:04:54 PM  
**Subject:** POLITICO's Morning Energy: Trump plans Paris pullout — Former Trump official heads new carbon tax push — Fossil giants face shareholder climate challenges

By Anthony Adragna | 05/31/2017 10:00 AM EDT

*With help from Mary Lee, Esther Whieldon and Alex Guillén*

**BREAKING - TRUMP PLANS PARIS PULLOUT: A White House source says** President Donald Trump intends to pull the U.S. out of the landmark 2015 Paris agreement on climate change, POLITICO's Andrew Restuccia [reports](#). It would be a dramatic and provocative move from the world's second largest emitter and would go against the wishes of some of the country's largest businesses, states, environmental and public health groups, and many senior Republicans in the president's own party. It's sure to have dramatic impacts on U.S. diplomacy, though the move will be cheered by conservatives who pushed Trump to follow through on his campaign pledge to "cancel" the agreement, arguing it would harm U.S. competitiveness and job creation.

But Trump wasn't so definitive, [tweeting](#) this morning, "I will be announcing my decision on the Paris Accord over the next few days. MAKE AMERICA GREAT AGAIN."

There are still several options for how the U.S. can leave the Paris agreement. Trump could kick off a lengthy, three-year exit process, preventing a U.S. exit from formally taking effect until at least Nov. 4, 2020 or he could take the immediate step of withdrawing the U.S. from the 1992 United Nations Framework Convention on Climate Change, the treaty that undergirds the entire regime of international climate negotiations. Axios first reported Trump's decision this morning.

**Put to rest** the narrative that Trump's daughter Ivanka and son-in-law Jared Kushner, who pushed to have the U.S. stick with agreement, are effective moderating forces on his most brash instincts. Pulling out of Paris is a huge win nationalist wing of Trump's White House, including chief strategist Steve Bannon and Environmental Protection Agency leader Scott Pruitt.

**U.N. chief: Forge ahead if U.S. leaves:** United Nations Secretary-General Antonio Guterres [urged](#) Trump to stick with the climate agreement but said the rest of the world must continue its implementation even if the planet's second-largest greenhouse gas emitter leaves. "The message is simple: The sustainability train has left the station. Get on board or get left behind," Guterres said, adding he would hold a 2019 meeting to look at the deal's implementation. "Climate action is gathering momentum not just because it is a necessity but also because it presents an opportunity - to forge a peaceful and sustainable future on a healthy planet," he said.

**The White House is trying to sell** Trump's approach on issues like Paris - which has aggravated close European allies - as an attempt to strengthen close relationships further by holding frank conversations, POLITICO's Nahal Toosi [reports](#). And there are signs European officials are already preparing for what it considers a worst-case climate scenario, looking increasingly to Canada and China as partners on the issue.

**Last-minute push:** Citizens for Responsible Energy Solutions Forum released [a TV ad](#) today urging Trump to stick with the Paris agreement but renegotiate a "better deal" for the U.S. It cites the support of ten major CEOs, including JP Morgan's Jamie Dimon, Disney's Bob Iger, GE's Jeffrey Immelt and CitiGroup's Michael Corbat.

**EYEBROWS UP:** EPA Administrator Scott Pruitt will no longer be traveling to the [2017 Kentucky Association of Manufacturers Conference & Trade Show](#) today as originally planned, a spokeswoman for the conference tells ME. That comes on the heels of his highly-publicized meeting with Trump Tuesday on the future of the Paris accord.

**WELCOME TO WEDNESDAY!** I'm your host Anthony Adragna, and Optony's Jonathan Whelan was first to pick out "Pork Barrel John" Langley as the congressman who resigned for illegally selling alcohol during Prohibition. For today: How many non-voting members are there in the House? Send your tips, energy gossip and comments to [aadragna@politico.com](mailto:aadragna@politico.com), or follow us on Twitter [@AnthonyAdragna](#), [@Morning\\_Energy](#), and [@POLITICOPro](#).

**SCOOP - FORMER TRUMP 'SHERPA' LEADS NEW CARBON TAX COALITION:** A former member of Trump's transition team is pushing a carbon tax as a conservative solution to climate change. The [Alliance for Market Solutions](#) launched today with the goal of reshaping how Republicans approach the issue, says Alex Flint, the group's new executive director. Flint previously served as a "[Sherpa](#)" to help smooth the confirmation of Trump's Interior Department nominee, and before that he was senior vice president of governmental affairs at Nuclear Energy Institute. The mission of the Alliance for Market Solutions is "to see carbon regulations repealed, a carbon tax implemented that offsets other taxes ... and policies that appeal to the next generation of Republican voters - that's our goal," he told ME. The new alliance - armed with an Ernst & Young [study](#) written by Robert J. Carroll and his associates - says a revenue-neutral carbon tax would boost the economy. The E&Y study finds the tax - when using its revenues to finance a reduction in the corporate income tax rate - could increase GDP in the long-run by as much as 2.1 percent. The group also released [a policy anthology](#).

**The players:** The board of directors includes Chairman Jeffrey Williams, former investment banker at Morgan Stanley. And advisers include former FERC Commissioner Vicky Bailey, Former Florida Sen. Mel Martinez and John Rowe, chairman emeritus of Exelon.

**GOVS CAUTION ZINKE ON SAGE GROUSE PLANS:** A bipartisan pair of governors are warning Interior Secretary Ryan Zinke about some major changes he is considering to managing sage grouse populations in the West. Govs. Matthew Mead (R-Wyo.) and John Hickenlooper (D-Colo.) said they are "concerned" that replacing the Obama administration's approach, which was based on protecting habitat, with one based on hitting population targets for the birds "is not the right decision." When Zinke [previewed](#) some of his sage grouse plans in March, he said he was confident states would be able to hit a population target. The governors also cautioned against major changes to BLM land-use plans that were amended to address sage grouse. "Wholesale changes to the land use plans are likely not necessary at this time," wrote the governors, who co-chair the state-led Sage Grouse Task Force, in a Friday [letter](#) obtained by ME. Mead and Hickenlooper urged Zinke to work with them before making any changes.

**Zinke could issue a secretarial order** on sage grouse management as early as this week, directing BLM to review existing plans to identify burdens they place on resource development, among other steps, a source tracking the process tells ME. Interior spokeswoman Heather Swift in a text message said that was "not accurate" but declined to elaborate further.

**CLIMATE SHOWDOWN TODAY IN TEXAS:** Shareholders descend on Texas today for the annual meetings of Exxon Mobil and Chevron, and activist investors intend to force votes on a host of climate change-related proposals. Perhaps the most-watched resolution would force Exxon to publish annual reports examining how its business would be affected by global efforts to address climate change, including the scenario limiting temperature increases to 2 degrees Celsius. A similar resolution received backing from more than 38 percent of Exxon shareholders last year - at the time a record - but it's thought to be close to securing majority support despite opposition from the company itself, which argues it already releases sufficient information in that area. Another proposal, from As You Sow, calls for the company to publish an annual report on "actions beyond regulatory requirements" to minimize methane emissions, especially leakage, from its operations. It's the first meeting since Darren Woods took over as Exxon CEO from now-Secretary of State Rex Tillerson. A full list of items under consideration is available here.

**While most attention (and protests)** are being directed Exxon, Chevron is expected to have its own climate confrontations at its annual meeting today. Investors opted to withdraw a climate "stress test" resolution similar to the one Exxon faces earlier this month, but are expected to vote on another calling for a report on "the feasibility of altering the company's energy mix by separating or selling off its highest carbon-risk assets." A full itinerary for their meeting is available here.

**The votes are part of a broader trend** of fossil fuel companies facing increased pressure over whether they are prepared to deal with climate change. Earlier in May, 67 percent of investors in Occidental Petroleum backed a resolution calling for the company to annually analyze and disclose its risks associated with climate change, a first for a U.S. oil and gas company. That move came despite the company's board opposing the measure.

**TRUMP EPA 'MAY' SOON TAKE ACTION ON CLEAN POWER PLAN:** EPA played coy Tuesday in a court filing about its ongoing review of the Clean Power Plan, saying in the brief status report to the D.C. Circuit Court of Appeals that it "may" soon propose something. "EPA continues to review the Rule, as required under the Executive Order, and may be prepared to begin the interagency review process of a resulting proposed regulatory action in the near future," the filing said. "We will update the Court as EPA takes further steps." The D.C. Circuit's 60-day hold is up in about a month, and the court is currently weighing whether to extend that hold indefinitely or simply send the CPP back to EPA. In a separate filing, EPA said basically the same thing about its review of the 111(b) rule for future power plants, which unlike the CPP remains in effect.

**INTERIOR OFFICIAL KEPT AGRICULTURE STOCKS:** Aurelia Skipwith, Zinke's hire for deputy assistant secretary for fish, wildlife and parks, has kept between \$50,001 and \$100,000 in stocks in the agricultural consulting firm she founded, AVC Global, according to a public financial disclosure report obtained by ME. She also has between \$1,001 and \$15,000 in

stocks with agriculture company Monsanto.

**ZINKE'S ALASKA TOUR ROLLS ON:** Zinke is in Anchorage, Alaska again today where he'll deliver remarks at the Alaska Oil and Gas Association [annual conference](#) at the Dena'ina Convention Center around 12:15 p.m. He'll then tour the Arctic Valley Nike Site Summit, a Cold War-era missile site.

**In conjunction with his trip,** the Wilderness Society is releasing a short, [two-page chapter](#) of a broader forthcoming report highlighting what it says are the unacceptable risks posed by drilling in the Arctic Refuge.

**CLIMATE HAWK McCAIN REEMERGES?** Sen. [John McCain](#) delivered his strongest comments on climate change in years during an appearance Tuesday in Australia, urging Trump to stick with the Paris agreement. "I would like to see us ... either accept the agreements as were made by the Obama administration or suggest modifications which would make it palatable for us and acceptable to us to join," McCain said, according to [The Guardian](#). "If we don't address this issue, I am very much afraid about what the world is going to look like for our children and grandchildren." The former presidential candidate added that "one of the great tragedies of our lives is the Great Barrier Reef dying [and] the environmental consequences of that."

**MAIL CALL! REPS: TREAD CAREFULLY WITH NAFTA RENEGOTIATION:** Nearly 60 House members are urging U.S. Trade Representative Robert Lighthizer to be aware of potentially disruptive energy sector impacts while renegotiating NAFTA. "We ask that you consider the importance of maintaining and where feasible upgrading, policies regarding the free flow of raw and refined products from oil and natural gas, the absence of tariffs on energy products, protections for U.S. intellectual property, as well as access to Canadian and Mexican markets," the lawmakers, led by [Tom Reed](#) (R-N.Y.) and [Terri Sewell](#) (D-Ala.), wrote in a [letter](#) Tuesday. ME notes it's pretty darn unusual to have [Bobby Rush](#) (D-Ill.) and [Louie Gohmert](#) (R-Texas) on the same letter.

**HERE'S AN IDEA:** Rep. [Tom Graves](#) (R-Ga.) proposed throwing all the appropriations bills together this year and passing the massive omnibus before August recess during a closed-door GOP meeting last week, Pro's Budget & Appropriations Brief's Sarah Ferris and Jennifer Scholtes [report](#). "It's a Herculean task," Graves said, adding that fellow appropriators have promised to work weekends. But a reality check: House lawmakers haven't passed all 12 bills on time in more than a decade - let alone a month early.

**HOUSE ENERGY COALITION OUTLINES TAX REFORM WISH LIST:** The 50-Democrat House Sustainable Energy and Environment Coalition, in a recent [letter](#), urged House Ways and Means leadership to curb tax breaks for the oil and gas industry but extend or expand a myriad of clean energy tax incentives as part of the committee's overall tax reform efforts. In addition to wanting a carbon tax, the coalition asks for extended tax credits for a number of small technologies left out of a 2015 deal, expansion of the investment tax credit to include stand-alone energy storage and an exception for offshore wind to the planned phase out of the ITC.

**MOVERS, SHAKERS:** Jenner & Block has formed an energy practice with the addition of

three former top FERC officials. Suedeen Kelly, a former commissioner, will co-chair the practice as a partner along with Randy Mehrberg. Max J. Minzner, former general counsel with the agency, also joins as partner. And Jeffery S. Dennis, former director of FERC Division of Policy Development, joins as special counsel.

**Steve Wackowski** has been named as Zinke's senior advisor for Alaska affairs. Wackowski managed Sen. [Lisa Murkowski](#)'s latest reelection campaign, was press secretary for Sen. Ted Stevens and has experience tracking and mapping polar bear den locations for oil and gas companies on Alaska's North Slope. Wackowski is a Major in the Air Force Reserve and his new position will be based in Anchorage.

**Jeff Kerridge** has been appointed senior vice president of business development for AECOM within its nuclear and environment division; he has 31 years of experience within the nuclear energy industry, including stints with the Department of Energy and the United Kingdom's Ministry of Defense.

**Frank Benenati** is starting a new job in Chicago at United Airlines as director of corporate communications. He previously served as the director of public affairs for the EPA and also was as a White House spokesperson and assistant press secretary (h/t Playbook).

**INSANE VIDEO:** CBS News posted crazy video of an underground water main exploding in Kiev, Ukraine. Watch it [here](#).

## HAPPENING TODAY

3:30 p.m. - NAFTA [Conversation](#) with Secretary Wilbur Ross and Jack Gerard, Bipartisan Policy Center, 1225 Eye Street NW, Suite 1000

5:30 p.m. - Women's Council on Energy and the Environment May [Happy Hour](#), Penn Commons, 700 6th Street, NW

## THAT'S ALL FOR ME!

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